

MYANMAR BRIDGE PARTNERS

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Myanmar Market Access

*— a brief on entry, risk,
and what actually works.*

*A practitioner's note for commercial actors considering Myanmar exposure.
Prepared by Myanmar Bridge Partners, a venture platform operating at the
intersection of United States capital and Myanmar community trust.*

P R E F A C E

A note to the reader

This is the first in a series of briefs produced by Myanmar Bridge Partners. Its subject — how to think about commercial engagement with Myanmar in its present condition — is one on which much is written and little is useful. The literature tends toward two failure modes: reports that treat Myanmar as an investment opportunity awaiting normal diligence, and reports that treat Myanmar as inaccessible until political conditions change. Neither framing is correct, and both are costly to the parties that adopt them.

The view taken here is that Myanmar is neither straightforwardly open nor categorically closed. It is a market in which the ordinary commercial infrastructure of counterparty diligence, capital formation, and exit planning operates under conditions that foreign capital rarely encounters and seldom prepares for. The consequence is that outside capital fails in Myanmar at rates far higher than its underlying thesis would predict. The failures are not failures of analysis; they are failures of operating posture.

This brief attempts to describe what a sober, disciplined commercial engagement with Myanmar looks like — what is investable and what is not, why most foreign capital fails, what compliance architecture actually works, and what the platform's own experience suggests about the interaction between community trust and commercial durability. It is written for readers who are already seriously considering Myanmar exposure, and who want a practitioner's view rather than a consultant's summary.

Nothing in this brief should be read as legal, tax, or investment advice. Names of specific counterparties, operating partners, and active ventures are withheld throughout. Readers who wish to discuss specific commercial matters should approach the platform directly.

I

The post-coup commercial landscape

On the morning of 1 February 2021, the Myanmar armed forces detained the elected civilian leadership and declared a state of emergency. The Tatmadaw's senior commander, Min Aung Hlaing, assumed the role of chairman of what was subsequently constituted as the State Administration Council (SAC). The elected National League for Democracy government was removed. A parallel government-in-exile — the National Unity Government, or NUG — was subsequently formed and claims legitimacy under the 2008 constitution. Within weeks of the takeover, armed resistance organised in multiple regions of the country, and Myanmar entered a period of sustained civil conflict that continues at the time of writing.

The United States response was rapid and has hardened over the subsequent five years. The Department of the Treasury's Office of Foreign Assets Control (OFAC) designated Min Aung Hlaing and senior SAC leadership under Executive Order 14014 within days of the coup. Subsequent rounds of designations have targeted military-affiliated commercial enterprises, including Myanma Economic Holdings Limited (MEHL) and Myanmar Economic Corporation (MEC), which together control a substantial portion of the country's industrial base.¹ Additional designations have targeted arms suppliers, regime-linked financial institutions, and individuals implicated in the ongoing conflict. The European Union, the United Kingdom, Canada, Australia, and several other jurisdictions maintain parallel regimes of designation.

The commercial consequence of this regulatory architecture is that any U.S. person — natural or corporate — is prohibited from transacting, directly or indirectly, with designated parties. The practical reach of these prohibitions is broad. A supplier whose ownership traces to MEHL, a bank whose correspondent relationships run through a sanctioned institution, a distributor whose logistics chain passes through military-controlled infrastructure — each of these creates exposure. The compliance posture required to operate in Myanmar is therefore not a one-time screening exercise but a continuous discipline of counterparty tracing, supply-chain verification, and documented due diligence.

The macroeconomic picture

¹U.S. Department of the Treasury, Office of Foreign Assets Control, Burma Sanctions programme. Designations of MEHL (31 March 2021) and MEC (8 April 2021) under Executive Order 14014. Subsequent designations have expanded the list of designated entities; readers should consult current OFAC guidance for the authoritative list.

Myanmar's economy contracted sharply in the two years following the coup and has stabilised at a substantially lower level than its 2019 baseline. The International Monetary Fund estimates real GDP at approximately 75 percent of its pre-coup peak.² The kyat has depreciated against the dollar by a margin that depends heavily on which exchange rate one consults — the official Central Bank of Myanmar rate, the reference rate permitted for certain transactions, and the parallel market rate differ by material amounts. Inflation has run in the high teens. Foreign reserves are constrained. Formal banking operates under currency controls that complicate both working-capital financing and dividend repatriation.

