WEEKLY NEWSLETTER (MYANMAR)

18Apr2015 to 24Apr2015

I. SHIPPING &LOGISTIC

NO UPDATE

II. PROPERTY

2.1 CONSTRUCTION BOOMS BUT CLOUDS GATHER 2

2.2 LAND PRICES NEAR HANTHAWADDY AIRPORT PROJECT FALL 3

2.3 EAST DAGON SEES BOOM 4

III. RESOURCES

3.1 SUGAR PRICES RISE IN YUNNAN PROVINCE 5

IV. FINANCE & ECONOMIC

4.1 FIRST FOREIGN BANKS HERALD POSSIBLE SECTOR SHAKE-UP 5

4.2 SINGAPORE OCBC OPENS 7

4.3 FIRST FOREIGN BANK TO OPEN BRANCH IN YANGON SAYS LONG-TERM VIEW IS KEY 8

4.4 ADB RETURNS AFTER 25 YEARS 10

4.5 SINGAPORE LEADS AS FOREIGN INVESTMENT IN MYANMAR DOUBLES 12

4.6 NEW WINE IMPORT REGULATIONS ANNOUNCED 13

4.7 MUSE TRADE BOOMS 13

4.8 INSURANCE FIRMS TOLD TO BRACE FOR FOREIGN COMPETITION 14

2.1 CONSTRUCTION BOOMS BUT CLOUDS GATHER

The apparent boom in Yangon construction conceals increasing complexity, as stricter regulation combines with aggressive speculative practices to create a difficult environment for contractors and would-be homeowners alike, industry sources say.

Unquestionably, the number of apartments has grown considerably in the past two years. But U Nay Win, deputy director of the Department of Engineering (Building) of Yangon City Development Committee, predicted yesterday that both construction and sales were likely to slow.

“We expect demand to fall because of the number of new apartments coming onto the market. Most buyers are not people looking for a place to live, but speculators who will hold the apartments empty until they can sell for a profit,” he said, adding that this practice tended to inflate the price of apartments.

“Contractors won’t wait to sell to would-be homeowners. So by the time investors have cornered the market, ordinary buyers can no longer afford the apartments,” he said.

Developers operate a pre-sale system under which buyers pay for incomplete apartments by instalment. Sometimes these buyers sell the property on to others before completing payment.

“When profit is high, they invest in buying up more units. Contractors will continue to build as long as the demand is there. This increases supply, but reduces the number of would-be buyers,” said U Nay Win.

According to YCDC, more than 100 permits have been issued in the past year for buildings of 12 storeys and above.

However, said U Nay Win, prices are unlikely to fall when the bubble bursts. “Because land in Yangon is so expensive, contractors have to invest not only in construction, but also in the underlying land. Sometime developers have to pay landowners when they set up a joint venture,” he said. This makes them unwilling to sell at a loss.

Real estate experts agree that the construction market has slowed considerably since the end of last year. U Aung Min, director of Myat Min Construction, said, “The main reason is additional new YCDC regulation. Added to that, investors have adopted a wait-and-see attitude.”

The new regulation is a reaction to the scramble to build that ensued after the onset of economic and political reforms of 2012, when many developers, eager to cash in on the boom that accompanied soaring land values, built without permits.

“Before, contractors could apply for a YCDC permit with a prepaid licence fee. But now they have to provide evidence of the contractor’s biography, education level and previous work. YCDC will not issue a licence if they see a weakness in the application. They have also raised the price of the licence fee from about K200,000 to K3-4 million, and have established a blacklist. Contractors can have their licence withdrawn," said U Aung Min.

The threat of licence withdrawal hangs over not only the individual construction site found to be in violation, but to all other sites operated by that contractor and the engineers involved, he said. These measures have deterred many contractors and engineers.

U Yan Aung, manager of Asia Builders Construction, said, "Speculators are no longer interested in investing in apartments, so sales have fallen – which means construction will fall too."

Tighter regulation would have the same effect, he said. "In the past, we could get a residence permit [to allow occupation of a newly completed building] once the engineering department had completed its testing. Now, all six departments concerned, like the electricity metering, fire, water and the others, have to complete tests before a permit can be issued. This all makes things very difficult and time-consuming," said U Yan Aung.

