

**WEEKLY NEWSLETTER (MYANMAR)**  
**21Mar2015 to 27Mar2015**

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## 1.1 EXPORT BOOST FROM FIRST STRATEGY

**Vice President U Nyan Tun rang in the official launch of the first national export strategy for the country yesterday in Nay Pyi Taw, which experts hope may prove to be a boost to trade abroad.**

The strategy, drafted primarily by the Ministry of Commerce with help from both the private and public sectors, will push Myanmar toward “sustainable export-led growth and prosperity”, according to a statement.

The plan’s official deployment signals Myanmar’s eagerness to expand on exports and look beyond selling the same products to the same markets. However, the country has struggled with its share of challenges. Arancha González, executive director of the International Trade Centre, characterised the starting point for the domestic economy as low value-added, low productivity and low quality in a March 24 discussion.

The National Export Strategy, which received technical assistance from the International Trade Centre and support from the German Ministry of Economic Cooperation and Development and the German Agency for International Cooperation, seeks to improve on these issues and to provide guidance for industry players that will lead to real-life benefits for Myanmar’s population.

Myanmar now has a strategy, it has a plan ... to do two things: to diversify its trade and to make sure the trade is more in value-added,” said Ms González at yesterday’s launch event. “These two ... want to use trade to generate more inclusive growth, more sustainable development and more decent jobs.”

“I am convinced that the implementation of the National Export Strategy would help achieve our main objectives of poverty alleviation, rural development and broad-based inclusive growth and will successfully lead our country to sustainable growth and prosperity,” U Nyan Tun said at the March 25 launch.

Ms González called Myanmar “a country on the move” and said its GDP per capital – right now at \$910 – could triple by 2030.

And though other speakers at the March 25 event mentioned Myanmar’s progress, their comments also reminded that the country had far to go with regards to its export practices.

World Bank country director Ulrich Zachau said Myanmar’s labour force and economic structure remain that of a low-income country.

Meanwhile, Commerce Minister U Win Myint said reforms had led trade volume to increase substantially, but it hadn’t reached full potential – and that Myanmar still mostly dealt in low-priced, low-quality products.



More than 40 percent of Myanmar’s exports don’t get too far from home when they leave the country, ending up in Thailand. Ms González also said 70pc of the Myanmar’s exports are commodities – minerals and oils, logs and pearls.

While partners, products, quality and productivity have been limited, Ms González said the National Export Strategy aims to diversify, add value to and boost the quality and yield of Myanmar’s offerings.

But the plan stays a collected batch of papers until actions have been taken. While Ms González said implementation has already started, other pledges have not yet become reality, as yesterday marked the official start of the implementation phase.

“[Yesterday] is the end of the plan. [Yesterday] is day one of implementing the plan,” Ms González said. “The important thing now is to transform it into action on the ground ... [as] part of the transformation of the economy of Myanmar, a transformation that we see needs to happen for the benefit of the people.”

The five-year National Export Strategy focuses on rubber; rice; beans, pulses and oilseeds; fisheries; textiles and garments; forestry products; tourism; and four “cross-sector functions” – access to finance, quality management, trade facilitation and logistics, and trade information and promotion. It will be put into practice with help from a group called the Myanmar Trade Development Committee.

The vice president said its creation is targeted at monitoring and evaluating the implementation of the export strategy and trade-related measures. Committee members presented at the March 25 launch, speaking about objectives for industry under the National Export Strategy.

Financing implementation could come from national resources, donor support, foreign direct investment or the private sector, according to Department of Trade Promotion deputy director U Aung Soe.

Speakers emphasised that export players will have to cooperate in order to ensure Myanmar continues to move forward.

“A plan is only valuable as long as it is implemented,” Ms González said. “I’m glad to say that Myanmar has already started putting the plan into action. Attention will now have to be paid to ensuring coordinating in action and coherence in the sense of direction.”

“We’ve got to all row in the same direction. There is no doubt that these are challenging times but I am absolutely convinced that we will rise to meet them to grow our economy, to shape our own future,” said U Nyan Tun.

Ultimately, it will be up to Myanmar whether to follow through on the plan, though ideally not alone.

“A traditional Myanmar proverb says travel not afar without a companion,” Ms González said. “The National Export Strategy we are launching today can be an extraordinary companion for Myanmar to become a regional trade champion.”

