

WEEKLY NEWSLETTER (MYANMAR)

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1.1 MYANMAR'S EXPORTS DROP BY US\$170 MLN

Myanmar's export value has dropped by US\$ 170 million compared to the same period last year, according to the Ministry of Commerce and Trade.

The country's total exports reached just US\$ 564.22 million between April 1 and May 9.

The export of industrial goods topped among various categories of other export products such as agricultural goods, marine products, animal products, timber and metals.

Industrial goods, which include natural gas and garments, represented US\$ 291 million out of the total export figure of US\$ 560 million.

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

The government is currently drafting the national export strategy to enhance Myanmar's burgeoning export sector.

Border trade plays an important part in export sector. Myanmar exports to neighbouring China, Thailand, Bangladesh and India. The government also launched the individual trading card system to encourage border trade.

2.1 RENTS IN YUZANA GARDEN RISING DUE TO SPECULATORS

Apartment rental fees in Yuzana Garden City are on the rise due to property speculation by agents and brokers, residents say.

Rental prices soared by half of the original price within just two or three months, because of two main factors. One is Yangon City Development Committee's ongoing implementation of the water distribution program, and the other is widely believed to be speculators – brokers and agents looking to make quick money.

“What's happening is that rent prices are very high in the city, and people want to move in here [Yuzana Garden City located in Dagon Seikkan Township] instead,” said a resident named Thida.

“Anyhow, agents and brokers are playing the market. And even though people know speculators are involved, they still keep coming because the rent is cheaper than elsewhere.”

“This is the first time I have ever seen the rents are going up,” said Maung Aye, an agent in the area.



“Before, people complained that the place had not only only water problems, but also transportation was an issue. Lately people are moving in because of the water distribution program. It seems most apartments are occupied now,” he said.

The water distribution program has been fully implemented and will be available this year, officials said.

2.2 CAPITAL HOTELS FRUSTRATED BY MINISTRY RECOMMENDATIONS

Government ministries steering visitors to Nay Pyi Taw towards newly built hotels in the state-guesthouse hotel zone is making it difficult for other hotels to attract guests, hoteliers say.

With relatively few tourists traveling to Nay Pyi Taw to take in the sights, most guests arrive for conferences and government meetings, often with little knowledge of where to stay.

It has become common for ministries to recommend guests stay at the 10 newly-opened hotels in Dekkhinathiri township’s state-guesthouse hotel zone – particularly ahead of the 24th ASEAN Summit to be held in the capital on May 10 and 11. The capital has two other hotel zones besides the state-guesthouse zone.

“We poured a lot into it,” said the managing director of one of the luxury hotels in the state-guesthouse zone, of his recently built hotel.

“Though we haven’t completed all the stages, we opened our hotel already under direction from the Ministry of Hotels and Tourism,” he said.

There are about 80 hotels in Nay Pyi Taw, with most split between hotel zone 1 and 2, but about ten are in the state-guesthouse zone. The state-guesthouse zone is thought to have been developed ahead of this year’s ASEAN summits to provide lodging for an expected influx of visitors.

Hotel managers say Nay Pyi Taw hotels need referrals from the ministries to attract guests, unlike similar hotels in Yangon and Mandalay.

Though hotels often aim to provide services at an international level, befitting Nay Pyi Taw’s status as the national capital, some say it has been a tough business.

I assume the market will flourish in the future, though we need to struggle at the beginning,” said U Aung Zaw Naing, managing director of Shwe Taung Construction, which owns Junction Hotel in hotel zone 1 as well as a hotel in the state-guesthouse zone.

“We don’t have a lot of opportunity to hold business forums because Nay Pyi Taw is not a commercial city.”



Another managing director from a hotel in hotel zone 1 said there are currently fewer events being held in his zone due to recommendations from some ministries supporting the state-guesthouse hotels.

“We want ministries to encourage visitors to freely choose their accommodation,” he said.

The managing director, who asked to remain nameless for fear of repercussions, said that further price cuts would put his hotel on par with the municipal guesthouses.

3.1 AGRICULTURAL EXPORTS SEE DECLINE, MINISTRY SAYS

The export of agriculture products, including rice, has been declining in fiscal year 2014-2015 from April 1 to mid-May, according to the Ministry of Economic and Commerce.

Exports of agriculture products in this period has reached more than US\$209 million, decreasing by more than US\$13 million compared to the same period last year, earning just over US\$222 million.

Eighty per cent of Myanmar’s rice and corn exports go to China, mostly across the northern border town of Muse.

Myanmar is negotiating with Chinese officials to lift duty fees on agricultural exports, including rice, bean, corn, and sesame after an agreement was reached for eliminating duty fees on other agricultural products.