Against this backdrop, specific sectors of the economy continue to function with surprising durability. The domestic consumption base, though poorer than in 2019, remains substantial. Urban demand for consumer staples, healthcare, education, and technology services persists. Agricultural production, particularly in regions less affected by conflict, continues to supply both domestic and export markets. Private-sector activity below the level of large industrial enterprises has proven more resilient than the headline figures suggest. The commercial question, therefore, is not whether economic activity is occurring — it plainly is — but whether a given activity can be structured to avoid sanctioned parties, to manage currency and repatriation complexity, and to absorb the operational friction that Myanmar now imposes on every commercial transaction.

Myanmar is neither straightforwardly open nor categorically closed. It is a market in which ordinary commercial infrastructure operates under conditions that foreign capital rarely encounters and seldom prepares for.

²International Monetary Fund Country Reports and staff estimates. Specific figures vary by methodology and revision; the figure cited reflects the general order of magnitude rather than a point estimate.

II

What remains investable

A workable map of the Myanmar commercial landscape begins by excluding, clearly and without reservation, the sectors that cannot be entered by U.S. capital under current conditions. These exclusions are not matters of taste or risk appetite; they are structural. Any business whose supply, distribution, or capital chain runs through the military's commercial apparatus is unavailable. Any enterprise requiring land or licensing grants controlled by the junta is unavailable. Any sector where the dominant firms are sanctioned is unavailable. The list that results is short on the excluded side but fully binding.

Categorically excluded

Extractive industries — oil and gas, jade, gemstone, and heavy mineral extraction — sit entirely within the regime's commercial architecture. Large-scale real estate development requires licensing regimes that run through sanctioned authorities. Tourism infrastructure, particularly hotels and transport, depends substantially on military-linked operating companies. Telecommunications infrastructure has been consolidated under regime-favoured operators. Financial services at the retail scale require regulatory licensing that the current authorities control. Construction at any scale that touches public infrastructure is similarly constrained. Any business that would require entering into a joint venture with MEHL, MEC, or their identified subsidiaries is prohibited as a matter of U.S. sanctions law.

Substantially constrained

Certain sectors are not categorically excluded but require an unusual level of counterparty diligence and structural care to enter. Private banking and microfinance are possible but require close attention to correspondent relationships. Logistics and shipping can be operated but require route and counterparty mapping that rules out sanctioned waypoints. Private manufacturing is possible for firms with genuinely independent ownership but requires supply-chain tracing at a level most operators do not undertake. Education services, if provided through private institutions with clean ownership, are possible. Each of these categories requires specific legal review on a per-venture basis and is not generically investable.

Functionally investable

What remains, and what the platform's own work concentrates on, is a narrower but substantial set of opportunities. Specialty agricultural exports — coffee, pulses, sesame, and select high-value crops — continue to originate in regions where supply chains can be traced to clean cooperative or smallholder origin and moved through export channels that avoid sanctioned parties. Specialty coffee from Chin State is one example among several. Private healthcare, operating through independent clinics and networks, remains undersupplied relative to urban demand. Private primary and secondary education, delivered through independent schools, continues to grow. Consumer goods distribution at the retail level, where the distribution infrastructure can be built or acquired without military-linked counterparties, operates with durable demand. Diaspora-linked services — particularly those that serve Myanmar community members abroad and repatriate remittance or logistical support — represent a category of commercial activity that is under-appreciated by outside capital precisely because it requires community access that outside capital does not possess.

In each of these categories, the question is not whether the underlying business is viable — many are — but whether the specific counterparties, the specific supply chains, and the specific operating infrastructure can be assembled in a manner that withstands continuous sanctions screening and produces a documented compliance record adequate to defend against any future regulatory inquiry. This question is rarely answered at the sector level. It must be answered at the venture level, counterparty by counterparty, and it is the quality of that work that determines whether a given venture succeeds or fails.

III

Why foreign capital typically fails

The platform's observation, developed over more than two decades of engagement with Myanmar commercial activity, is that the majority of foreign capital deployed into Myanmar ventures fails — and fails for reasons that are not captured in standard emerging-markets analysis. The failures are not, in the main, failures of thesis. The underlying theses are often correct. The failures are failures of operating posture. Five patterns recur with enough consistency to be described as structural.

The community-trust misreading

Myanmar commerce runs on trust relationships that predate and outlast any particular commercial arrangement. The networks through which reliable operating partners are found, through which supplier quality is assessed, through which counterparty reliability is verified, are not the networks that foreign capital can access through conventional executive search or investor introduction. Attempts to build ventures by hiring credentialed local executives, introduced through professional service firms rather than through community channels, fail at a rate that is by now well-documented, even if it is not widely acknowledged. The hired executive may be individually capable and entirely honest; the venture may still fail because the trust infrastructure on which local commerce actually runs has not been accessed. This is not a cultural critique. It is a structural observation: commerce requires trust infrastructure, and Myanmar's trust infrastructure is community-based, relationship-conditioned, and not available for hire.