## 2.1 SPECULATION RAISES PROPERTY PRICES IN HPA-AN INDUSTRIAL ZONE

**Industrial property prices in Hpa-An have been increasing over the last several months, even though few factories are being established there, according to realtors.**

“The industrial zone was developed with many purposes, including job opportunities for young people. It is also to develop regional areas. People with cash speculated and bought property in areas where the government planned to develop industrial zones. The government has to find out who is speculating and then grant land to potential investors,” a businessman said.

Hpa-An's industrial zone is the 19th one to be established in Myanmar. It covers nearly 1,000 acres of land. It is divided into four parts, and 59 land plots have been earmarked for foreign investors at industrial Zone One.

In Zone One, a one-acre plot could cost between Ks 37.5-45 million. In Zone Two, a plot that size would cost between Ks 25-30 million. The price for one acre of land in Zone Three is between Ks 20-25 million. However, in Zone Four, land plots are 640 square feet each and will be sold for Ks 3-4 million per plot.

Three industrial zones were developed in Kayin State, specifically, in Hpa-An, Myawaddy and Phayathonesu. Investors from China, Japan, South Korea and Thailand have expressed interest in investing in these zones.

## 2.2 YANGON NEW CITY FORGOTTEN BY MOST BUT RESIDENTS STILL HOPEFUL

**The area of the once and possibly future Yangon New City project has been irrevocably changed following its announcement by Yangon mayor U Hla Myint last September 22.**

His surprise statement in regional parliament that Yangon would build a multi-billion dollar expansion on 30,000 acres across the Hlaing River from the main city initially set off a speculation frenzy.

When he announced several days later that the project was suspended indefinitely to give authorities more time to assess the project, some speculators were left holding the bag – some land had been driven up in value a few times over in the intervening few days.

Locals say they are still hopeful the project will be built despite little discussion on the New City project. Some are pointing to local changes in the sparsely populated area to the southwest of Yangon across the Hlaing river as improvements, with many still hoping the project arrives.

experts have cast doubt on whether the New City project is viable, however, with some saying it is unlikely to be built – though some are not dissuaded.

In the intervening months since mayor U Hla Myint's announcement, the area has seen electricity distribution installed and lamp posts built. Concrete roads are also being put in place, according to U Than Htay, a resident of Tamar Tagaw village.

“We are seeing some preparation for the New City,” he said. “It must be for a city's character, because it's been a very long time our villages have not had electricity. Now, electric lamps have arrived, but it is not an easy thing to connect our area with the city.”

The area is also criss-crossed with smaller streams, many of which are now receiving bridges. Water channels are also being added to prevent flooding and control streams in the area.

“We don't know who is doing the digging, but YCDC is building the bridges,” he said. “There are always some changes in our village, even though nothing big is happening. I think the project was stopped verbally but not in action.”

While the area may be improving, the local property market has not recovered.

Transactions have come to a halt. A year ago, a typical acre of land cost K7 million (US\$6775), though some land shot up as high as K100 million, and even hard-to-reach land was selling for K15 million an acre.

Taman Gyi village resident U Win Myint said there has been few transactions since New City was suspended.

“The market has been totally stopped; there are no more people coming from the city to buy farm land,” he said.

Many farmers sold out during last year's speculation, though others were left holding on to property that is worth little more than it was before the craze.

Local agents say properties which would have sold for K60 to K70 million an acre during the height of speculation now cost K18 to K20 million acres.

U Win Myint, who is a farmer, said many farmers who sold their land have stayed on as tenant farmers. He added the area's land is not particularly rich, so rice yields tend not to be too high.

“The paddy land is yielding about half as much rice as it was 10 years ago,” he said.

Local residents are keen to see the New City project implemented, as it will improve their livelihood. They have even protested three times, according to U Than Htay – but they are still left hoping.

Parliamentarians say there are no current plans for the New City to go ahead.

Daw Nyo Nyo Thin, a member of parliament from Bahan township, said the government has said they would withdraw the project.

“They committed in parliament to withdrawing the New City project,” she said.

“Parliament is not a playground. If you go ahead [with the project] they are being dishonest.”

She added the current government term is ending soon. If it decides to continue with the project, it is likely the next government would not take up responsibility.