Among agriculture products, Myanmar exports rice, broken rice, variegated beans, corn, oil crops, rubber, Kyetsu, cashew, mango, watermelon, onion, garlic, turmeric root, wet and dry ginger.

For Myanmar’s export development and enhancement, the Ministry of Economic and Commerce will draw and implement a national-level Maha strategy with the support of Germany’s GIZ, and technical advice from the World Trade Centre.

Aside from overseas trade, Myanmar has signed border trade agreements with India, Thailand, China and Bangladesh in order to accelerate border trade.

As the government attempts to crack down on illegal trade along the border routes – a method they believe will benefit legitimate trade -- the Ministry also plans to do likewise on overseas trade routes, to achieve similar goals.

4.1 BUSINESS AIR CANCELS FLIGHTS TO MYANMAR

Thailand's Business Air has cancelled its flight to Myanmar, being the only airline to do so this year.

According to the Department of Civil Aviation, it followed the footsteps of Condor, the German holiday package charter that offered a weekly service. It cancelled the flights last year.

An officer at the department said that the airlines cited a low number of passengers as the reason for the cancellation.

There is no other airline cancelling flights to Myanmar this year.

As Myanmar was reopened to the world in 2012, regional and global airlines have rushed to establish air links with the country.

In the year, 7 airlines started flights to Yangon, bringing the number of airlines operating there from 15 to 22. They were Japan's All Nippon Airways (ANA), Qatar Airways, Taiwan's EVA Air, Korean Air, Asiana Airlines, Condor Airlines, and Singapore Airlines.

Starting service in 2013 were Thailand-based Nok Air and Business Air, as well as Tiger Air from Singapore.

4.2 GARMENT WORKERS PROTEST FOR 6TH DAY

About 180 workers from Star Tax garment factory continued a sixth day of protest on May 13 over issues including mismanagement and ill treatment of workers.

The protest started in front of the factory, in Shwe Pyi Tha Industrial zone, on May 8 and has demanded the immediate sacking of the factory manager.

"We will be here until the factory manager gets sacked. Today is the 6th day. The employer did not make further discussions with us until now," said San Thi, a worker from the factory.

"The employer did not come to the township office on May 12 to coordinate. There is only one demand from the workers," said Khat Khat Naing, a protest worker.

That factory is owned by a Taiwanese woman, who workers say met with them on May 9 but has not fulfilled any of their demands.

"This is a case between the employer and employees. It is impossible to settle this problem as their demand is not in conformity with the existing law," said Myo Myint Tun, head of township factories and labour law inspection department.

4.3 TRADE REBOUNDS IN MAY, SAYS MINISTRY

The recently reported downward trend in trade in Myanmar has bounced back during the second week of this month due to strong imports, according to a report from the Ministry of Commerce.

The total trade volume between April 1 and May 9 of fiscal year 2014-15 showed US\$2 billion -- with US\$ 1.48 billion from imports and US\$ 560 million from exports.

Compared to the same period last year, the total figure has increased by US\$180 million since exports decreased by US\$ 170 million while imports rose by US\$ 355 million.

In FY 2013-2014, Myanmar's trade value reached nearly US\$ 25 billion -- with over US\$ 11.1 billion from exports and US\$ 13.75 billion from imports. This left a trade deficit that topped US\$ 2.65 billion.

Since imports outweigh exports in Myanmar, the Ministry of Commerce recently launched the MyanTrade, a new organisation with the stated goal of enhancing Myanmar's burgeoning export sector.

The ministry is currently drafting the Value-added Exports Law 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.

4.4 MYANMAR DISCUSSES LIFTING DUTY ON RICE EXPORTS TO CHINA

myanmar is negotiating with Chinese officials to lift duty taxes on agricultural exports, including rice, bean, corn, and sesame, according to the Ministry of Commerce.

Myanmar traders have had to resort to exporting rice in unnamed sacks to avoid the Chinese authorities' quality controls. Some traders were arrested in April because China has not yet approved some imports from Myanmar despite the high demand.

“At present we are negotiating for rice and corn. China is quickly sending AQSIQ [General Administration of Quality Supervision, Inspection and Quarantine]. There the quality is the main concern. Our part is to do agriculture. After negotiating with AQSIQ in China, we will get permit



for duty free, quota free. Now it is still in the process,” said Dr. Maung Aunt, an advisor for the Ministry of Commerce.

Eighty percent of Myanmar’s rice and corn exports go to China mostly across the northern border town of Muse. Over the last 2013-14 fiscal year, 684,698 tonnes of rice worth US\$ 274 million was traded across the border to China. Up to 381,716 tonnes of rice worth US\$ 106 million which was exported overseas, according to the Ministry of Commerce.