U Aung Min, of Myat Min Construction, said, "Regulation is important, but with so many new rules, contractors have a great deal more to handle than they used to."

2.2 LAND PRICES NEAR HANTHAWADDY AIRPORT PROJECT FALL PRE-ELECTION

A mixture of political uncertainty and scepticism has cooled once torrid demand for land around the future Hanthawaddy International Airport project, say local real estate agents.

Land prices skyrocketed up to tenfold in Bago Region in 2012, following the announcement that Incheon International Airport Corporation of South Korea had been awarded the contract to build and operate Hanthawaddy, which was expected to become Myanmar's largest international airport with a possible price tag of US$1.1 billion. Before the announcement, an acre of farmland in the area sold for about K500,000 ($510). Within two years, the price of an acre had shot to between K20 million and K50 million.

Then the situation languished.

"Demand is low near Hanthawaddy International Airport, and throughout Bago," said broker Daw Mya Mya Sein of Galaxy Real Estate Service.

Ko Aung Myint of Aung Real Estate said, "The real estate market is slowing throughout the entire country. Around Bago and Hanthawaddy, demand is in decline. Both local and foreign investors are watching the political climate because of the election."

"After the government announced the airport project, buyers flocked to Bago. Now hardly anyone comes," said local resident Ko Myint Oo.

The future Hanthawaddy Airport is up to an hour-and-a-half away from Yangon by road, and was intended to have the capacity to handle 12 million passengers a year. But after disagreements over financing and passenger capacity, the deal with Incheon was terminated and a new $1.45 billion contract was granted last October to a consortium comprising Singapore's Yongnam Holdings, Changi Airport Planners and Engineers, a subsidiary of Changi Airport Group, and Japan's JGC Corporation. The consortium will get official development assistance from the Japanese government for up to 49 percent of the total contract, with the remaining funding coming from private lending ($517 million) and investment by the consortium ($222 million).

Officials said in February that construction should begin next year, and be completed in 2020.

2.3 EAST DAGON SEES BOOM

Boom times are coming to what was, not long ago, one of Yangon's forgotten townships. In particular, Ywar Thar Gyi ward of East Dagon township is drawing attention thanks to its improved road connections and services, local residents and real estate agents say.

Attractions include the local industrial zone, the Yangon Institute of Economics, bustling small shops and low property prices, say experts. The ward is also home to the city's only mental hospital.

Long-time resident Daw Khin May said, "The prosperity used to be visible just near the hospital, the institute and the industrial zone, but now you can see it throughout the entire ward."

Buyers and speculators started to take notice of the 97-square-kilometre ward in late 2012, said local estate agent U Thaung. "Buyers are interested in the cheap land," he said, adding that the interest was filtering down from neighbouring North Dagon along East Dagon's new main roads.

Local resident and estate agent Ma Ei said, "The township started developing two years ago as road communications and electricity supply improved." Bo Mhu Ba Htoo Road, built in 2013, connects with both North Okkalapa and North Dagon townships.

"The new residents like the public services and the low prices," she said.

U Khin Maung Aye, an estate agent with Shwe Kan Myae, said a plot that could have gone for K10 million a few years ago could now fetch K50 million, depending on location, though it is still possible to find a 2400-sq-ft lot for K4 to K5 million.

East Dagon new town, at Yangon's eastern fringe, shares borders with Hlegu township in the north, North Dagon township in the west and South Dagon township in the south and west.

3.1 SUGAR PRICES RISE IN YUNNAN PROVINCE

Demand for sugar in China's Yunnan province has risen to K1030 a viss, or about US$600 a tonne, since the end of the Thingyan holiday, exporters say.

The deputy chair of the Myanmar Sugar and Sugar-related Products Merchants' and Manufacturers' Association, U Win Htay, told The Myanmar Times yesterday that this was the first price rise since 2011, and was about 50 percent higher than the world sugar price of less than $400 a tonne.

In Shweli prices reached K1300 a viss (one viss equals 1.6kg or 3.6lbs).

