

WEEKLY NEWSLETTER (MYANMAR)

05Jul 2014 to 11Jul 2014

I. SHIPPING & LOGISTIC

NO UPDATE

II. PROPERTY

2.1 BURMA TO NAME KYAUKPHYU SEZ DEVELOPERS BY DECEMBER 2

III. RESOURCES

3.1 JAPAN LOOKS TO MYANMAR FOR SUPPLY OF RAW RUBBER 2

3.2 BURMESE MINISTER OVERSEES POWER GENERATION DEALS IN THE UK 3

IV. FINANCE & ECONOMIC

4.1 SELLING WITHOUT STOCK DISRUPTS BEANS MARKET 4

4.2 INVESTMENT ATTRACTION TO HPA-AN INDUSTRIAL ZONE DROPS 5

4.3 CHINA REMAINS MYANMAR'S TOP SOURCE OF FDI 5

4.4 AYEYARWADY BANK ANNOUNCES KS 1 TRILLION IN DEPOSITS 6

4.5 MOBILE DATA USERS REACHES 3 MLN IN 2014 6

4.6 POLICE VOW TO INVESTIGATE FINANCIAL CRIMES 7

4.7 JADE MINING SET TO RESUME IN FOUR KACHIN TOWNSHIPS 7

4.8 SINGAPORE TOPS FDI LIST 8

4.9 \$17 MILLION WORTH OF SMUGGLED GOODS SEIZED IN BURMA 8



2.1 BURMA TO NAME KYAUKPHYU SEZ DEVELOPERS BY DECEMBER

The developers for a massive trading hub planned in western Burma’s Arakan State will be selected by December, according to an official.

International companies can register their interest in building the infrastructure for the Kyaukphyu Special Economic Zone (SEZ) from next week, and a competitive tendering process will follow, said Railway Minister Myint Thein, who is also the deputy chair of the government committee managing the project.

“This phase is to seek developers for port, industrial and residential building projects. We are looking for three developers for those three projects. We’ll accept [expression of interest] applications beginning on the 14th of this month, and we’ll make the final list by December,” the minister said at a promotional “road show” for the project in Rangoon on Thursday.

The selected developers will then have to submit detailed work plans to the committee early next year, and be prepared to begin work in March 2015, he added. Another road show event is taking place in Singapore on Monday to provide information about the project to potential developers.

In March, the government named a consortium led by Singapore-based firm CPG as the winner of the US\$2.5 million consulting contract for the project, one of three planned SEZs that Burma hopes will drive economic growth and provide jobs. The Kyaukphyu SEZ is planned for the island in Arakan State that is also the terminus of Chinese-built cross-country oil and gas pipelines, and officials have expressed hopes that the developments will transform the impoverished coastal region.

Myint Thein said the SEZ would initially cover 1,000 acres of land and would later expand to 4,000 acres.

Aung Kyaw Than, secretary of Kyaukphyu SEZ tender invitation and selection board, said expressions of interest must be submitted before Aug. 14. “Then, we’ll sort out the best four or five developers and ask them to present details, and we’ll select the best ones,” he said.

While the tight deadlines signal the Burmese government’s desire to get the Kyaukphyu project underway swiftly, the Japan-backed SEZ at Thilawa, near Rangoon, has gathered the greatest momentum among the country’s industrial zone plans. However, long-standing plans to develop an industrial hub in Dawei, Tenasserim Division, have stalled, with the Thai developer initially selected for the project no longer in charge of the development.

3.1 JAPAN LOOKS TO MYANMAR FOR SUPPLY OF RAW RUBBER



Japan is providing state of the art technology to process raw rubber and boost local production in a bid to find a new supply for its tyre manufacturing industry.

According to an MoU between the Myanmar Rubber Planters and Producers Association and Japanese manufacturers, Japan will provide technology to produce high-quality raw rubber from plantations in Yangon, Bago and Mon regions in return for exports.

“We get technology from Japan. They want to import rubber to their market fast if possible. Raw rubber produced in this season might be ready to export. They would import to their market if qualified,” said Khine Myint, secretary of the Myanmar Rubber Planters and Producers Association.

Japanese tyre production needs between 700,000 and 800,000 tonnes of rubber a year. Myanmar has the potential of a new supplier of raw rubber provided they are able to improve production.

“The quality of raw rubber in Myanmar needs to be improved to be able to export to Japan. After that, how much raw-rubber is produced in a year and how many tonnes can be exported will be recorded,” said Yoshio Kanai, from Japan’s Rubber Trade Association.

