

WEEKLY NEWSLETTER (MYANMAR)

18Oct 2014 to 24Oct 2014

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1.1 SHIPYARD AWAITS GREEN LIGHT FOR EXPANSION

State-run Myanmar Shipyards has built 55 vessels and repaired 80 over the last three years, the company said, referring to the three fiscal years ending last March.

It released the figures as it waits for approval from the Myanmar Investment Commission to invest in a nearly US\$180 million joint venture with a Vietnamese shipbuilder.

According to the Ministry of Transport, which owns the company, it has the capacity to build vessels to a maximum of 2,000 dead weight tonnes (dwt).

Under its new joint venture with Vietnam-based Dong A Shipbuilding Industry JSC its capacity will be raised so that it can produce vessels of up to 22,000 dwt and repair vessels of up to 3,000 dwt. The new joint venture will also import equipment and enter related businesses.

Both companies will invest US\$89.5 million and 85.9 million in the joint venture, with Myanmar Shipyards holding a 51 per cent stake and Dong A Shipbuilding holding 49 per cent.

The Myanmar Investment Commission has yet to approve the investment.

1.2 SEVEN JETTY BRIDGES TO BE BUILT IN YANGON PORT

Yangon Port currently will build seven more jetty bridges for the convenience of international ships, in addition to the seven already under construction.

In fiscal year 2003-04, only 917 international ships were able to dock at Yangon Port but in fiscal 2013-14, the number rose sharply to 2,334. There is an urgent need for more jetty bridges due to the sharp increase in traffic, as a result construction of seven more jetty bridges are being planned in addition to the seven jetty bridges already under construction.

Yangon Port has 18 jetty bridges right now. Once the current seven are completed followed by another seven, the number of jetty bridges will go up to 32.

This will facilitate more international ships to be able to dock, and trade along the sea route will also increase.

For international ships to enter more easily following this increase in trading, other kinds of bridges such as the one used for petroleum, for crops, and commodities have been expanded.

2.1 CITY TO EXPAND PAST MANDALAY HILL

The area north of Mandalay Hill will transition from rice paddy to housing development over the next year, as Mandalay city will expand north of the city as a planned project goes ahead.

A large-scale housing project and hotel zone has been proposed to help house the city's growing population, said U Myo Hlaing Oo, a project administrator with the company.

“We are taking a risk with the project as it is located north of the city, away from where most people are,” he said. “It will be a peaceful place for people to relax and start a family.”

The project will be built by Thadittitsar Construction on 65 acres to the north of Mandalay city and its landmark hill, with a large number of two-storey housing buildings planned, said U Myo Hlaing Oo. The specific project was planned beginning in 2012, but the area has been eyed for development since 1987.

A Japanese firm has assisted with its planning and will be involved through project engineers, he said. The plan ultimately calls for 27 acres for housing, 10 acres for hotels, with the remaining area devoted to roads and green areas such as parks.

It will take up to three years for the housing part to be finished. The firm would like to work on the hotel project concurrently, and is looking to collaborate with hoteliers on its design and branding.

Housing at the site will cost about K100 million for the top-end units, with deposits of 80 percent being required. There is also the option for installment financing, said U Myo Hlaing.

A company engineer added it will come with 24-hour electricity and a quality water supply.

Mandalay officials said they support efforts to build housing for Mandalay's booming population.

U Kyaw San, Mandalay Region transportation minister, said at the launch event that developing civil projects is a government priority.

2.2 RENT HIKES SEND PEOPLE TO SUBURBS

The traditional property shuffle that comes with Buddhist Lent is seeing more people than ever move to Yangon's suburbs, according to property experts.

Thadingyut, the festival marking the end of Lent that fell on October 7 to 9 this year, is often followed by large numbers of people changing homes. But rental prices in Yangon itself are still



quite high, and increasing volumes of renters are headed north to townships like North Dagon and Hlaing Tharyar townships for some respite from the rent price increase, after being unable to secure another year at downtown apartments.

“Many people are moving to the suburban townships this year – we are hiring out lots of trucks and workers for moving,” said U Khin Maung Aye, owner of Shwe Kan Myay house moving and real estate company.

The suburbs have longed faced poor infrastructure, but it has been rapidly improved over the past two years. The suburbs are also much cheaper to live in than the city.

“Some people are moving from South Okkalapa to North Dagon townships to reduce rental fees – currently North Dagon is the hottest place to live,” he said.

Developments a little further from downtown, such as Nawaday Garden and Pun Hlaing Golf Estate, are becoming more popular, partly because buyers and renters can get large accommodation for the same price.