Daw Nyo Nyo Thin added some local people in the area had asked for support from MPs, worried their land would be the subject of land grabs.

Large-scale projects must also be implemented transparently, she added.

### [3.1 FIRST SHIP ARRIVES FOR STRATEGIC PETROLEUM RESERVE PROGRAM](#)

**Myanmar has begun building a strategic petroleum reserve (SPR) program, hoping to take advantage of declining international crude prices to build up its own stock.**

The Ministry of Energy initially proposed the plan in a cabinet meeting, a member of parliament said in January. An oil tanker named MT Semu Sejati arrived at Thanlyin refinery near Yangon on March 16 carrying the first shipment intended for the reserve.

The Ministry of Energy has released the basic outlines of the program together with a photo of the ship, though no detailed information has yet been made public.

Several ministry officials declined to provide further information detailing the size and scope of the intended program.

An official from the Myanma Petrochemical Enterprise, a state-owned firm, said the initial idea is to import 18 million gallons (68 million litres) of petroleum for the strategic reserve. He also declined to detail the amount of petroleum imported in the first ship, and said the rates were market rates provided by private companies.

“We are likely to increase import volumes for the SPR program, as we have more storage capacity than 18 million gallons,” he said.



While the program is a start, it is not nearly enough to make a large difference, said U Soe Myint, a retired director general of the Ministry of Energy's Energy Planning Department.

“The amount of 18 million gallons is not enough. We should import much more than that, enough for three or four months of consumption,” he said.

U Soe Myint estimated annual imports usually total between 350 and 400 million gallons of diesel and 120 million gallons of petrol a year, though official figures from the Myanmar Petroleum Products Enterprise show higher volumes.

Myanmar is not alone in conducting an SPR program. China is currently importing 7 million gallons of petroleum a day for its SPR, while consumption totals 9 million gallons. India likewise is importing 2 million gallons a day for its SPR.

“This is a good time to start the SPR as our country has never had such a program,” he said. “We should do this with larger volumes of imports, and private companies should also be allowed to do this with a tax incentive.”

The international price of crude oil has fallen by over 50 percent since mid-2014. Yesterday, Brent traded at around US\$55 a barrel.

Myanmar produces large amounts of natural gas, but its production of crude oil falls well below its consumption.

The Ministry of Energy says current petrol demand is around 60,000 barrels a day, though onshore fields produce 8000 barrels of crude oil a day and 7000 barrels of condensate a day.

### [3.2 OVER US\\$270 MILLION TO BE SPENT ON OIL, GAS EXPLORATION](#)

**Myanmar Oil and Gas Enterprise (MOGE) and Unocal Myanmar Offshore Company plan to spend US\$277.85 million over the next six years on oil and gas exploration at offshore block A-5 in Rakhine State, according to the Energy Ministry.**

The joint venture signed a production-sharing agreement on March 20. The ministry received a signature bonus of \$3.5 million and a surface fee of \$150,000.

Also on March 20 in Nay Pyi Taw, MOGE and Woodside Energy Myanmar, BG Exploration and Production Myanmar, and Myanmar Petroleum Exploration and Production signed production-sharing agreements for blocks A-4, A-2 and A-7, also located in Rakhine State.

The ministry will receive US\$82.4 million as a signature bonus and US\$3.7 million in surface fees for these blocks.



The ministry opened public tenders for oil blocks in 2013, and selected companies were announced on March 26, 2014. A1 Mining, United National Resources Development Services, Myanmar Petroleum E&P, Smart E&P, Parami Energy Development, Oil Star Management Services, Royal Marine Engineering and Lin Win were selected as joint venture partners for MOGE.

### [3.3 MIC GIVES NOD TO LAST FOREIGN OIL FIRMS](#)

**The last international oil companies that must still sign Production Sharing Contracts with Myanmar Oil and Gas Enterprise have now received permission from Myanmar Investment Commission, a statement said yesterday.**

International oil firms have been signing the Production Sharing Contracts – which govern exploration and production activities – since December, following a bidding round for offshore blocks held last year.

The approval from Myanmar Investment Commission means seven international firms are likely to soon sign their Production Sharing Contracts. So far, 13 contracts have been signed.

The latest companies to receive approval include Australia's ROC Oil, Tap Oil and Transcontinental Group, Reliance Industries from India, Eni from Netherlands, Petrovietnam and Canadian Foresight Group, said the March 25 announcement.

