

WEEKLY NEWSLETTER (MYANMAR)
26Apr 2014 to 02May 2014

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1.1 GOVT LAUNCHES MYANTRADE TO BOOST EXPORT EFFICIENCY

The Ministry of Commerce has disclosed the launch of MyanTrade, a new organisation with the stated goal of enhancing Myanmar's burgeoning export sector.

Union Minister Win Myint of the Commerce Ministry, said that the organisation will put priority on boosting foreign exports and also study the tactics of regional countries with an eye to improving trade. As it stands, a national strategy for developing the quality and quantity of goods is being drawn up.

The Value-added Exports Law has also been drafted to develop exports and create job opportunities. Similarly, the Anti-Dumping Law and Safe-Guard Law are being drawn up to protect the rights of local proprietors.

Myanmar has exported products from agriculture and livestock, mineral extractions, wood products and industrial end products. Commodities, raw materials and goods for investment have been imported from neighbouring countries.

Myanmar's foreign exports depend highly on natural resources, such as gas, teak and goods from agriculture and fishery.

Imports outweigh exports in Myanmar. For example, in FY 2013-2014, Myanmar's trade value reached nearly US\$ 25 billion -- with over US\$ 11 billion from exports and US\$ 13 billion from imports. This left a trade deficit that topped US\$ 2 billion, as stated by the Ministry of Commerce.

1.2 TIMBER EXPORTS REACH US\$ 1 BN IN 2013-2014

The export of teak, hardwood and other timber has reached US\$ 947 million in the 2013-14 fiscal year, according to statistics from the Ministry of Commerce.

The trade value of teak, hardwood, plywood, and other wood products exported overseas amounted US\$ 916 million while timber exported overland reached US\$ 31 million, according to government statistics.

Teak logs were the largest export with a value of US\$ 638 million while nearly 34,328 tonnes of teak lumber was exported with a net worth of US\$ 31.552 million.

Over 590,000 tonnes of hardwood logs, worth US\$ 222 million, and hardwood lumber weighing over 9,000 tonnes as well as 18,000 tonnes of plywood was shipped abroad.

After a nation-wide ban in exports of raw timber on April 1 aimed at preventing deforestation, foreign investors have shown a growing interest in wood-based furniture production.



from 2001 to 2013, illegal timber exports amounted to 16.5 million cubic metres with a net worth of US\$ 5.7 billion, according to a report from the Environmental Investigation Agency (EIA).

The report titled 'Data Corruption' shows a billion dollar gap in trade during the last 15 years between the Myanmar government's records of timber exports and information from worldwide log traders.

The statistics of MOECAAF shows that Myanmar exported only 28 percent of international timber meaning that the remaining 72 percent of was done illegally. In the last 14 years, 8 million cubic metres of wood was traded without the permission of the Myanmar Timber Enterprise (MTE).

Moreover, the illegal log trading with Yunnan, China amounted to US\$ 413 million every year. According to their data, the EIA has refuted statements by the Myanmar government saying that illegal logging is only occurring in ethnic regions.

1.3 THILAWA SEZ HOLDINGS TO PICK INDEPENDENT DIRECTOR

The government has instructed the Thilawa SEZ Holdings Co Ltd to appoint independent directors. The independent directors must not be the company's shareholders.

The Myanmar government owns ten per cent of the company while 41 per cent is privately owned, with a handful of influential companies investing over Ks 39 million (US\$ 40,206) in the shares. The remaining 49 per cent is owned by Japan.

"We will hold a shareholder meeting and appoint the directors. Any company in any country has independent directors. The government instructed me to include directors who are not shareholders," said Sett Aung, chairman for Thilawa SEZ Administration Committee.

The Myanmar companies already investing in the Thilawa Special Economic Zone Holdings Company are:

FMI Co Ltd, Golden Land East Asia Development Ltd, Myanmar Agribusiness Public Corporation Ltd, Myanmar Agricultural & General Development Ltd, Myanmar Edible Oil Industrial Public Corporation Ltd, Myanmar Sugar Development Plc, Myanmar Technologies and Investment Corporation Development Ltd, National Development Company Group Ltd, and New City Development Plc.

The shares offered to the public were overwhelmingly subscribed by various private banks and the share certificates will be issued in May.