[3.2 BURMESE MINISTER OVERSEES POWER GENERATION DEALS IN THE UK](#)

Burmese Minister for Electric Power Khin Maung Soe has overseen the signing of two deals that will see British technology, including Rolls Royce gas turbines, aid efforts to address Burma’s chronic electricity shortage.

The minister arrived in the United Kingdom on Monday on a four-day visit that will include meetings with high ranking British government officials and UK-based companies, according to a press release from the British Embassy in Rangoon.

“These meetings will provide an excellent forum to discuss Burma’s political and economic reform process, UK support to the Ministry of Electric Power via development aid and the opportunities for British companies to invest in power generation and transmission in Burma,” the release said.

Burma has recently signed a handful of deals to buy power from foreign private companies as it looks to address a nationwide scarcity of electricity that means cities are often subjected to rolling blackouts and factories are forced to rely on off-grid diesel generators.

Khin Maung Soe and Hugo Swire, a British Foreign Office minister, attended the signing of two deals on Monday between Burmese and British companies.

The renowned car and engine manufacturer Rolls Royce signed an agreement with Zeya & Associates to provide three 9.2 MW gas turbines to expand the existing Hlawga power plant in Rangoon’s Mingaladon Township, the embassy said.



Aggreko, a company with headquarters in Scotland that provides temporary power generation, also signed a deal with Andaman Power and Utility for a gas power plant in Kanbauk, Tenasserim Division. “[T]he plant will provide affordable energy to the residents of Dawei who currently rely on diesel generators for electricity,” the release said.

It quoted Swire as saying that both companies had joined him on a trade mission to Naypyidaw in December 2012. “British companies have great expertise to offer Burma in its economic development, and we hope this will ultimately support jobs and growth in both countries,” Swire was quoted saying.

4.1 SELLING WITHOUT STOCK DISRUPTS BEANS MARKET

After the Myanmar New Year Festival in mid-April, bean prices have been on the rise because selling beans without having stock in hand disrupted the market, according to sources from Bayintnaung Wholesale Centre.

"One tonne of mung beans (RC) costs Ks 780,000 (US\$780) and that of pigeon peas Ks 640,000 (\$640). Since Thingyan (New Year Festival), bean prices have been rising. Currently, bean prices are stable at a high level. Around Thingyan, mung bean price was just about Ks 560,000 (\$560) per tonne. It has been increasing slowly and it is now over Ks 700,000," said Dr Myint Oo from Bayintnaung Wholesale Centre.

Rising bean price is partly because of high demand from India and small reserve of beans in the country.

"Mung beans and pigeon peas didn't get good price for 3 to 4 years. So, farming those beans reduced. Many farmers switched to growing green gram. Therefore, such bean prices rise," said a bean trader.

"Bean prices have increased compared to last week. Now, a tonne of mung beans is Ks 782,000 (\$782), and pigeon beans Ks 642,000 (\$642). Last week, it was Ks 770,000 (&770) for mung beans and Ks 635,000 (\$635) for pigeon peas," said Min Ko Oo, secretary of Myanmar beans and sesame traders association.

"The reserve of beans is small this year. There are only 150,000 tonnes of mung beans left. For pigeon peas, only 75,000 tonnes are left," he added.

In fiscal year 2013-14, Myanmar's agricultural exports earned a total of \$2.66 million. Bean exports accounted for \$957 million. Among them, mung bean exports earned a total of \$376 million.

4.2 INVESTMENT ATTRACTION TO HPA-AN INDUSTRIAL ZONE DROPS

Foreign business owners are reportedly losing interest in investing in the Hpa-an Industrial Zone due to electricity shortages.

It is the 19th industrial zone in Myanmar and covers nearly 1,000 acres of land. Moreover, it is divided into four parts and 59 land plots have been earmarked for foreign investors at industrial zone-1.

“The industrial zone project has started since September, 2011. During the construction period, Japan, Thailand, China as well as South Korea have sent investment proposals to the authorities. But, the project can’t be operated because the government can’t provide full electricity sources. Electricity supply plays a vital role in project implementation. If electricity can’t be used sufficiently, projects will not be successfully carried out,” commented some entrepreneurs.

“Although 66/11 KV main power cable has already been installed in Hpa-an industrial zone, the factories can’t enjoy full electricity. That’s why the factories are now running by using their own generators. Under current circumstances, we can’t expect foreign investments,” a local entrepreneur who has invested in Hpa-an industrial zone told Eleven Media.