International companies working offshore or in shallow water must partner with local companies. These local firms include Smart E&P International, Century Bright Gold, United National Resources Development Services.

ROC and Tap Oil were awarded for shallow water block M-7, Transcontinental and Canadian Foresight jointly won M-15, Reliance Industries was awarded two shallow water blocks M-17 and M-18, and Eni is partnering with Petrovietnam in MD-2 and MD-4.

There are also government connections between the Ministry of Energy and Myanmar Investment Commission – Minister Zayar Aung is also chair of the investment commission.

Supermajors Total and Chevron are among the companies that have already signed their Production Sharing Contracts.

American company Chevron's subsidiary Unocal was the latest firm to sign a contract, inking the deal for block A-5 on March 24 in Nay Pyi Taw.

“We are pleased to have reached this milestone,” said Scott Neal, president of Unocal Myanmar Offshore Company, in a press release. “This agreement expands our partnership with MOGE and Myanmar. We have a 20-year history in Myanmar and we look forward to supporting the continued development of the nation's energy sector through our exploration program.”

#### 4.1 HONG KONG TOUTED AS WINDOW TO WORLD TRADE

**A Hong Kong business delegation visiting Myanmar touted the special administrative region as a gateway to commerce throughout the world.**

The Hong Kong Trade Development Council and assorted Myanmar and Hong Kong businesspeople met for a networking event yesterday at the Sule Shangri-La Hotel in downtown Yangon.

“Mainland Chinese companies make contact with the outside world through Hong Kong. Chinese consumers see it as a window to the world,” said Stephen Liang, director of the Hong Kong Trade Development Council.

“Myanmar companies want to go to the outside world for products and brands. I invited you to look to Hong Kong and use it as a path to do business in China, throughout Asia and the rest of the world,” he added.

Mr Liang also spoke about the Council’s footprint, as it has more than 40 offices in Asia, with most in China. He said his organisation could help Myanmar companies find partnerships in Hong Kong and to identify market opportunities in Asia.

The Hong Kong delegation to Yangon – the eighth of its kind – comprised 27 CEOs and other businesses leaders from a variety of industries, including financial services, logistics and trade.

The trip signals Hong Kong industry’s eagerness to draw Myanmar businesses so that the developing nation will turn to Hong Kong as a gateway to international trade.

U Philip, general manager of Uni Asia Company, supported the idea of participating in Hong Kong trade fairs “as a medium to go to the outside world”.

“Sometimes it is very difficult to go it alone and to get trust from others,” he said. “By using the Hong Kong Trade Development Council as a conduit we can get trade partners or markets and our product will be known to others.”

Trade between Myanmar and Hong Kong has grown in 2014 to reach US\$227 million. Hong Kong ranked seventh on Myanmar’s list of trading partners. The island’s businesses has also invested nearly \$7 billion in Myanmar.

Though trade is increasing between Myanmar and Hong Kong, concerns have arisen around competition with the country’s other trading partners. Hong Kong companies of small to medium size, which often lack government backing, will have to do battle with the likes of Japan and Korea – a task they might not be up to.

“Myanmar can use Hong Kong as a window to go international trade,” said Winthaw Leung, director of Macrowide Group. “It has huge potential to develop, but I think Hong Kong is a little late to come to Myanmar compared with other countries like Korea and Japan.” For the most part, Myanmar trades with China, India, Japan, Indonesia, Germany and Hong Kong. Its top imports include fuel, vegetable oil, pharmaceutical products, construction equipment and machinery.

This past fiscal year, foreign direct investment into Myanmar spiked to surpass \$8 billion. The jump has been pinned to dynamism in energy, manufacturing and telecoms.

#### 4.2 YSE: \$20 BILLION WORTH OF MARKET CAPITALISATION BY 2022

**The Yangon Stock Exchange (YSX), set to open in October this year, is to see up to US\$20 billion in Market Capitalisation as well as trade volume of US\$10 billion per year, said Dr Aung Thura, CEO of Thura Swiss during the ASEAN- Myanmar forum held on March 23 at the Park Royal Hotel, Yangon.**

“If we were to take Vietnam as an example, Myanmar is looking towards achieving US\$20 billion worth of Market Capitalisation. Trade volume also can reach up to US\$10 billion annually,” according to Dr Aung Thura.