Win Aung, chairman for Union of Myanmar Federation of Chambers of Commerce (UMFCCI), and Thein Wai, chairman of First Myanmar Investment Company Ltd (FMI), were appointed chairman and vice chairman of the Thilawa SEZ Holdings, respectively.

Some have criticised the appointment of major shareholders as chairman and vice chairman, as this could lead to a conflict of interest.

The Thilawa Special Economic Zone project is a joint venture between governments and private companies from Myanmar and Japan.

Japan owns 49 per cent of the shares. Of total, 39 per cent is owned by MMS Thilawa Development Co Ltd, the consortium of Mitsubishi Corp, Marubeni Corp and Sumitomo Corp. The remaining 10 per cent is owned by Japan International Cooperation Agency (JICA).

2.1 HOUSING RENTAL FOR CIVIL SERVANTS TO INCREASE NATIONWIDE

Civil servant and public housings in States and Regions administered by the Department of Human Settlement and House Development will see an increase in rental charges starting April, the Department says.

“Some housing were built in the time of Myanmar Socialist Program Party and some in the time of State Law and Order Restoration Council. The rental fee we have collected since then is too little in the present age. Civil servants’ housing and public housing are not in harmony with the city features because of poor maintenance and old age. We are obliged to get fund for maintenance. When we think about the suitable way of making budget, we turn up to plan rental raise at a suitable rate. With the vision of using the budget every year to repair and renovate the housings so that they will look good to the city features, we proposed and submitted through many desks and steps,” said deputy chief director for the Department of Human Settlement and Housing Development Khin Sein.

According to the new rental rate, the charge of housing rent in the suburb of Yangon will be based on the rate applied in States and Regions, while 25 per cent surcharge will be collected for housing at downtown Yangon.

“For example, if people in the outskirts have to pay Ks 10,000, people in downtown will pay Ks 12,500. Staff will pay three per cent of their salary, officers five percent of their salary. The salary of staff officer is Ks 140,000 and five percent of this is 7,000. As the chief and head directors’ highest salary is Ks 250,000, they will have to pay Ks 12,500. Office assistant, office guard and cleaning workers get Ks 75,000 and they need to pay three per cent of this amount, which is, Ks 2,300.”

Considering the space of the apartment, the fee will be from Ks 3,000 at the minimum to Ks 12,500 at the maximum.

The housing fee for staff will be from Ks 2,300 at lowest to Ks 3,200 while officers will pay from Ks 7,000 and Ks 12,500.

In Yangon Region there are a total of 11,600 apartments while other States and Regions have 5,300 apartments. And the purpose for raising rental charges is to renovate the housings to meet the city standards.

2.2 MIC CLEARS CONSTRUCTION OF TWO FIVE-STAR HOTELS IN NYAUNGSHWE

The Myanmar Investment commission has given the go-ahead to the privately-owned Myat Min Company for the construction of two five-star hotels in Nyaungshwe, Taunggyi district of southern Shan State.

The permit was granted by the MIC in a meeting held on April 26.

The construction site for the hotel encompasses an 11-acre land plot in Mongthauk village tract, Nyaungshwe Township, while an international-standard hotel is also to be built on just over nine acres of land in Thaleoo village tract, Nyaungshwe Township.

According to the press release from the Ministry of Hotels and Tourism, there are 175 licensed hotels in Shan State with a total of 5,303 usable rooms that can provide accommodation.

Of the work permits submitted to the MIC by local businessmen this year, most are concerned with hotel construction projects, which include adding hotels in hotel zones and leasing ministry-owned land for the long-term.

There are 960 hotels in States and Regions of the country that have received permits for opening new facilities.

3.1 OFFICIAL SEIZE MORE THAN 1,000 TONNES OF ILLEGAL WOOD ACROSS MYANMAR

More than a thousand tonnes of teak, hardwood and other timbers were seized during a week-long search across States and Regions of Myanmar, including Naypyitaw and the majority from Sagaing Region, according to the Ministry of Environmental Conservation and Forestry (MOECAF).

Among the illegal wood products confiscated between April 29 and May 4, two pieces of ivory and 34 viss of pangolin from Sagaing Region were also discovered.

The seizure included 105 tonnes of illegal teak, 637 tonnes of hardwood and 335 tonnes of other timber (1,078 tonnes in total), while 10 engines, eight circular saws, four motor boats, 49 vehicles and 101 culprits were arrested.