"The sugar is for Yunnan only, because it is inland. The rest of the country can get sugar imported by ship, but Yunnan relies on [cross-border trade from] Myanmar. We don't know how long this price will hold up, maybe only a month. Mostly our merchants are based in Mandalay and the Chinese buyers come to us. They handle the transportation themselves," he said.

In April 2011, the price of sugar cane, raw sugar and local white sugar stood at K740-780, K950-995 and K1340-1380 respectively. Current prices are K550-560, K650-695 and K1000-1030.

The sudden rise follows a significant drop in the first two months of this year. The sugar cane season runs from January to the end of May. The world price per tonne was $480 in February, falling to $370 in April.

U Win Htay said that in 2013 exports to China amounted to about 100,000 tonnes. Last year China bought 400,000 tonnes of higher-quality sugar from Vietnam, but nothing from Myanmar. No cross-border trade took place during the fighting in the Kokang region, but normal trade has now resumed.

"The sugar is going across the border via both Chinshwehaw and Muse," said U Win Htay, adding that in China, the import of sugar was illegal. "We never go to China to sell sugar. Chinese merchants contract with each other," he said.

It is estimated that about 10,000 tonnes of sugar has been exported to China so far this year.

A Bloomberg report in February citing commodity trader Group Sopex predicted that the sugar market was set to turn bullish after four years of declining prices and production curbs and that worsening shortages were set to continue through 2017-2018.

4.1 FIRST FOREIGN BANKS IN MYANMAR HERALD POSSIBLE SECTOR SHAKE-UP

This week's arrival of the first three foreign banks to be allowed to open branches in Myanmar has already signalled a possible shake-up of the banking sector, with Japan's

Sumitomo Mitsui Banking Corporation expressing interest yesterday in eventually acquiring a minority stake in Kanbawza (KBZ), Myanmar's largest lender.

Hiroshi Minoura, vice chair of SMBC, one of Japan's big three banks, told reporters at the opening ceremony of its downtown Yangon branch that he saw the attraction of taking an equity stake of 15 to 20 percent in KBZ, with which it launched a close partnership three years ago.

"We definitely hope that we can invest in local banks. We foresee a huge expansion in local banking. To fortify our ties with KBZ we need to have a capital injection," Mr Minoura said, noting that SMBC had previously taken minority stakes in local banks in Vietnam and Indonesia.

But he stressed that this would require a change in regulations by the Central Bank of Myanmar, and that SMBC would not want to launch a full takeover.

"We have no interest in taking over any Myanmar banks," he said. "Even if you [Myanmar] open up your market, we'll never occupy or conquer your local banks," Mr Minoura added.

In granting licences last October to nine foreign banks to open branches in Myanmar, the Central Bank imposed tight restrictions that analysts said were intended to ensure that local lenders would not be swept aside or swallowed up. Foreign lenders may not engage in retail banking and are restricted to lending foreign exchange to foreign companies and to Myanmar banks. The foreign banks may deal only in four currencies and have been barred from hiring staff from local banks.

Bank of Tokyo-Mitsubishi UFJ opened its branch in Yangon on April 22, with an initial capital investment of US$100 million, while SMBC, investing $200m, and Singapore's Oversea-Chinese Banking Corp chose to open yesterday, considered an auspicious day in the Myanmar calendar.

Mr Minoura said he looked forward to further deregulation by the Central Bank and stressed that his priority, once permitted, would be to lend to infrastructure projects such as ports and power plants that required substantial amounts of capital which local banks could not raise.

"We see this country as full of treasure," he said, referring to Myanmar's rich natural resources and strategic location, "but closed for decades." He said he hoped that changes in Central Bank regulations would allow SMBC to take part in project financing with Myanmar partners in the near future.

U Nyo Myint, senior managing director of KBZ Group – an extensive conglomerate which also includes insurance, hotels, construction, two airlines, healthcare and agriculture projects – did not rule out a possible capital injection from SMBC in return for an equity stake. But he also stressed that the bank's partnership with SMBC was not exclusive.