Ko Min Min Soe of Mya Pan Tha Khin real estate agency, said he has also seen more interest in the suburbs.

“In the past, people refused to live in the suburbs because of incomplete infrastructure and poor transportation. But nowadays, particularly in 2014, lots of people have changed their minds and are moving out to the suburbs,” he said.

It is high property prices in particular that are causing people to move from downtown. Rents have been rising, and the number of reasonably-priced units available have fallen as landlords focus on renting to businesses or foreigners.

Standard rental units in downtown townships cost between K300,000 and K800,000 a month, well beyond the reach of many workers. Higher quality units start at about K1.5 million, agents told The Myanmar Times.

Meanwhile, rent can be as low as K100,000 for apartments in the suburbs.

Ma Thawta works at a company and resides in Hlaing township, but will be on the move shortly as she cannot renew her present lease.

“My current flat costs K150,000 a month. It’s on the fourth floor and not that big, just enough for two or three people,” she said. “But by the end of the month I have to move out, so I’m searching for another flat nearby ... but it’s difficult.”

Ma Thawta said she may end up having to move further afield.

Agents say much of the current market actions is in renting rather than selling and buying, as prices have risen high enough to slow trading.



“I’m guessing rental costs will rise again by the end of 2014, but we have to wait and see,” said Ko Min Min Soe.

2.3 FIRST HILTON LUXURY HOTEL OPENED IN NAY PYI TAW

Eden Group opened the first Hilton branded five-star hotel at the National Guest House compound in yesterday morning.

"I welcome the arrival of the international brand Hilton Hotel to Myanmar. Now, international hotels like the Kempinski Hotel and Royal Park Hotel have been opened in Nay Pyi Taw," Htay Aung, Minister of Hotels and Tourism, said during the hotel's opening ceremony.

The Hilton Nay Pyi Taw is located on 100 acres of land and over US\$47 million has been invested in the hotel.

"We plan to open five Hilton hotels in Bagan, Inle, Mandalay, Ngapali, and Nay Pyi Taw. All of the investment has been made by us so it is a local-owned hotel. Hilton provided us the management and the rating," said Than Htut, director of Eden Group.

Eden Group and Hilton Group also plan to open Hilton Ngapali Beach Resort this year.

"We expect to open the rest of the hotels within two or three years," said Than Htut.

Eden Group signed a management agreement with Hilton Group on June 11 this year.

The Hilton Nay Pyi Taw features 201 rooms and over 300 staffs. The hotel has been opened in time for the 25th Asean Summit and the East Asia Summit, which will be held next month. U.S. President Barack Obama will visit Southeast Asia to attend the regional meetings and also the Asean Summit.

"I've heard that rooms have been requested at the Hilton Hotel and the Kempinski Hotel for U.S. officials to stay, but I can't confirm it," he added.

3.1 GOVT CAN RENEGOTIATE GAS-EXPORT CONTRACTS, PARAMI CEO SAYS

Myanmar should renegotiate its gas-export contracts with neighbouring countries to solve its energy crisis, Parami Energy Group chief executive officer Pyae Wa Tun said, suggesting that about half of the natural gas being exported should remain in Myanmar.

renegotiating the contracts would free Myanmar from the need to pursue environmentally risky large-scale hydropower projects and coal-fired power plants to meet its energy needs, he said.



Pyae Wa Tun said Myanmar's domestic supply of natural gas was 350-400 million cubic feet per day (mmcf), while its exports were 1-1.5 billion cubic feet per day to neighbouring countries.

"We should ask for 500 mmcf of the gas being exported to them," he added. "The government should negotiate with neighbouring countries [gas is exported to] at a time when the country is facing energy crisis. We have the right to do so," Pyae Wa Tun said.

The CEO described the construction of coal-fired power plants as an "odd" option, considering that Myanmar has four major rivers for hydropower projects and is exporting gas. "It is odd that they want to build coal-fired power plants even though the country has such natural resources," he said.

Pyae Wa Tun outlined a strategy for renegotiating the contracts. First, Myanmar had a right to renegotiate the contracts – which were signed under the previous junta – because it is facing an energy crisis, he said. However, before the talks with neighbouring countries are started two ministries – the Ministry of Electric Power and the Ministry of Energy – should hold talks to reach a common front. He described these inter-ministerial talks as "crucial". After they have been concluded President Thein Sein will assume responsibility for the negotiations with neighbouring countries, he said.