Vietnam Stock Exchange (VSX) reached a Market Capitalization worth US\$20 billion from 2005 to 2010. At the start of the VSX, it saw rapid increase in investment but saw a drop of 40 percent in Market Capitalisation which is heavily influenced by the State Bank of Vietnam and the banking sector as a whole. The situation for YSX is better than the initial situation of the VSX in 2005. Due to slow development in the banking sector, YSX’s Market Capitalisation has more chances for growth.

Myanmar’s Credit to GDP ratio is 31 percent only as compared to Vietnam’s ratio of 130 to 135 percent. However, illegal businesses are still flourishing in Myanmar, the YSX may become a place to transform black money into white money.

“A lot of business sectors in Myanmar are still overwhelmed by black money; I hope that when YSX is opened, it does not become a place to make black into white money as it runs a very high risk of the stock market collapsing in the long run. We need laws and regulations as well as proper knowledge of methods of changing the illegal money to legal money,” warned Dr Aung Thura.

#### 4.3 TIGHT CONTROL ON FOREIGN STOCK INVESTORS

**Tight restrictions will be imposed to prevent foreign investors from controlling the stock bourse before the Yangon Stock Exchange (YSX) opens in October, said chairperson of the Securities and Exchange Commission of Myanmar (SECM).**

Presently, the SECM won't give permission to foreign funds and institutional investors to invest instantly in the YSX.

"We will use Company Act to control foreign investment. If we allow foreign investors to invest freely on the stock market, they will pour a lot of capitals into the bourse and take control of the small market and damage the macro economy," said Dr Maung Maung Thein, the SECM chairperson.

The YSX is expected to open this October and has attracted foreign investors already.

"We are concerned that local investors will lose their place in YSX when foreign investors come. For this reason, we will allow foreign investors to invest in YSX in the second phase. The third phase will include the forming of state-owned corporation. We have also considered dual listing," said the chairperson."

Through dual listing, a company listed on YSX can sell their shares in a stock market in another country that is linked with YSX.

Neighbouring countries such as Laos and Cambodia still have the slowly-developing money markets, therefore, people have set their eyes on the merits of YSX.

"The growth of stock exchange depends on the country's economic development," said Dr Maung Maung Thein.

Experts anticipate Myanmar has a great potential for economic development as there are abundance of natural resources and 30 million working population out of the total of 52 million people while the country is strategically located among China, India and Asean countries.

#### [4.4 ADB: INFLATION TO RISE IN MYANMAR](#)

**The Asian Development Bank (ADB) has predicted that Myanmar is likely to see inflation rise to 8.4 per cent in the 2015-16 fiscal year, up from 6.5 per cent in 2014-15.**

ADB attributes the potential rise to higher fiscal spending and higher wage expectations, which will increase domestic demand.

These assessments were presented in a new economic report released by ADB on Wednesday.

"ADB also expects growth to remain over 8 per cent this fiscal year, propelled by investments stimulated by the ongoing reforms, an improved business environment, and the country's integration into Southeast Asia," said deputy country director Peter Brimble at an ADB event in Yangon on March 24.

According to the 2015 Asian Development Outlook report, the country could enjoy economic growth of up to 8.3 per cent in upcoming fiscal year.

However, the report also mentioned the country's weak financial links with external monetary entities, conflict in ethnic regions, worsening climate and likeliness of backsliding reforms as the 2015 election approaches.

“While the country has made big strides under its economic reform program, many development challenges remain, including improving infrastructure, strengthening governance and public sector capacity, developing human capital, building a dynamic private sector, and revitalising agriculture,” said ADB country director Winfried Wicklein at the event.

Since Myanmar's political reforms began in 2011, the country's economic growth has consistency been accompanied by rising inflation.

#### 4.5 THAILAND, MYANMAR SWIFTLY RESOLVE TRADE DISPUTE

**Myawaddy – Border authorities in Myawaddy banned imports of all goods from Thailand in response to Thailand's ban on fuel exports to Myanmar on the morning of March 24.**

“The fuel export ban was imposed by lower authorities. Myanmar banned all Thai goods so that senior Thai authorities would learn what happened. We decided to ban their imports as they always impose such bans on us,” said Major Naing Maung Zaw from the No 3 Border Guard Force (BGF).