The counterparty-diligence outsourcing

A pattern observed repeatedly is that foreign capital, aware that Myanmar counterparty diligence is complex, outsources the diligence to parties who do not themselves carry the risk of the conclusion. Legal firms, accounting firms, and in-country consultancies conduct diligence against a scope of work defined by the engaging party. The scope is adequate for the engagement; the work is competent within its scope. But the party conducting the diligence does not share in the outcome of the venture, and has no structural incentive to discover the inconvenient fact that would cause the engagement to end. The result is diligence that confirms what the client already wishes to believe, and that misses the relationship exposures, the beneficial-ownership ambiguities, and the supply-chain contaminations that a party with skin in the game would have surfaced.

Diligence outsourced to parties without operating exposure is diligence without teeth.

The FX and repatriation underweighting

Foreign investors reliably underestimate the complexity of moving dollars into Myanmar ventures and returning dollars from them. The Central Bank of Myanmar maintains currency controls that require formal banking relationships, specific transaction approvals, and documented sources of funds. Parallel-market rates differ from official rates by margins that materially affect the economics of any dollar-denominated return expectation. Dividend repatriation, where possible, is possible under specific conditions that must be structured at the time of capital deployment rather than negotiated afterward. Ventures that do not solve the repatriation question at formation frequently discover, at the point of first distribution, that the mechanism they assumed was available is not, and that the kyat-denominated returns they have earned cannot be converted on terms that justify the original investment.

The Western-norms assumption

Commercial norms that operate as background assumptions in U.S. and European markets — the sanctity of written contract, the availability of commercial courts, the integrity of public registries, the neutrality of regulatory authority — operate differently in Myanmar. The written contract matters less than the relationship. The commercial courts function under constraints that limit their utility for foreign parties. Public registries are not reliably comprehensive. Regulatory authority is exercised under conditions that do not always prioritise neutrality. Ventures that structure themselves on the assumption that these background norms will operate as they do elsewhere find that, when stress-tested, they do not. The durable ventures are those structured to work even when the background norms do not.

Compliance as checkbox rather than architecture

A final failure pattern deserves emphasis because its consequences extend beyond the failing venture. Foreign investors frequently treat sanctions compliance as a one-time screening exercise — a box checked at formation, a counterparty list cleared against the SDN list at onboarding, and thereafter a matter of routine attestation. This posture is structurally inadequate. Sanctions designations shift over time. Beneficial ownership changes. Supply chains acquire new intermediate parties. A compliance posture that does not include continuous re-screening, documented decision-making at each transaction, and periodic counsel review is a compliance posture that, under the pressure of a

regulatory inquiry, will not hold. The cost of reconstructing a compliance record after the fact substantially exceeds the cost of maintaining it contemporaneously. More importantly, the compliance record is frequently the only asset that makes the venture defensible.

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IV

The compliance architecture that actually works

A compliance program adequate to Myanmar's conditions looks different from a compliance program adequate to ordinary emerging-markets activity. The difference is not a matter of depth alone; it is a difference in architecture. A disciplined Myanmar compliance posture operates continuously rather than at intake, traces ownership to beneficial rather than nominal levels, documents contemporaneously rather than retrospectively, and treats the compliance record as the asset that ultimately defines the venture's defensibility.

Counterparty intake and beneficial-ownership tracing

At the point of onboarding any counterparty — supplier, customer, banking partner, logistics provider, operating employee at a decision-making level — the disciplined approach screens the counterparty against the SDN list, the BIS Entity List, and relevant sectoral sanctions lists. It then conducts beneficial-ownership tracing to a level that identifies the ultimate natural persons or sanctioned categories of ownership. Nominal ownership, as recorded on public registries, is treated as a starting point rather than a conclusion. Ownership chains that pass through jurisdictions known for opacity are treated with particular care. The intake record is retained, dated, and signed, and includes the screening output, the tracing work, and any specialist counsel opinion obtained.

Rolling re-screening

No counterparty relationship is stable. Ownership changes; sanctions designations expand; supply chains introduce new intermediate parties. A compliance program that screens at intake only captures a moment-in-time view that is frequently stale within months. The disciplined approach establishes a rolling re-screening cadence — annually for all active counterparties, more frequently for counterparties with changes in ownership, jurisdiction, or operational pattern. Each re-screening is documented, dated, and retained.