This is not an exclusive arrangement. We remain on good terms with other banks. No bank can stand alone," he said. "But some are closer than others," he added, noting that SMBC had chosen to base its branch in Yangon's prestigious Strand Square business complex that KBZ had developed on a lease from the government.

He pointed out that Central Bank regulations did not yet permit foreign banks to acquire interests in Myanmar banks. "We are moving step by step. We are in a very initial stage," he said.

Both bankers stressed the need for technology transfer from foreign to Myanmar lenders.

A Myanmar FinScope survey in 2013 found that only some 5pc of people held a bank account. Mr Minoura noted that most Myanmar workers would withdraw their entire salary in cash each month as they lacked the means to make payments electronically, although this situation was starting to change rapidly. Mobile payments are in their infancy, although KBZ has already entered this new sector.

U Nyo Myint said KBZ had a market share of about 40pc with over 300 branches, compared to its nearest rival, the Cooperative Bank, with about 200 branches.

Mr Minoura said the rapid development of mobile banking in Myanmar could "shrink the banking history of the last 40 years in Japan to as little as five years here". But he predicted that the expansion of local bank branches would continue in rural areas for the next few years.

"Our goal is to introduce cell-phone payments systems in this country so that people will keep their money in their current accounts in the bank," he added.

Japan's Mizuho Bank is also expected to open for business in Yangon, giving Japan's top three lenders a foothold in what is regarded as frontier territory, and representing a success for Prime Minister Shinzo Abe, who has focused on developing Japan's financial presence in Southeast Asia.

"I do believe that strengthened collaboration among domestic banks in Myanmar and banks of Japan will cultivate investment promotion and ultimately the economic development of Myanmar," U Kyaw Kyaw Maung, Central Bank governor, said on April 22.

"We saw this as a chance that comes only every 10 or 20 years," Mr Minoura said of SMBC's decision to establish a presence in Myanmar. "We did not want to miss this chance," he said, expressing confidence that elections later this year – however unpredictable the results – would not change the current reformist trend.

4.2 SINGAPORE OCBC OPENS

Singapore's Oversea-Chinese Banking Corp (OCBC), which also opened a Yangon branch yesterday, sees its growth coming from collaboration with several Myanmar partners rather than relying on one local lender.

“We are collaborating with KBZ, Cooperative Bank and Ayeyarwady Bank and also with state banks in different services. By operating in many markets around the region, for the financial sector to be successful, it is important to operate with very dominant and strong domestic banks,” said Tan Chor Sen, OCBC head of international global commercial banking.

“It is not new to OCBC – we have been collaborating with private and state banks from many years,” he told reporters.

The new OCBC Yangon branch, located in the Union Financial Centre, has a registered capital of US$75 million and a staff of more than 20 employees, offering cash management, project and trade financing, as well as treasury and capital markets advisory and services to foreign companies and joint ventures, as well as domestic banks.

The bank intends to invest heavily in infrastructure and, like its Japanese competitors newly arrived in Myanmar, it believes deregulation will allow direct lending to local enterprises.

Myanmar represents new territory for OCBC whose key markets are Singapore, Malaysia, Indonesia and China. It expects interest from Singapore firms in particular in Myanmar’s three special economic zones.

4.3 FIRST FOREIGN BANK TO OPEN BRANCH IN YANGON SAYS LONG-TERM VIEW IS KEY

The first of three foreign banks to open branches in Myanmar this week – Bank of Tokyo-Mitsubishi UFJ (BTMU) – says there is no turning back for economic reforms and that patience is the key for success.

“If we look at the long term, Myanmar has lots of potential. The liberalisation of the country and its economy has started and once you get this momentum, it cannot stop, despite short-term fluctuations,” Go Watanabe, BTMU chief executive for Asia and Oceania, told reporters yesterday at the bank’s launch in Yangon.

Myanmar’s economy is at a very early stage in terms of financial market reforms compared with other countries and banks must take a long-term view, he said.

U Kyaw Kyaw Maung, governor of the Central Bank of Myanmar, said in an opening ceremony speech that the event marked “a new milestone in the history of the banking industry in Myanmar”.