Although the government has allocated 59 land plots in industrial zone-1 for foreign investment, some armed groups have bought the land plots from zone-1.

During last month, some Korean entrepreneurs visited the industrial zone, but they were not satisfied with the zone geographical conditions.

4.3 CHINA REMAINS MYANMAR’S TOP SOURCE OF FDI

China continues to be the largest investor in Myanmar with more than US\$14 billion of cumulative investment as of the end of June, according to latest data from the Directorate of Investment and Company Administration (DICA).

Foreign companies have so far invested more than \$46.71 billion in 12 sectors, including oil and gas, manufacturing, mining, hotels and tourism, transport and logistics, real estate, livestock and fisheries, agriculture, construction and services.

The energy sector has received the most foreign investment, about 41 per cent of the total, while the construction sector has received the least, according to DICA.

Thailand is the second largest source of foreign investment, the agency said.



as of June, 720 foreign businesses had received permission to invest in Myanmar, with 118 of them from Singapore. These investments include 100 per cent foreign owned businesses as well as joint ventures with domestic companies. The foreign companies hail from ASEAN, East Asia, South Asia, Europe, the Americas and Oceania.

4.4 AYEGARWADY BANK ANNOUNCES Ks 1 TRILLION IN DEPOSITS

The Ayeyarwady Bank has recorded public deposits amounting to Ks 1 trillion (US\$1 billion) since its founding in 2010, according to bank statements.

The bank began business three years ago with the opening of its headquarters in Nay Pyi Taw on August 11, 2010.

Apart from normal banking procedures, it has become a member of United Nations Global Compact and runs corporate social responsibility programmes since August 2012.

It has also joined VISA and facilitates international bank cards as of March this year. The Ayeyarwady Bank also offers online banking with AYA i-Banking service last month.

It operates 71 bank branches and 124 ATMs throughout the country and aims to extend its branches to 150 by 2015.

According to the Central Bank, 22 private banks have operated more than 700 bank branches nationwide.

4.5 MOBILE DATA USERS REACHES 3 MLN IN 2014

The number of mobile data users has increased steadily since 2011 and is approaching 3 million this year, according to the Myanmar Post and Telecommunication (MPT).

Mobile users can order data services via SMS to receive internet on their phone, a process which once required filling out multiple forms at the MPT offices in person.

Still additional data services cost Ks 10,000 (US\$10) – a price since reduced from Ks 30,000 (\$30) – and the connection speeds are often low and unreliable.

Accessing mobile internet has become convenient, thanks to Android powered handsets. But regardless of the handset quality, the MPT data services are still terrible,” said mobile user Thar Nge.



Myanmar has one of the lowest rates of mobile penetration in the region. It is estimated that just over 10 percent of the population use mobile phones and the state-owned MPT remains the sole service provider.

Recent licences provided to private telecomm operators Ooredoo and Telenor promise to grow the mobile market through high-speed connection and data services.

4.6 POLICE VOW TO INVESTIGATE FINANCIAL CRIMES

The police are clamping down on financial crime and money laundering but urged the revenue authorities to provide more information on instances of tax evasion.

A high ranking police official has insisted that the police will follow up on information regarding financial crime and has so far investigated 46 cases of money laundering involving drug and human trafficking.

“We confiscated houses and cars bought with black money as the money came from drugs and human trafficking. The revenue officials need to charge those avoiding tax through money laundering. Our police will take action under the money laundering law, but the revenue offices have not informed us of such cases yet,” said the high ranking officer, who refused to be named.

The Control of Money Laundering Law was enacted in May, 2014 but little action has been taken to halt the growing circulation of black money that is being laundered in construction and many other sectors.

“This money was obtained illegally. In the past, the minister confiscated any money obtained dishonestly. Now the judge seizes the money acquired unlawfully after the court makes a decision,” he added.

4.7 JADE MINING SET TO RESUME IN FOUR KACHIN TOWNSHIPS

On September 1 the government will allow jade mining to resume in areas of Kachin State where it has been suspended for two years due to armed conflict, an official from the supervisory work committee for jade plots said.

The resumption of jade mining in four townships in the state is intended to improve the socioeconomic welfare of its residents, the official said.

The mining will resume in Lonekhin, Phar Kant, Mawluu-Maw Han and Khanni townships, where it has been suspended since May 2012, the official said.



The resumption is possible because the Union Peace Working Committee has formed a negotiation team with representatives of the Kachin Independence Organisation, and its armed wing, the Kachin Independence Army, to settle the conflict, the official said. The negotiation team is also discussing holding political talks in the state, the official said.