Supply-chain tracing

For any venture that moves goods — agricultural exports, consumer products, manufactured goods — the compliance posture requires tracing the supply chain to origin. The origin of a specialty coffee consignment, for example, must be traced to the cooperative or smallholder farm, with the processing, warehousing, and export intermediaries each identified and cleared. This work is labour-intensive and seldom commercially available as an outsourced service. The

platform's practice is that supply-chain tracing is conducted directly by the venture's operating leadership, with documented sign-off at each intermediate stage.

Specialist counsel engagement

For any case of ambiguity — and Myanmar produces cases of ambiguity routinely — the disciplined approach engages specialist sanctions counsel for a written opinion. The cost of a counsel opinion is modest relative to the cost of proceeding without one, and the written opinion becomes part of the compliance record that demonstrates good-faith effort. Specialist counsel for OFAC matters is a specific practice area; it is not a service provided by general corporate counsel, and the distinction matters.

Contemporaneous documentation

The core operational discipline is that compliance actions are documented at the time they are taken, not reconstructed later when the record is demanded. The intake file, the screening output, the counsel opinion, the supply-chain trace, the quarterly review — each is dated, signed, and retained in a compliance archive that is organised for retrievability. In the event of any regulatory inquiry, which may come at the time of a transaction, years after a venture exits, or never, the compliance record is the venture's defence. A record constructed contemporaneously reads as contemporaneous. A record reconstructed after the fact reads as reconstructed, regardless of how accurate its reconstruction may be.

The compliance record is frequently the only asset that makes the venture defensible.

V**Community trust as operating infrastructure**

The preceding sections have addressed what can be excluded, what can be scoped, and how the exclusion and scoping can be defensibly documented. What remains is the affirmative question: once a venture has cleared the regulatory tests, how does it actually operate? The answer that the platform's experience most consistently supports is that the durability of a Myanmar commercial venture depends, more than on any other single factor, on the quality of the trust relationships through which it is constituted and operated. This is the factor that outside capital most reliably misreads.

Trust relationships in Myanmar commerce are not reducible to personal preference or cultural warmth. They function as operating infrastructure. The question of which supplier delivers what was promised, at the quality specified, on the schedule agreed — a question that in mature markets is answered through contract, inspection, and judicial recourse — is answered in Myanmar through relationship-based verification. The question of which logistics provider actually moves goods without loss, which banker actually executes transactions without complication, which operating manager actually runs a business in the owner's interest rather than his own — these questions are answered through the same relationship infrastructure. Ventures that have access to this infrastructure operate with a degree of predictability that ventures without such access do not achieve at any price.

Why the infrastructure cannot be purchased

The access to this infrastructure is not a service that can be contracted. Its constitutive feature is that the parties involved have reputational exposure to one another across time horizons that exceed any commercial engagement. A supplier who delivers poorly to one trusted counterparty loses standing in the network. A logistics provider who is known to shave weights cannot secure the next consignment from anyone in the network. The network's enforcement mechanism is exclusion, and its governance mechanism is reputation. Foreign capital cannot rent standing in such a network; standing is accumulated, over years and through demonstrated conduct, or it is absent.

What this means for platform design

The practical implication is that a Myanmar venture platform that does not have, or cannot credibly access, community trust infrastructure is at a structural disadvantage that no amount of capital or credentialed management

compensates for. Conversely, a platform that does have such access operates with advantages that are not available to competitors on any other basis. The platform's own posture — twenty years of engagement with Chin State and Rangoon communities through humanitarian work, relationships with Myanmar community members in both the United States and Myanmar itself, operating partners identified through trust channels rather than search — is structured around the assumption that this infrastructure is the decisive asset. The operational disciplines documented elsewhere, including the compliance architecture, the counterparty diligence, the legal structuring, are necessary. They are not sufficient. What distinguishes durable Myanmar ventures from fragile ones is the trust infrastructure through which the operational disciplines are exercised.

VI

How to think about structure

The legal and financial structure of a Myanmar commercial venture materially affects both its defensibility and its durability. The patterns that the platform's own work has tested, and that the experience of other operators in the region broadly supports, can be summarised in four principles.

Venture-level isolation

Each Myanmar venture is constituted as its own operating entity, with its own cap table, its own governance, its own capital stack, and its own operating leadership. No cross-collateralisation exists between ventures. No shared liability surface allows a problem in one venture to contaminate another. The administrative cost of operating multiple isolated ventures is real but modest; the risk-management benefit is substantial, particularly in a jurisdiction where a single regulatory event can terminate a venture's operating capacity.