“Business in Myanmar needs a very long term perspective,” Mr Watanabe said. “So at this time we are not very strict in our budget numbers or targets,” he said, setting as the priority winning business with foreign companies since direct dealing with Myanmar companies is excluded by Central Bank regulations. Foreign banks are also presently barred from conducting retail banking.

Collaboration with local banks would be important to support small and medium enterprises, Mr Watanabe said.

"In Myanmar, there are not so many big companies and most of the companies are SMEs. Form the foreign bank point of view, we are not so familiar with the SMEs but we understand that SMEs are vital and very important to the market. So we support SMEs indirectly via the transfer of knowledge and technology with collaboration with local banks and the Central Bank," he said.

Japan's Sumitomo Mitsui Banking Corporation and Singapore's OCBC are scheduled to open their first Yangon branches today. Together with BTMU they received notices on April 2, giving them the green light to open their doors.

A total of nine foreign banks won provisional licences on October 1, 2014, following a heated race with a number of large banks. The winners – from Singapore, Japan, Thailand, Malaysia, China and Australia – have since been busy preparing their operations to meet the approval of the Central Bank of Myanmar.

Myanmar has not allowed onshore banking by foreign institutions since 1963, when 14 foreign banks were nationalised. The Central Bank of Myanmar's website shows there are currently 43 foreign banks operating in the country. Many of them competed in last year's contest for licences, though ultimately nine were selected.

bTMU, with a network spanning 40 countries, is part of Mitsubishi UFJ Financial Group with 258 trillion yen (US$2.5 trillion) in assets.

International institutions see an overhaul of Myanmar's banking sector as key to attracting investment and driving economic growth. Local banks have expressed concern that they risk being marginalised if international banks are allowed to operate freely.

Mr Watanabe said compliance was an important issue. "The numbers of the businesses or companies we can deal with would be limited due to regulations that we understand. We have to be in compliance with that," he said.

At the same time some banking regulations have not been decided on, meaning that good communication with the Central Bank was essential, he said. Building trust between people and their banks was important and required stable infrastructure, he added.

The Central Bank governor said that strengthened collaboration between domestic banks and Japanese banks would promote investment and drive economic growth.

"I am confident that BTMU would engage in major sectors to develop Special Economic Zones in Myanmar. And I encourage BTMU to support areas in trade financing, SME finance and project financing," U Kyaw Kyaw Maung said.

4.4 ADB RETURNS AFTER 25 YEARS

After a 25-year absence, the Asian Development Bank has returned and is full of optimism for a challenging future, even if progress may come in fits and starts.

"ADB's back in Myanmar and here to stay," country director Winfried Wicklein told The Myanmar Times in a recent interview.

Mr Wicklein, 45, says he is amazed at the scale of reforms since U Thein Sein's government took office in 2011. "The most noteworthy reforms have been in the monetary and financial sectors following the unification of exchange rates in the early days of reform. This country is certainly on the move and it is very important to continue the momentum," he said.

"Reforms take time to identify, design and implement. It takes time to develop the capacity of the civil service, to build roads and bridges, to reform the education and health systems, and to improve the investment climate.

"ADB is not mandated to discuss political issues, but there is a close link between peace and stability and inclusive economic growth," he added.

"We are optimistic on the socio-economic reform front. We don't really see a slowdown, but the reality is that change is never a linear process. You may go four steps forward and a step or two backward. You may have various interest groups whose interests are not always aligned. You may face low levels of capacities both on human and institutional levels to drive and absorb the reforms. And you may have to deal with multiple layers of government, including in terms of public service delivery on the sub-national and local levels," he said.

Mr Wicklein sees the ADB on a steep learning curve in terms of understanding the context of Myanmar's armed conflicts.

"We don't get involved directly in the peace process, but if we work in areas of the country that are affected by conflict, we need to understand the environment sufficiently well before we can engage. We need to make sure we won't do any harm to social harmony and the peace process. We are working closely with a team of conflict sensitivity advisers that are very knowledgeable about the local context, and we regularly seek advice from civil society. This is crucial to get the design right and in order to implement projects effectively," he said.

With very little data for a large and complex country, the ADB has a lot of "catching up" to do after such a long absence. "So we put a premium on listening and learning at this early stage of our reengagement in the country," Mr Wicklein said.