“After a nationwide ban on the export of raw timber, it now travels to Techilek [a border town]. Since it cannot be exported overseas, they now carry it to the border where smuggling is possible. Therefore, wood smuggling is getting worse,” said U Ohn, chairman of the Forest Resource Environment Development and Conservation Association (FREDA).



According to officials, 9 tonnes of illegal wood came from Kachin State, 4 tonnes from Chin State, 410 tonnes from Sagaing Region, 147 tonnes from Taninthayi Region, 50 tonnes from Magwe Region and 88 tonnes from Mandalay Region.

In addition, 19 tonnes of illegal timber came from Naypyitaw council estate, 12 tonnes from Mon State, 2 tonnes from Rakhine State, 4 tonnes from Yangon Region, 192 tonnes from Shan State and 109 tonnes from Ayeyawady Region.

Illegal wood exports in the country from 2001 to 2013 totalled about 16.5 million cubic metres, with a trade value of about US\$ 5.7 billion, according to a 'data corruption' report from the Environment Investigation Agency (EIA).

The statistics from MOECAAF show that Myanmar exported only 28 per cent of international timber, which means that the remaining 72 per cent of was done illegally.

3.2 GAS SECTOR TOPS MYANMAR'S EXPORT EARNINGS WITH OVER \$3B

The gas sector has topped Myanmar's export earnings with over US\$3.2B this financial year, according to the ministry of commerce.

Myanmar's export sector is classified into six categories — farm products, marine products, industrial finished products (including exportation of natural gas), animal products, forest products and mineral products.

Export earnings of rice, broken rice, beans and pulses, corn, perennial crops, rubber, castor oil, cashew nut, mango, water melon, onion, garlic, turmeric and ginger has amounted to over \$2 billion in its entirety.

The foreign investment in Myanmar's oil and gas sector are greater than those in other sectors, reaching over \$14 billion at the end of March this year. It accounts for 31.09 per cent of total foreign investment in the country, according to the directorate of investment and company administration.

Many foreign companies are investing in Myanmar's oil and gas sector, and last month, the ministry of energy granted them permission to begin oil and gas exploration in 20 offshore blocks.

The winner bidders are Shell, Chevron, Conocophillips, Total E & P, BG, Wood-side Energy and other top companies from the U.S, the UK and Australia and India.

4.1 PROJECTS TO ENHANCE MYANMAR'S TRADE COMPETENCE

The Ministry of Commerce has disclosed three projects being implemented with international assistance to improve on the country's trade sector.

The ministry has been operating three trade-related projects designed for the least developing countries. The projects are namely – Enhanced Integrated Framework (EIF), National Export Strategy (NES) and National Trade Facilitation Implementation Plan (NTFIP).

With the financial support of Germany Society for International Cooperation (GIZ), the NES has been jointly mapped out with the International Trade Centre (ITC).

The EIF is World Trade Organisation's programme aimed at boosting the trade development of least developing countries.

The NTFIP has been drawn up by Myanmar officials responsible for trade sector with foreign assistance.

The Value-added Exports Law has also been drafted to develop exports and create job opportunities. Similarly, the Anti-Dumping Law and Safe-Guard Law are being drawn up to protect the rights of local proprietors.

Myanmar's foreign exports depend highly on natural resources, such as gas, teak and produce from agriculture and fishery.

Imports outweigh exports in Myanmar. For example, in FY 2013-2014, Myanmar's trade value reached nearly US\$ 25 billion - comprising over \$ 11 billion from exports and \$ 13 billion from imports. This caused a trade deficit of about \$ 2 billion, according to the ministry.

4.2 JAPAN TO ASSIST MYANMAR SETTING UP YANGON STOCK EXCHANGE

Japanese Ministry of Finance's research team, Tokyo Stock Exchange and Myanmar's Ministry of Finance will together draft rules and regulations for Yangon Stock Exchange, said Dr Maung Maung Thein, deputy minister for finance.

He added that Japanese Ministry of Finance will also help to draw the regulations for Stock Exchange Commission (SEC).

"We have prepared step by step to establish the SEC. Its rules and regulations are laid down by the Japanese Ministry of Finance. For Yangon Stock Exchange, the research team of Japanese Ministry of Finance, Tokyo Stock Exchange and we will together draw rules and regulations," said Dr Maung Maung Thein.



