

Ford To Enter Myanmar With Showroom By August

Erika Kinetz, Associated Press

YANGON, Myanmar (AP) — Ford Motor Co. announced its entry into Myanmar on Tuesday, saying it plans to open the nation's first sales and service showroom for new vehicles by August.

Myanmar's vehicle market has been stunted by decades of international sanctions and strict import controls put in place by the military junta that ruled for nearly 50 years, handing out import licenses to a few favored tycoons. Today most vehicles on the road are used Japanese cars, with an estimated 80 percent of vehicles over 10 years old.

"It's got a lot of positives in a country of roughly 60 million people with some of the lowest car ownership per capita in the world," said David Westerman, a regional manager for Ford Asia Pacific. "We see tremendous opportunity."

"There is no automotive industry of new vehicles in the country right now," Westerman said. "The excitement we have is in shaping the industry here."

Ford must not only figure out what customers want, but also train people to service their vehicles and work with the government as it establishes regulations for new cars.

Ford has hired around 50 people for its Yangon operations and plans to expand across the country. Ford has no immediate plans to open assembly or manufacturing plants.

Myanmar is the poorest country in Southeast Asia. Ford's new cars are premium vehicles in a place where most people buy used cars.

Westerman said initial demand will likely be mainly for commercial vehicles, but the company plans to introduce a full range of cars, trucks and SUVs by year's end. Its starting line-up includes the Ford Ranger truck and Taurus sedan.

Zaw Zaw, a 44-year-old used car dealer in Yangon, said Ford will have a hard time overcoming consumer preference for affordable, fuel-efficient Japanese cars.

"American cars will be more expensive and will use more fuel," he said. "I think customers will like Japanese cars more."

Ford joins PepsiCo, Coca-Cola, GE, Caterpillar and Danish brewer Carlsberg, which have all signed distribution deals in Myanmar as rapid political and economic reforms transform the country from pariah state to investor darling.

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Unlike companies in Europe and Australia, Ford must negotiate a lingering web of U.S. sanctions against Myanmar. The European Union this month joined Australia in eliminating its financial sanctions, leaving the U.S. as the only country with restrictions on doing business here. The United States has suspended — but not rescinded — most sanctions, and maintains a targeted list of blacklisted companies and individuals. Some U.S. businesses say the ambiguity about sanctions and onerous reporting requirements puts them at a competitive disadvantage.

Westerman said sanctions didn't present too much of a hurdle for Ford.

"We took a lead off the U.S. government and their call for American businesses to invest here in Myanmar," he said. "We do our due diligence like we do in any market."

Ford's Myanmar distributor, Capital Automotive, is a unit of the Capital Diamond Star Group, whose managing director, Ko Ko Gyi, has managed to build a successful conglomerate with interests ranging from trading and distribution to construction and real estate, without running afoul of U.S. sanctions.

This is his second big win with a U.S. company. Diamond Star Co., another group company, became the sole importer and distributor for PepsiCo's Pepsi-Cola, 7-Up and Mirinda brands in Myanmar last year.

U.S. Ambassador Joseph Mitchell, speaking at the Ford press conference Tuesday, said U.S. policy is now to encourage "responsible investment" in Myanmar. Government regulation, he said, is not intended to thwart investment, but to ensure that U.S. companies contribute to an equitable business environment.

"Companies will make their own judgment about whether these requirements are onerous," he said. "We believe American companies can model the type of behavior that can contribute to reform. We gain an advantage as a country and our companies gain an advantage."

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