Myanmar earned more than US\$1 billion from jade exports during the last fiscal year. Mineral resources, including jade worth more than US\$65 million, have already been exported in the fiscal year beginning in April.

Jade is also being exported illegally. More than Ks 3.9 billion worth of jade and gems has been seized before being smuggled out of Myanmar between April 2011 and last month, officials said.

[4.8 SINGAPORE TOPS FDI LIST](#)

Foreign investment exceeded US\$2 billion in the first five months of the year, with funds from Singapore accounting for \$1.9 billion of the total, the Directorate of Investment and Companies Administration said.

Investment from Thailand ranked second, at \$114 million. Investment from mainland China was \$51 million, while Hong Kong investment totaled \$42 million. Japan, Malaysia and South Korea followed, with \$26 million, \$24 million and \$22 million respectively. Investment from the United Kingdom was \$14 million, while investment from Sweden was \$14 million. Investment from Brunei and Samoa was \$3 million each, while investment from India was \$0.9 million.

The commodity-production sector received the most investment while the tourism and communications sectors came second and third.

Cumulative foreign investment as of the end of last year was \$44 billion.

Myanmar has, over the past two years, rewritten its foreign investment laws and regulations in order to attract more investment. It has offered tax holidays and other incentives. This has prompted a flood of investment into several sectors, including the garment sector, which some analysts expect to become a regional leader over the next five years.

The sector has, however, is seeing a large number of strikes and other protests by workers who say conditions in factories are poor and that they cannot survive on their basic wages and are, as a result, forced to work overtime in order to pay for basic necessities such as food and rent.

[4.9 \\$17 MILLION WORTH OF SMUGGLED GOODS SEIZED IN BURMA](#)

The Burmese government says it has seized more than 17 billion kyats (US\$17 million) worth of smuggled imported and exported products over the past 20 months.



The seizures were made by more than 600 officials from the national police and the Ministry of Commerce who formed mobile teams in 2012 to inspect cross-border trade.

“Mostly we have seized products smuggled between China and Burma,” Nyunt Aung, a leader of the mobile teams, told The Irrawaddy on Wednesday.

The most common illegal imports were frozen foods, home appliances and electronics, he said, while tobacco, alcohol, drugs and chemical products were less commonly smuggled into the country. From Burma, officials seized illegally exported jade, gems, forestry products and live animals, he added.

The mobile teams have set up checkpoints in Shan State border towns including Muse, Kengtung and Tachileik. There is also a checkpoint in the town of Tamu, along the Indian border, and at seven jetties in Rangoon.

Despite frequent illegal trade between Thailand and Burma, especially via Myawaddy in Karen State, no checkpoints have been established in Karen State and Mon State.

“We don’t have checkpoints along the Thai- Burma border because there is not adequate security for us,” Nyunt Aung said, adding that a checkpoint was established in Bago Division instead. “All trucks need to pass this checkpoint from the border station.”

Of the 17 billion kyats in products seized over the past 20 months, 14 billion kyats of products were seized by mobile teams, while the remaining were seized by state and divisional government officials.

The mobile teams plan to expand their operations to the Rangoon airport, the Mandalay airport and a jetty in Mandalay. They will also set up checkpoints in Tenasserim and Irrawaddy divisions. A budget has been allocated to buy X-ray machines to aid inspections.

Since the 2011-12 fiscal year, about 3.9 billion kyats worth of jade and other gems have been confiscated, along with more than 1 billion kyats worth of smuggled timber and 971 million kyats worth of mobile handsets, according to statistics from the mobile teams.

The seized products are inspected and passed on to relevant government ministries, which auction many of the goods off to the public. In other cases, goods are disposed of completely.

“Some frozen imported foods need to be destroy at once before they are handed to consumers, and also some unsuitable snacks imported from China need to be destroyed before they reach Burmese children,” Nyunt Aung said.

Last year, mobile teams began raiding retail warehouses in Rangoon and Mandalay to investigate the legal status of imported alcohol, tobacco and preserved frozen foods.

Burma’s import and export law includes punishments of up to three years in prison for illegal importers and exporters.



The Ministry of Commerce allows cross-border traders to legally import 10 million kyats worth of goods weekly if they pay a tax. Legal trade is increasing with China and Thailand, according to the Ministry of Commerce, which reported US\$18.4 billion worth of traded goods in the 2012-13 fiscal year compared with \$24.9 billion in the 2013-14 year.

“As long as we do strict inspections at our checkpoints, total legal border trade volume will continue to increase,” Nyunt Aung said.