The energy-crisis solution outlined by Parami's CEO follow a controversial announcement in September by the Ministry of Electric Power, granting permission to Myanmar conglomerate IGE Company and China Three Gorges Corporation to construct Southeast Asia's largest dam on the Thanlwin River in Shan State. The dam – also known as the Upstream Thanlwin (Mongton) hydropower project – will purportedly have a capacity to generate 7,000 megawatts, or 34,717 kilowatt-hours, of power a year. Such large-scale hydropower projects, however, have immense environmental and social impacts, including relocation of thousands of families, critics of the project have warned.

While Myanmar will have to cope with the environmental and social impacts of the project – which include threatening the nascent peace process with armed ethnic groups – the energy generated by this dam is likely to be exported to China, critics have said.

Jiraporn Sirikum, assistant director of the ministry's system planning division, said "it would be better if Myanmar exports its hydropower to other countries".

"The reason is that interest rate is low on the loans for the [hydro] projects, so it needs to export hydropower," the assistant director said at the Myanmar Electric Power Convention in Yangon on October 22.

Parami's Pyae Wa Tun called for a "cleaner and sustainable process" for generating power, as well as one that "brings many benefits to the country".



“What we need is not money. Our aim is to ensure 70 per cent of population has easy access to electricity and that we see a massive inflow of foreign direct investment [FDI],” he said. The lack of access to power has been identified as a key deterrent to FDI in Myanmar, with many factories in economic zones relying on diesel-powered generators to operate.

Pyae Wa Tun also said large-scale hydropower projects were not the best option for harnessing the energy potential offered by Myanmar’s rivers. “As all we know the IFC [International Finance Corporation] and the World Bank will not provide any assistance to us to implement large-scale hydropower projects. So, we need to consider whether to build big hydropower projects or 100 small hydropower projects,” he said.

The views expressed by the CEO are in alignment with other energy experts who have urged the government to avoid coal-fired power plants – which would rely on imported coal – and rely on its abundant supply of natural gas and the potential power generation offered by its four major rivers. They have also called for small-scale hydropower projects, rather than the massive ones currently being planned.

3.2 PRODUCTION AT NEW GAS FIELDS SLATED FOR 2018, PARAMI SAYS

Pre-studies of the potential of newly discovered gas deposits have been completed and extraction is expected to start in 2018, Parami Energy Group of Companies said.

Tin Maung Tun, senior project manager of Parami Energy, said the government was considering three sources of energy to overcome the country’s power shortage: coal, hydropower and natural gas.

“The first two may take three to five years each to operate and natural gas should be ready for extraction in 2018,” he added.

He did not specify which exploration blocks would be ready at this time, and it remains unclear whether the gas from the newfound deposits would be sold to foreign countries as state-run Myanma Oil and Gas Enterprise has yet to disclose any information on them.

Coal-fired power plants have been roundly criticised for possible environmental damage, while most gas fields already producing gas are exporting this to other countries. Newly discovered gas deposits are, therefore, considered as an alternative to coal for producing the energy Myanmar needs for its development, analysts say.

"If the buyer is from Thailand, their consent is necessary if we want to use the contracted natural gas. Every deal is done through long-term contracts, so there's no market price-based dealing in natural gas like other goods," Tin Maung Tun said.



Electricity shortage are deterring foreign investment, while weak laws related to the power generation sector are also deterring foreign companies from entering this sector, panelists said at the Myanmar Electric Power Convention on Tuesday.

A 2013 report by international consultancy McKinsey and Company estimated that untapped gas deposits exceeded those already in production. It ranked Myanmar ranked 46 internationally in volume of natural gas explored, but said massive untapped reserves remained.

Major gas projects include Yadana, Yedagon, Zawtika and Shwe. Yadana has exported 640 million cubic feet of gas per day to Thailand under a 30-year contract signed during military rule in 1998.

Malaysia's Petronas has exported 430 MMSCFD from Yadagon to Thailand since 2000. Last year the Zawtika project started exporting to Thailand and the Shwe project began exporting gas to China.

3.3 THAI COMPANY INKS AGREEMENT TO DEVELOP MYANMAR'S LARGEST POWER PLANT

Green Earth Power (Thailand) has signed a memorandum of agreement with the Myanmar Ministry of Electric Power (MOEP) to formalise the development of a 220-megawatt solar power plant in Minbu, in that country's Magway Region.

The signing ceremony, held on Thursday at the Grand Amara Hotel in Nay Pyi Taw, marked an important milestone for the Myanmar power sector, with several cabinet ministers, deputy ministers and government officials present along with company officials from GEP.