Myanmar's towns and villages in the border regions experienced fuel shortages in the wake of Thailand's ban on fuel exports to Myanmar. Sources say Kayin ethnic forces collaborated with Myanmar authorities to enforce the ban on Thai imports to increase the pressure on Thailand to reverse its fuel export ban.

“The prices of consumer goods jumped because fuel prices were high,” said the major.

Thai officials and traders held a meeting at the Mae Sot municipal office yesterday and decided to allow the export of fuel to Myanmar once again.

Myanmar officials subsequently allowed the import of products from Thailand yesterday evening as Thailand lifted the ban on fuel exports, said the major.

People from Myawaddy are dependent on fuel from Thailand, and they have endured fuel shortages since Thailand shut down the fuel pipelines across the Moei River. The Myawaddy Friendship Bridge only accommodates small and medium sized fuel tankers.

#### 4.6 GARMENT CODE TO BOOST BUYERS' CONFIDENCE

**Garment industry manufacturers met with European Union company representatives on March 24 to talk over enacting an apparel industry Code of Conduct, a social compliance step that could placate international buyers.**

The roundtable discussion came as part of a weeklong study mission by an EU trade delegation of 16 brands, a press release said. Members of the ministries of commerce and labour also attended the talks.

A statement based on the discussion from the Myanmar Garment Manufacturers Association (MGMA) – the group behind the industry Code of Conduct – called for the Myanmar government to conceive and carry out “a consistent policy framework on labour-related laws”, and said the MGMA would concentrate on improving systems instead of “just issues”.

MGMA’s activities and the Code of Conduct’s continuing implementation process come as the garment industry gathers speed in Myanmar. Once severely diminished by sanctions, the sector has moved toward social compliance and measures that can increase foreign buyers’ comfort in sourcing from the country.

The process behind putting the Code of Conduct into practice started with EU-backed garment industry program SMART Myanmar. The initiative, launched in 2013, sought to facilitate the creation of an apparel industry Code of Conduct with the Myanmar Garment Manufacturers Association - a group with more than 300 members, the lion’s share of them factories.

An early workshop with the association’s elected executive board produced a loose charter, but progress stalled when the group took time to think over industry issues.

The code was eventually ratified last December. MGMA’s executive board put together a subcommittee to drive the drawing-up of the document, and then voted to put the charter into practice in January. The end result: a non-binding set of guidelines for the apparel industry that MGMA project manager Jacob Clere called “a living document”.

The code touches on sensitive issues in the Myanmar market, including child labour and providing a minimum wage for workers, and compliance can go a long way with foreign buyers.

MGMA vice chair U Aung Win said international importers are very happy with the Code of Conduct.

“We have a lot of responsible EU brands that really want to get behind this kind of document,” Mr Clere said. “They want to use it as a template to establish minimum standards for Myanmar’s garment industry.”

This year, the European Union could reclaim its position as the Myanmar garment industry’s number one buyer, jumping Japan and South Korea in the process. The EU and the United States used to be the market’s top two buyers, something sanctions changed.

In 2003, the United States cut off contact with the Myanmar garment sector. Its sanctions “devastated the industry”: 100 factories closed and 80,000 people lost their jobs, Mr Clere said. Meanwhile, “the EU didn’t impose blanket sanctions, but did pull back significantly, so the Myanmar garment industry changed its production style”, he added.

Asian markets moved into the spots Western countries vacated. Japan and South Korea soon became the country’s two biggest importers.

“Japanese and Korean buyers haven’t always had the same ideas about social compliance as Europe and the US,” Mr Clere said. “Myanmar missed out on what was basically at that time a trend toward increasingly responsible manufacturing from early 2000 to the present ... that’s why there needs to be so much education to bring them up to speed.”

MGMA general secretary Daw Khine Khine Nwe said creating a Code of Conduct was about helping workers and making Myanmar more competitive, rather than attracting importers.

“It is not for the buyer, it is for our workers and it is for our workplace, the factory,” she said. “Eventually, if that is good for the worker and the workplace, the buyer will come ... We always said we want to be on a level playing field with the international businesses when the country opened up, and we found out this is one thing we have to do.”