The country director was involved in helping to clear Myanmar of debts to other financial institutions while working with the World Bank in late 2012 to prepare the country to receive international lending following years of economic sanctions.

“We rescheduled government arrears to ADB through a policy reform loan,” Mr Wicklein said. “This was a great opportunity for us to better understand the economy and policy setting and to support the country’s economic and fiscal reforms.”

Although he praises the government’s enthusiasm and the pace of reform, he remains realistic about the formidable task ahead.

“Myanmar is one of the poorest countries in Asia and faces enormous challenges,” he said.

“There is a need to balance economic growth and macro-economic stability, improve infrastructure connectivity and access, strengthen governance and public service delivery, invest in human capital, and to promote the development of rural areas where the majority of the people reside,” he said.

The Manila-headquartered ADB was established in August 1966 to facilitate economic development in Asia with 31 member countries. Membership has since grown to 67 countries, with Japan and the United States holding the largest proportion of shares, both just over 15 percent, while China holds 6.47pc, India 6.36pc and Australia 5.8pc.

Presidents of the ADB have always been Japanese and the current head is Takehiko Nakao, a long-time civil servant in the finance ministry. The official ADB motto is “Fighting poverty in Asia and the Pacific”. It employs more than 3000 people, 12 of whom work in Myanmar out of offices in Yangon and Nay Pyi Taw.

Mr Wicklein said a total of US$1.8 billion had been approved in loans, grants and assistance for Myanmar for the years 2013-16, averaging $450 million a year, with an additional $50-150 million in co-financing from other lenders, depending on the project. Its country partnership strategy for Myanmar for 2016 to 2021 is expected to be approved by the middle of next year.

“We’re gearing up for the long run with a stronger sector focus, with long-term commitments and much more depth and scale to our operations here,” he said.

The ADB started operations here in 1973 when Myanmar became a member. It pulled out from 1988 to 2011 and then re-engaged in 2012, with Mr Wicklein heavily involved in formulating the Myanmar plan from ADB’s Bangkok office.

The work was promoting state enterprise reform, supporting public-private partnerships, developing financial sectors and strengthening the legal and regulatory business environment.

“We put a premium on responsiveness, and with a suitable governance structure in place and a strong team of dedicated experts on the team, we could support reform champions with policy and legal reforms that they would have otherwise not been able to achieve,” he said.

A citizen of Austria who grew up in Germany, Mr Wicklein is joined in Yangon by his Filipina wife Irene and their two daughters and son.

We love it here in Myanmar. My work is unique and a very exciting opportunity for me to contribute to the development of this amazing country as it rebounds from decades of isolation. My wife Irene enjoys discovering new things and secrets of Yangon every day, while the kids are just having a fantastic time," he said.

4.5 SINGAPORE LEADS AS FOREIGN INVESTMENT IN MYANMAR DOUBLES

Foreign investment in Myanmar nearly doubled last year compared to the previous year, it was announced yesterday. Overseas investors poured more than US$8 billion into the country, creating 150,000 jobs, said the Directorate of Investment and Company Administration (DICA).

More than half that figure, $4.3 billion, came from Singapore alone. A total of 223 projects garnered $8.01 billion in the financial year just ended, the highest annual figure since the $20 billion that gushed into the country to fund heavy hydropower projects in 2010-2011, as Myanmar began its economic and political reform process.

Nearly 35 percent of the 2014-2015 investment, or $3.2 billion, went into the oil and gas sector, while manufacturing and telecoms received another 35pc. Real estate received nearly $800 million, and hotels and tourism $357 million.

"This shows that the country's goal of becoming a middle-income country within 15 years can be met," said secretary of the Myanmar Investment Commission U Aung Naing Oo.

"The investment was distributed among a wide range of businesses, from important infrastructure like the telecoms and constructions sectors to manufacturing and tourism. This is strong evidence of the country's economic prospects," he added. U Aung Naing Oo is also the director general of DICA.

The Myanmar Investment Commission aimed to attract $5 billion in FDI last year by promoting the manufacturing sector to create more jobs. The investment in manufacturing last year alone was equal to the total investment of 2012-2013.