Dual-jurisdiction architecture

The typical structure pairs a U.S. holding entity — holding capital contributions, intellectual property, and investor relationships — with a Myanmar operating entity that conducts local commerce. The two entities are connected through documented commercial arrangements (services agreements, licensing, supply agreements) rather than through ownership overlap. The U.S. entity is the venture to which foreign investors subscribe; the Myanmar entity is the operating vehicle. This architecture allows the legal, compliance, and governance discipline of the U.S. jurisdiction to govern the venture's capital formation and investor relationships, while the Myanmar entity operates under local law for local commerce. The arrangement requires specialist counsel to structure correctly; structured correctly, it produces a venture that can absorb local disruption without compromising its U.S. capital-raising posture.

Exit-ready from day one

Myanmar ventures that are not structured for exit at formation rarely achieve exits on terms that justify the original capital. The platform's practice is to structure every venture with a specific exit pathway identified at formation — strategic sale, management buyout, regional trade-sale, or other specific mechanism — and with the legal and operational features that such an exit will require. This is not a matter of documentation alone; it determines counterparty selection, employment structure, intellectual property ownership, and capital-

flow mechanics from the earliest stage of the venture's existence. A venture that arrives at the point of exit with a structure that must be reorganised in order to exit often cannot exit on any commercial terms, and in Myanmar conditions, the window for reorganisation is rarely available.

Capital formation separated from community relationships

A final structural principle, specific to platforms whose access derives from community relationships, is that the capital formation for a venture must be kept structurally separate from the community relationships through which the venture is operationally enabled. The humanitarian work, the community standing, the diaspora relationships — these are not commercial assets and must not be treated as such. Ventures that conflate commercial capital formation with community infrastructure damage both. Ventures that maintain the separation operate with sustained access to the community infrastructure and sustained integrity of the capital-formation process. The platform documents this separation formally and maintains it as a matter of governance discipline.

VII

What good looks like

A closing observation on expectations. The returns available from well-structured Myanmar commercial ventures are not the venture-capital returns that United States investors associate with growth-equity exposure. Nor are they the distressed-asset returns that frontier-market specialists occasionally pursue. They are the returns available to durable operating businesses in a mid-income market with structural constraints — modest in any single year, substantial cumulatively, and available to investors whose time horizon and risk posture fit the conditions.

A successful Myanmar venture, in the platform's experience and observation, produces operating income within the first two to three years of formation, achieves durability through five to seven years of steady operation, and either exits to a strategic acquirer (frequently a regional operator) or continues as a cash-generating operating business for an indefinite period. Returns on capital, measured from formation through exit, are characteristically in the mid-teens to mid-twenties in dollar terms, with the upper end of this range requiring both favourable macro conditions and exceptional operating execution. Ventures that target venture-capital-style returns — three-to-five-year exits at multiples of invested capital — do not characteristically arise in this market, and attempts to structure for such returns have generally been the attempts that have failed.

The investors for whom Myanmar commercial engagement makes sense are therefore a specific category: those with patient capital, with conviction about the underlying market thesis, with tolerance for the operational friction that Myanmar conditions produce, and with the institutional infrastructure to maintain the compliance posture over the life of the venture. For investors matching these criteria, the returns available are attractive and the risk-adjusted proposition is, in the platform's view, more favourable than the conventional framing of Myanmar as inaccessible would suggest. For investors not matching these criteria, no amount of thesis persuasion substitutes for the structural fit that is required.

The structural fit that is required cannot be produced by thesis persuasion alone.

The platform's purpose in publishing this brief is to make the structural fit visible to the parties for whom it exists, and to spare the parties for whom it does not the costly discovery of that fact. Myanmar Bridge Partners welcomes

confidential conversations with readers who find themselves in the former category, and wishes the latter well.

M Y A N M A R B R I D G E P A R T N E R S

A venture platform. Grand Rapids — Rangoon.

Confidential inquiries may be directed to the platform through myanmarbridgepartners.com. This brief is the first of a series; subsequent briefs will address specific sectors, structural questions, and operational disciplines in greater detail.

COLOPHON

About this brief

Myanmar Market Access: A Brief on Entry, Risk, and What Actually Works is the first in a series of briefs produced by Myanmar Bridge Partners LLC, a Michigan-registered venture platform operating at the intersection of United States capital discipline and Myanmar community trust. The platform originates, structures, and operates commercial ventures in sectors where regulatory compliance and relationship infrastructure together determine outcomes.

This brief is published as a public document. It does not constitute legal, tax, or investment advice. Specific matters should be referred to qualified counsel and other appropriate professional advisers. Information presented is believed to be accurate as of the publication date but is not warranted. Readers should satisfy themselves through independent inquiry of any matter on which they propose to act.

The platform withholds specific identification of counterparties, operating partners, active ventures, and investor identities in all public materials, consistent with its governance framework. Inquiries from parties considering specific engagements should be directed to the platform through confidential channel.

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