The Code of Conduct’s translation into Myanmar language has been finalised, though the process was lengthy due to the sensitive nature of the document’s wording, according to Mr Clere. MGMA also hopes to get the charter translated into Korean, Japanese and Chinese later on.

Though garment industry players are not currently required to comply with the Code, that could change. However, some have expressed approval for its voluntary status.

Lars Doemer, global sustainability manager for clothing brand Lindex, called the code’s current voluntary status “a positive thing because it shows ownership”.

Meanwhile, Mr Clere said the Code didn’t have to force players to abide by the Code to have an impact.

“It’s not going to be a requirement in the near future but maybe in the medium term it would be, or even without being a requirement it could still take on a medium weight,” Mr Clere said. “If factories decide they want to go through this process of publicly endorsing the Code of Conduct, and if MGMA can develop a mechanism for checking that, which is possible, then it takes on a much greater relevance.”

“But at the moment we’re in this kind of educational stage,” he continued.

#### 4.7 BEAN FARMERS TRAINED TO MEET EU'S CRITERIA

**Local bean farmers are being trained to meet strict criteria to market their produce as the European Union's Generalised System of Preferences guarantees strong market and decent prices, according to the Ministry of Commerce.**

"We export beans to India through sea freight but we can't use the same method when it comes to the EU. The EU pays more than the other markets but its limitations are stricter also," said Win Myint, a senior official of the ministry.

Since the European countries care about health issue, they asked for every step in the production – from the usage of chemical fertilisers to packaging.

"We have been training bean farmers and sharing knowledge about the EU market. We also assured them of getting better prices – at least Ks 500 (US\$0.5) more than the market price," said Win Myint.

Between April 1, 2014 and the second week of March this year, the shipment of beans amounted to US\$46.6 billion while border transactions topped \$12.7 billion.

#### 4.8 TIGHTENED RULES IN THAILAND HIT OIL TRANSPORTATION TO MYAWADY

**Fuel stations in the border town of Myawady are fretting about fuel shortages following Thailand's stricter rules on fuel transportation across the Moei River.**

They said that shortage would be apparent within a week. The town depends largely on imports from the neighbouring country of Thailand. Yet, the restriction on the weight of trucks passing the old Mae Sot-Myawady Friendship Bridge forced fuel companies to load fuel from trucks to a pipeline laid above the Moei River. Thai police recently however barred such loading, saying that the trucks are licensed to transport fuel through the bridge only.

A fuel station owner said that diesel supply has been declining since Sunday.

"Trucks can pass the bridge but they have to be careful that they won't breach the maximum weight limit," the anonymous owner said.

The fully-loaded oil trucks normally weigh 40-50 tonnes. However, the friendship bridge recently imposed the weight limit of only 30 tonnes. It was recently reconstructed due to the heavy use in the past years. The bridge was opened for service in 1999. Residents in Myawady are concerned about the prospect of rising prices.

"Prices will increase for sure. Last time, prices doubled in Myawady. I ride a motorcycle taxi. This will hurt my family," said Naing Lin, a local resident.

Sae Than, who runs Dawna Yadanar Myay fuel station, said that the station relied solely on the transportation by trucks from Thailand.

“If this difficulty continues, we will have to transport fuel from Yangon to Myawady,” the owner said.

At present, fuel stations in the town pay 1.5 per cent in custom duty, 10 per cent as trade tax, 2 per cent as advanced tax and 5 per cent as income tax.

#### 4.9 THILAWA FACTORIES TO CREATE 5,000 JOBS

**Six factories now under construction in the Thilawa Special Economic Zone (SEZ) will create as many as 5,000 jobs, according to Myanmar Thilawa SEZ Holdings Public Limited (MTSH).**

The factories are expected to be completed within six months, with some operational by the end of this year, MTSH says. All the factories are to be operational within 18 months.

"The six factories will create four or five thousand jobs," MTSH managing director Thein Han said. "If the factories export 75 per cent of their production, it will be a free zone. If they distribute 50 per cent of their products to the local market, it will be a promotion zone."

It is too early to tell how the percentages will break down, he added.

Foreign companies such as Ball Corporation, Foster Electric and Sugar Glose are building factories in the zone, and 63 foreign companies from countries including the US and Japan have sent letters of interest for investment in the first phase of the Thilawa SEZ.