Speaking at the ceremony, Electric Power Minister Khin Maung Soe fully affirmed the efforts previously made by both parties and wished for the continued cooperation for the successful implementation of the solar plant.

Aung Thiha, executive director of GEP, said Myanmar could become a major player in the development of renewable energy, and large-scale solar projects such as the one in Minbu were a testament to GEP's confidence in the Myanmar government and presented one of the first opportunities to make use of that country's vast potential in sustainable energy sources.

"Solar power is a solution to Myanmar's immediate and long-term power needs," he said. "It is quick to build solar power plants and we do not have to rely on the supply of fossil fuels or be subject to [their] price fluctuations. While we wait for the gas supply and for public opposition [to coal] to be resolved, we can fill the power-shortage gap with renewables.

"We have made significant progress since our MoU last year, and have completed all the preliminary work and site acquisition. We are finalising our discussions with our EPC



[engineering, procurement and construction] contractor and project lenders and will be ready to implement [the project] soon.”

Supasit Pokinjaruras, managing director of GEP, said all the company’s hard work over the past 18 months had come to fruition.

GEP signed the memorandum of understanding for the project in May last year, and only after presenting its findings under a feasibility study and environmental impact assessment, along with extensive technical discussions with the Ministry of Electric Power (MOEP), was the MoU formalised as a firm commitment by both parties to develop the project.

The Minbu project is on a single 344-hectare (2,150 rai) site 200 kilometres west of Nay Pyi Taw. The project is due to begin construction in the first quarter of next year, with the first phase of 50MW to come online a year later. The solar power plant is to be built in four phases over 30 months with a total investment of US\$350 million (Bt11.3 billion).

The solar power plant will be connected to the new 230-kilovolt transmission line that is being constructed by the MOEP, which will be the off-taker under a 30-year power purchase agreement.

“The Minbu project is to be one of the largest solar photovoltaic power plants and will create an estimated 700 jobs during its construction,” Supasit said. “This project will stimulate the local economy and provide new opportunities to many people.”

Formed in 2010, GEP is a Thailand-based company that develops and operates solar power projects throughout the Asean region and Japan. GEP is privately owned and has plans to list on the Stock Exchange of Thailand in the next two to three years.

[4.1 FOREIGN INVESTORS CAUTIOUS AHEAD OF 2015 ELECTION, REPORT SAYS](#)

Major foreign investment in Myanmar will be delayed until after the 2015 election due to political uncertainty, according to a recent report from consulting firm New Crossroads Asia.

The report said that foreign companies entering the energy and mining industries were investing one-tenth of what they would after the election – if it does not spark unrest. Instead of investing billions of dollars each in the industries they are investing about US\$100 million each, the report says, stressing that uncertainty over the upcoming election was the reason for their caution.

Aung Naing Oo, director general of the Directorate of Investment and Companies Administration (DICA) said there was some truth to this. “Reports that foreign companies are waiting to invest big in Myanmar after the 2015 election are right and wrong,” he said, adding: “Some may be waiting, but some are already here.”



He pointed to western firms like Coca-Cola, Pepsi and Unilever, which have already invested in Myanmar. Other companies are planning major investments, Aung Naing Oo added.

He said the major deterrent to foreign investment was the shortage of electricity in Myanmar.

The number of foreign companies investing in Myanmar rose to about 500 by September last year, compared to about 50 in 2011, according to DICA. It said the number of foreign companies investing in restricted sectors rose to 120 from 20 during this period.

Companies from China top the list, accounting for about 32 per cent of cumulative foreign investment, according to New Crossroads Asia. Thai companies follow – with about 23 per cent of total cumulative investment – and Hong Kong-based companies are third, representing about 15 per cent of cumulative foreign investment.

4.2 RACE TRACK AT PLANNED AUTO COMPLEX ‘AIMS TO REDUCE ACCIDENTS’

Myanmar Automobile Development Plc is planning to invest Ks 20 billion (US\$20 million) to build an automobile complex in Yangon that will include show rooms, service centers and a race track, according to the Myanmar Automobile Manufacturers and Distributors Association.

The project is slated to be built on 200 acres of farmland straddling Mingaladon and Hlegu townships, the association said.

Ten acres have been set aside for the race track, which will be built with foreign experts to ensure it meets international standards, according to Moe Kyaw Swar, vice chairperson of the association. The purpose of the race track is to reduce the number of pedestrians hit by those now using public roads for racing, Moe Kyaw Swar said, explaining that it will give drag racers an alternative to city streets.