"I think investors are becoming more confident in investing in the country as our economic prospects improve under a strong legal infrastructure. We have made many bilateral agreements with the United States, Japan and European Union members," said U Aung Naing Oo.

Several international organisations, including the Organisation for Economic Cooperation and Development and the Asia Development Bank, are setting their sights on 2030 as the year that Myanmar becomes a middle-income country. ADB's Outlook 2015 study estimates the country's economic growth as 8.3pc this year and 8.2pc in 2016-17.

"Better prospects in neighbouring India and Thailand and further afield in the major industrial economies support the outlook for Myanmar but are partly offset by a slowdown in China," ADB said in the report.

Other investors last year included Hong Kong, with $625 million, and China, which put $500 million in hydropower projects.

U Aung Thura, chief executive of Thura Swiss Research and Consulting, is confident that foreign investment will increase over the long term but cautions that investors will closely watch the outcome of parliamentary elections in November.

"The outlook for Myanmar to become a middle income country in 2030 can also come true if the country has an annual growth rate of about 7pc for 15 consecutive years … To have this annual growth rate is not difficult for the country," he said.

4.6 NEW WINE IMPORT REGULATIONS ANNOUNCED

The Ministry of Commerce hasannounced new regulations requiring imported wines to contain between 7 and 20 percent alcohol and to only be imported by land or sea.

The Ministry of Commerce hasannounced new regulations requiring imported wines to contain between 7 and 20 percent alcohol and to only be imported by land or sea.

The ministry permitted imports of a variety of foreign wines on March 17 due to rising demand for wine among expatriates as well as locals.

The ministry has advised people seeking to import wine into Myanmar to follow rules and regulations set by the ministry, such as paying taxes and placing 'Tax Paid' stickers on bottles, only importing via land or sea and clearly displaying the country of origin as well as the alcohol content.

Establishments serving or selling wine have also been warned that the distribution or sale of wine should explicitly follow the laws as laid out by related governing bodies.Those in violation of these lawswill be punished in accordance with the law, according to the ministry.

4.7 MUSE TRADE BOOMS

Exports from April 2014 to March 31 this year through the Muse border exceeded US$3.6 billion, up more than US$1 billion from the previous year, according to Consumer Affairs Department under the Commerce Ministry.

Last year's exports were US$2.2 billion, mainly from agricultural produce.

A total of 99 warehouses, 59 for exports and 40 for imports, have been built at Muse 105th-mile trade camp.

Myanmar Rice Federation is planning to build more warehouses in Muse to increase its storage capacity.

Muse, Loigyae, Chin Shwe Haw and Kanpiketi border camps are open for official trade. Muse sees more than 70 per cent of Myanmar's legal exports to China. Trade for the 2014-15 fiscal year totals US$5.2 billion, with exports of US$3.6 billion and imports of US$1.6 billion.

4.8 INSURANCE FIRMS TOLD TO BRACE FOR FOREIGN COMPETITION

Private insurance companies need to be ready for international competition as the domestic market prepares to open up to foreign firms, according to the Myanmar Insurance Business Supervisory Board.

The government has allowed 15 foreign insurance companies, including firms from Japan, the US and Europe, to open branch offices.

Simeon Preston from AIA Insurance said: "We expect to offer long-term life and health insurance services. Life insurance will be a big market when international insurance companies enter the country. We are ready to share our technology, courses, experience, management and information."

The supervisory board is planning to grant permits for foreign insurance companies to insure the special economic zones. The board has yet to release the names of the permit winners. The licence fee for foreign insurance companies is US$30,000.

Dr Maung Maung Thein, deputy finance minister, said: "Private insurance companies have no sound foundation as their emergence happened recently. We have yet to grant permits to foreign insurance companies for fear that Myanmar companies cannot compete with them. Those foreign companies will move in alongside a massive influx of foreign investment."

Myanmar's untapped insurance market is enormous with international companies claiming they can offer great benefits.

Established in 1952, Myanmar Insurance has granted permits to 12 Myanmar insurance companies since May 2013.