Also, 28 domestic and foreign companies have already signed agreements to invest in the phase, which will see new factories producing steel and aluminum products, construction material, electrical appliances and garments.

The Thilawa SEZ project is a joint venture undertaken by the Myanmar and Japanese governments along with a consortium of Japanese companies. The Myanmar side owns 51 per cent and the Japanese side the rest.

#### 4.10 CHINA TOP TRADING PARTNER OF MYANMAR

**China is the top trading partner of Myanmar out of the 12 major trading countries, according to a report provided by the Ministry of National Planning & Economic Development.**



Myanmar's major international trading partners are China, Thailand, Singapore, Indian, Japan, Hong Kong, Korea, Malaysia, Germany, Indonesia, US and United Kingdom.

During the fiscal year of 2014-2015 which ended in December, it was reported that US\$3.536 billion was gained from exporting to China and USD\$3.701 billion was spent on imports from China.

The most traded countries with Myanmar, China at the forefront, are Thailand, Singapore, Indian, Japan, Hong Kong and Korea.

Exports to Thailand from Myanmar were over US\$2.677 billion and imports stood at US\$1.181 billion. Likewise, the exports to Singapore totalled US\$3.83 billion and imports at US\$2.776 billion.

The main category of export from Myanmar to China is agricultural products while the list of import from China was food & beverages, pharmaceutical, textile, fertilizer, electrical equipment and machinery.

#### 4.11 MINISTRY OF ENERGY PROMISES LOWER PRICES AT THE PUMPS

**The Ministry of Energy has promised action to force lower petrol prices after consumer complaints that drops in international crude costs have not been reflected at Myanmar's pumps.**

Petrol sellers throughout the country could soon face a price ceiling set by the Myanmar Petroleum Trade Association.

"We want the price to go up or down in accordance with international prices, but this hasn't happened in recent months," said deputy energy minister U Aung Htoo. He referred to a general drop in international crude prices since September, as oil has fallen by about 50 percent on international markets in less than a year.

"Rather than the ministry forcing through a fixed price, it would be better if the public and traders accept a common price announced by the association," he said at a press conference on March 21.

Currently there are about 50 to 70 licensed importers and more than 2000 petrol retailers across the country, according to Myanmar Petroleum Trade Association secretary U Win Myint.

Its efforts to set a price ceiling are already under way. The association has spoken with representatives from fuel importers and received agreements from most of them.

"We will make an announcement on a weekly basis and then on a daily basis," he said.

“No shops will have the right to sell above a fixed price. If they refuse to back down, the last punishment will be to suspend them from being a member of the association, as it is important to be a member of the association to get support from the ministry.”

Experts and members of the public alike have voiced concern that the local price at the pump has not fallen as much as it could have with the international drop in oil. Ken Tun, chief executive officer of Parami Energy, previously said that for consumers in the United States for instance, if crude prices fall, petrol prices also drop automatically.

In Myanmar though there is a lag, with local prices not as responsive to the international cost of crude oil. He said in Thailand, the government stays on top of the international price, the cost of importing fuel and the local price, while in Myanmar the policy can be restrictive, allowing too few companies to control the situation.

“So the public doesn’t fully profit from the price fall,” he said previously.

Although petrol stations set their prices independently, prices have generally fallen somewhat. Diesel at one station in Taungoo now costs K700 per litre, while it cost K960 per litre in September, before crude began its steep decline of about 50pc. Similarly, at the Taungoo station, 92 Octane is now K680, whereas it was once K970.

New Day Energy Limited managing director U Hla Myint Maung said using the price ceiling would still allow for some profitability, though he added concerns the big companies would respect the price ceiling and smaller shops would avoid it.

“We will probably follow the indicated price, as I don’t think it is too rigid,” he said. U Hla Myint Maung said there are more factors than the price of crude that determines prices at the pumps.

For instance, logistics for importing and exchange rate fluctuations are also important for profit margins.

“People lay blame, saying when crude oil prices drop, local petrol stations take too long to drop their price. But even with the price of crude down by half, the exchange rate has been moving against us,” he said.

U Hla Myint Maung added that for the ceiling to be successful, it is important that petrol stations keep watch on each other for transgressions.

U Aung Htoo also confirmed the ministry is considering plans to allow joint ventures between international downstream petroleum retailers and the government in a bid to professionalise the industry.