Among 163 corn producing countries all over the world, Myanmar has been exporting between 300,000 and 400,000 tonnes of corn annually. In total it has exported over 280,000 metric tonnes to China. Other countries include Malaysia, Indonesia, Singapore, India, Hong Kong, Bangladesh, Vietnam, Bulgaria and Spain.

In the 2013-14 fiscal year, Myanmar’s corn exports amounted to more than 1 million tonnes, worth US\$ 286 million. Just 954 tonnes went overseas while 1 million tonnes went across land borders.

4.5 UOB OVERSEES ASIAN BUSINESS EXPANSION IN MYANMAR

The Singapore-based United Overseas Bank (UOB) has served as a business consultant to more than 50 clients since its establishment in Myanmar last year, according to the bank.

Seven out of ten business groups in Asia are planning to expand their business into Myanmar in the coming year, according to a survey of the UOB.

The two key factors behind Asian businesses' keen interest in Myanmar are the country's expanding middle class and the swift economic reforms taking place, according to the UOB.

"Myanmar's economy is quickly growing. Due to the need for basic infrastructure, there is a market ready for our hardware products and security equipment," said the business manager of Soon Hong Seng Pte Ltd.

The UOB opened a consultancy office in Myanmar in 2013 to advise existing and potential clients on investing in Myanmar.

It is one of the leading banks in Asia and has more than 500 offices in 19 countries around the world.

4.6 FOREIGN INVESTMENT UP TO US\$260 MILLION IN APRIL

Foreign investment in April has amounted to nearly US\$260 million, according to the Directorate of Investment and Company Administration.



Businesses from China, Hong Kong, Singapore, South Korea, Malaysia and the United Kingdom have made investments, especially in Myanmar's manufacturing and tourism sectors.

The total foreign investment has reached US\$ 46.5 billion by the end of April.

China is the largest investor in Myanmar, followed by Thailand. The majority of foreign investment goes to the energy sector, representing 41 percent of the total figure.

Myanmar has managed to create a total of 153,456 jobs over the last 3 fiscal years.

4.7 MYANMAR-THAI BORDER TRADE REACHES US\$30 MILLION

Trade and commerce between Myanmar and neighbouring Thailand has amounted to over US\$30 million between April and May, according to the commerce and consumer affairs department.

The total trade amount between Myanmar and Thailand at the Myawady border zone was US\$12.5 million alone, followed by Myeik with US\$8.1 million, Kawthaung with US\$6.9 million, Tachikek with US\$ 4.1 million and Mawtaung with US\$ 65,000 million.

Myanmar has opened 14 border trade zones on its borders with Bangladesh, China, India and Thailand. More border trade zones are being planned to increase commerce between Myanmar and its neighbours.

Agricultural products, animal products, mining products, wood products, furnished goods, consumer goods and raw materials are being exported and imported through border trade zones.

Meanwhile, the authorities are working to stamp out illegal trade, smuggling and trafficking using mobile inspection teams and stronger law enforcement.

4.8 GOV'T ENACTS BILL TO ALLOW FAIR COMPETITION

The government has announced in the state media that it will implement a Competitiveness Bill on May 11 to allow fair competition and prevent speculation.

The bill consists of 12 chapters and 53 sections and allows for organising inspection commissions when necessary.

Section 14 prevents confining the distribution of services and goods and restricts price manipulation by business owners. Anyone who violates these sections will be punished with the jail sentence of no more than three years or a fine of KS 3 million (US\$ 3,000) or both.



Section 20 directs businesses not to ban consumers or other business partners from seeking partnership with their enterprise. Anyone who infringes will be jailed for five-year term and fined Ks 7 million (US\$ 7,000).

In addition, Section 29 restricts importing goods through illegal means and selling them under the market price.

4.9 MYANMAR TO ADOPT MOBILE BANKING SYSTEM

Most local banks are not capable of providing mobile banking services although Myanmar Central Bank has authorized for such services.

“At present, there are only a few banks proposed to offer the service. Some application forms need to be reapplied in order to complete data requirements. Mobile banking is not a new banking procedure. It is just an additional service,” said an official of Myanmar Central Bank.

At this juncture, First Private Bank, Cooperative Bank, Innwa Bank, Myawady Bank, Ayeyawady Bank, Rural Development Bank, Myanmar Citizens Bank and some other banks have applied to activate the mobile banking services.

The services will be processed through the network of Myanmar Post and Telecommunication. Myanmar is expected to raise the convenience of banking customers after the opening of the mobile banking services.