"It will be a lot safer to race cars there than outside," he added.

Myanmar Automobile Development Plc plans to fund the project by selling shares to the public at Ks 10,000 (\$10) apiece, the association said. The company has more than 50 shareholders, most of whom are members of the association.

“Any Myanmar citizens can buy its shares. Preparations are proceeding to be timed with the opening of a stock market in 2015,” association chairperson Dr Soe Tun said.

The land has already been bought at “market price”, but the payments are being made in installments, the association said. Restaurants and motels are also part of the auto complex, the association said.



The project, however, has yet to get the green light from relevant authorities.

4.3 TOURIST ARRIVALS ON TRACK TO HIT 3 MILLION, MINISTER SAYS

tourist arrivals are on track to rise 50 per cent over last year’s record-breaking 2 million figure, with the number of arrivals this year reaching 2.1 million as of the end of September, Minister for Hotels and Tourism Htay Aung said at the opening ceremony of Nay Pyi Taw Hilton Hotel.

The minister was optimistic that the target of 3 million would be reached because the October to December period sees tourism arrivals jump as the monsoon season ends in September.

The sector has seen a record-breaking number of arrivals for the past two years, following the reforms introduced by the administration of President Thein Sein and an increase in the number of airlines adding routes to Yangon and Mandalay.

If the growth rate continues the need for more hotel rooms will also continue to rise, Htay Aung said, adding that arrivals to Nay Pyi Taw had surged this year as Myanmar chairs Asean for the first time.

"The number of tourists visiting Nay Pyi Taw by air was 62,126 between January and October 14," Htay Aung said, adding that this represented a 28 per cent rise over the same period last year.

Hotel rates in Myanmar, however, remain among the highest in the region due to the surge in demand and lack of supply, with some tourists – and travel associations – saying price gouging is rampant.

Some hoteliers are calling on the government to fast track approvals for hotel construction to ensure supply meets demand, and that price gouging is constrained by increased competition.

4.4 TELENOR TO RESTRICT NUMBER OF SIM CARDS AT MOBILE SHOPS

Telenor will distribute only 200 SIM cards per mobile shop in the initial phase of sales.

The telecom operator began sales of its mobile SIM cards on September 27 in Mandalay and on October 3 in Nay Pyi Taw. Sales in Yangon will begin from October 20.

“We have signed a contract with Telenor. I think initially they’ll restrict the supply, but later they are likely to supply us as much as we want. Our shop wants 400 SIM cards but they said they can



offer only 200. Big shops are said to get 400 cards. Also, we can't sell the cards at a price higher than what the company has fixed," said a source from a mobile shop near Pansodan.

Telenor has distributed 1 million SIM cards in Mandalay and Nay Pyi Taw. It has built 84 towers in Mandalay and 94 in Nay Pyi Taw and will build 13 more towers in Mandalay in the next three weeks.

"They gave one SIM card for our shop to use for network testing. The results were good. The voice is clear. I think we won't get many SIM cards on the opening day of sales. Later, if the sales at our shop are high, they may give us more," a source from Today Mobile Shop said.

In Yangon, some 1 million cards are expected to be sold through some 6,000 shops. There are 305 towers in Yangon and more than 800 towers are reportedly needed for a good network. All the towers of Telenor can provide both 2G and 3G network.

4.5 MIC ASSIGNS OVER 1,000 ACRES IN KOKANG SELF-ADMINISTERED AREA AS SEZ

The Myanmar Investment Commission (MIC) has set aside more than 1,000 acres in the Kokang self-administered area on the Myanmar-China border for a special economic zone under the foreign investment law on October 3, sources from the commission said.

The foreign investment law prohibits or restricts foreign investments in an area within 10 miles from border areas except a special economic zone allowed by the union government. However, the MIC can grant permission to make investments in the prohibited or restricted area in the interest of the state and citizens, especially the ethnic population, by asking permission from the union government, the law states.

The MIC has allowed Kokant Mar Li Par Development Company to implement a special economic zone in the Kokang self-administered area on August 15 based on remarks and consent from respective government organisations and departments.

The SEZ will be implemented by a joint-venture between Kokang self-administered government and Kokant Mar Li Par Development Company in Laukkaing district to clear land plots, sell and hire land.

Kokant Mar Li Par Development Company is registered with the MIC since January 2013 and is based in Laukkaing. The Kokang self-administered area is located in Northern Shan state, bordering with China.