For the establishment of Yangon Stock Exchange, Myanmar and Japan have planned an initial joint investment of Ks 32 billion (US\$ 32 million). The ownership ratio of the joint venture is set at 51:49 per cent with Myanmar holding the majority.

Therefore the country is required to contribute Ks 16.31 billion (nearly US\$17 million) in the initial investment outlay.

Japan's proposal for setting up Yangon Stock Exchange has been submitted to the Attorney-General's Office. Upon approval, the government will then unveil it.

4.3 CHINA REMAINS AS MYANMAR'S TOP TRADING PARTNER

China continues to rank as the top trading partner with more than US\$ 7 billion worth of transactions in the previous fiscal year, according to the Ministry of Economic and Commerce.

In the fiscal year 2013-2014, the country's international trade amounts to \$ 24.86 billion, of which the biggest volume is attributed to China-Myanmar trading.

The country's second trade partner is Thailand with the trading value of \$ 5.5 billion.

Myanmar's exports to China amount to \$ 2.9 billion and its imports is more than US\$ 4 billion.

Myanmar mainly sold rice, corn, green gram, pigeon pea, sesame, rubber, fishery products, teak, hardwood, raw metal, natural gas, jade, garments to China, India, Bangladesh, Australia, UAE, Belgium, Indonesia, Italy, Japan, Korea, Malaysia, Pakistan, Philippines, Russia, Saudi Arabia, Singapore, Spain, Thailand, UK, USA, and Vietnam, according to the press release by Central Statistics Organization.

Aside from exporting by freight overseas, Myanmar relies on overland trading with China, Thailand, Bangladesh and India through border towns, Muse, Chinshwehaw, Kanpaikti at China borders, Myawady, Techilek, Kawthaung, Myeik at Thailand border s, Sittwe, Maungdaw at Bangladesh borders, and Tamu, Riv at India borders.

Inspite of China-Myanmar trade increase, smuggling of natural resources from Myanmar has persisted through more than 20 illegal gateways at the borders opposite China.

Cows, snakes, turtles, fishery products, wood products and mine products are smuggled into China while car and motor-cycle spare parts, cosmetics, beer, diesel, clothing, electronic sets, and mobile handsets are illicitly shipped into Myanmar.

Illegal exports such as jade, turtles and snakes, mining products would be transported by family cars from Mandalay, dropped in some villages at midnight or early morning, before switching to different vehicles or other transport through porous borders.

4.4 MIC APPROVES FIVE NEW BUSINESSES

Myanmar Investment Commission (MIC) has recently given the green light for five business ventures, including 2 foreign investment projects.

The authorities gave the green light at a scheduled meeting in Nay Pyi Taw on April 26.

Two foreign companies_ a clothing firm from Hong Kong and a Korean garment factory_ were allowed to start their respective operations in Mingaladon and South Dagon townships, Yangon.

Three local firms would also commence work on a road toll collection and two hotel projects.

Myat Noe Thu Construction was authorised to collect toll on Nyaung Oo-Pakkoku-Myaing-Linkakaw-Monywa road. And Myat Min would carry out the hotel projects in Nyaung Shwe Township, Shan State.

4.5 SIAM BANK TO EXTEND FOOTPRINT IN MYANMAR, OTHER NATIONS

Thailand's third largest bank, Siam Commercial Bank (SCB), has announced that it will extend its services in four countries including Myanmar, according to Thai media.

With the launch of the Asean Economic Community (AEC), the SCB will actively promote its economic opportunities in Myanmar, Cambodia, Laos and Vietnam through its capital investments.

According to the SCB's Executive Vice President, "the SCB has committed to eyeing these four countries as they have many prospects for economic development."

The SCB has opened its representative office in Myanmar, and is waiting to start its services in the country.

Even though the government has yet to give the green-light for the full operation of foreign banks, the country is perceived as having a wide range of prospects.

And, like the SCB, other international banks have also opened representative offices.

As part of its preparations for Myanmar's democratic opening, the SCB will develop partnerships with local bankers.

Shortly after it opened its economic door to the world, a flood of companies from neighbouring countries have visited the country, looking for new business opportunities.

The Thai ambassador to Myanmar, has urged Thai firms to move quickly, even before the full establishment of the AEC.