4.6 RICE BROKERS STOP BUYING AS UNSOLD STOCKPILES RISE

A dramatic fall in the volume of rice exports has dragged prices downwards and threatens to drive small farmers off the land, farmers' advocates have warned.



until just weeks ago, rice exports to China via the border crossing at Muse in Shan State could reach 3500 tonnes a day. But following China's seizure of rice from merchants accused of smuggling, daily rice exports at Muse have plummeted around 25 tonnes, leaving many merchants with unsold stock and unwilling to buy more from farmers.

Nationwide exports have fallen by half since August, when exports hit 100,000 tonnes a month. As a result, local rice prices have tumbled, leading to fears that prices will fall further still, inflicting heavy losses on farmers who can no longer turn a profit, industry observers say.

Emata paddy prices have now fallen to near the break-even level of K300,000 per 100 baskets, down from a high of K470,000 when the China trade was still booming.

U Thein Aung, chair of Myanmar Freedom Farmers' League, says making a living through rice growing is getting harder than ever, causing many small farmers to sell their land. Others are in search of financing after spending a lot on rice production inputs such as fertiliser in anticipation of a strong Chinese market.

"We've told the government we're prepared to pay up to 5 percent interest on a six-month loan," said U Thein Aung. "A lot of small farmers could leave the business if they can no longer survive. At these prices, I don't think many farmers can afford to invest in next summer's crop. The situation is really terrible."

In the past year, many farmers working five acres or less have sold their land and gone to work in big cities as garment or construction workers, street vendors or trishaw drivers, he said.

The Chinese market has played an outsized role for Myanmar rice exports in the past two years. It went from receiving almost no imports from Myanmar in 2011 to purchasing 59 percent of the country's exports in 2013, according to a World Bank report released earlier this year.

Commerce minister U Win Myint told The Myanmar Times last week that the government had been negotiating with China to ease the blockage. While the rice trade is legal on the Myanmar side of the border, the problem has apparently arisen amid allegations of illegality on the Chinese side. Legalising it will require a health agreement with China, among other measures.

"We've already signed a quality control agreement and I hope we can soon proceed to the next steps," he said.

Joint secretary of the Myanmar Rice Federation U Lu Maw Myint Maung agreed that if paddy prices fell much lower, farmers could quit, despite measures brought in over the past three years to strengthen the sector, such as improved financing, policy liberalisation, and more aggressive export efforts. "If farmers leave, the rice industry and export levels could fall again. All the effort we have invested would be in vain," he said.

U Lu Maw Myint Maung added, "If we can't export at least 100,000 tonnes a month in the exporting season, prices will not be stable. Right now the export volume is 50,000 tonnes."

The sudden collapse threatens a promising rebound in the rice industry. For three consecutive years before 2013, farmers faced heavy losses due to flooding. The export market bounced back last year as the Chinese market boomed and western countries eased sanctions.

U Lu Maw Myint Maung said the government should lend to rice traders to enable them to buy from farmers at a higher rate, or should buy rice directly as a buffer. “But if the government does nothing, the rice industry will be badly hit,” he said. Many rice traders are already sitting on large stocks intended for the China market but now blocked, so have little interest in buying the new crop.

The Chinese embassy in Yangon has not yet answered queries on the issue.

4.7 REGULATORY SUN SHINING ON LARGE SOLAR PROJECT

Thai firm Green Earth Power Company has signed an agreement with the government to move forward on its plans to spend US\$350 million building a 220 megawatt solar power generating station near Minbu in Magwe Region.

The facility will sit on 850 acres that are not suitable for agriculture, and will take three years to complete, said Green Earth managing director U Aung Thiha.

“The first stage will see 50 megawatts of electric power produced by March 2016, with the total development time lasting three years,” he said.

Green Power is eager to be located in an area with lots of year-round sun shine as well as close connections with large transmissions lines. Solar projects have been successful in places like Japan and Thailand, and there is no reason they cannot also succeed in Myanmar, according to U Aung Thiha.

“We believe this project will succeed because of our international experience and global standard – though there will be a little bit of difficulty because it’s the first time [building in Myanmar],” he said. “It’s difficult transporting things that weigh over 30 tonnes, for example.”

A department of the Ministry of Electric Power and Green Earth Company signed a contract governing the project on October 16 in Nay Pyi Taw. The agreement covers 30 years of energy production, though the tariff is still being negotiated and has not been announced.

“This is a test,” said U Aung Thiha. “If it succeeds, we will get trust from the government and can cooperate in other places.” The project will also add lots of jobs to the local economy, he added.