

## **Myanmar Economic Report for the month of March 2019**

### **Government of Myanmar launches the Trade and Investment Project (TIP)**

The Ministry of Commerce, Govt. of Myanmar together with the Directorate of Investment Administration (DICA) and the International Trade Centre (ITC) launched the Trade and Investment Project (TIP), with the aim of boosting Myanmar's Business ecosystem by improving trade and investments. The TIP which would run from 2019-21 is funded by a US\$5.28 Million grant from UK's Department for International Development (DFID) with technical assistance from the ITC, a multilateral agency based in Geneva. The project's strategic focus include improving trade competitiveness and business through updated National Export Strategy (NES), supporting investments in building productive capacities as well as expanding public and private trade and investment support services to micro, small and medium enterprises. The TIP will also aim to improve the investment promotion through the Myanmar Investment Promotion Plan (MIPP), and enable priority sectors growth through specialized support for the private sector. The NES currently comprises of 11 prioritised sectors which includes rice, beans pulses and oilseeds, fisheries, forestry products, textiles and garments, rubber, tourism, information and promotion, trade facilitation and logistics, access to finance and quality management as supporting services to improve export. The Ministry of Commerce will be adding fruits and vegetables, gems and jewelry, handicrafts, processed food products and digital business as potential export sectors for the updated NES (2020-25). The updated NES will also set objectives to improve opportunities for Myanmar's micro, small and medium sized enterprises and local exporters in regional and global trade.

### **FDI to Myanmar increase after a decline of two years**

Myanmar Investment Commission (MIC) has informed that FDI to Myanmar has increased in the current FY (October 2018- March 19) when compared to the figures for the same period during the last two years. The FDI from October 01, 2018 to March 15, 2019 amounted to US\$ 1.9 Billion. The Secretary of MIC has stated that Myanmar is hoping that ASEAN nations, Japan, China, ROK, Hong Kong, Taiwan and India will be putting in more investment in Myanmar. Most of the investments were made in the manufacturing sector. In addition to the manufacturing sector investments were also made in garment, electric assembly and food processing sectors. Singapore became the topmost investor in Myanmar after overtaking China. As of February, Singapore had invested US\$ 20.88 Billion for 302 projects while China had invested US\$ 20.41 Billion for 314 projects.

### **External trade of Myanmar exceeds US\$ 15 Billion during the current fiscal year**

As per statistics released by Ministry of Commerce, Govt. of Myanmar, the foreign trade of Myanmar during the period October 2018 to mid-March 2019 (Myanmar FY is now October – September), reached US\$ 15.5 Billion. Myanmar had exported goods worth US\$7.4 Billion and has imported goods worth US\$ 8.1 Billion. The trade deficit of Myanmar was US \$ 700 million which was a decrease of US\$ 1.2 Billion when compared with figures for the same period in the last FY. The maritime trade of Myanmar was US\$ 11 Billion and the external border trade stood at US\$ 4.465 Billion.

## **Exports of garments manufactured in Myanmar reach US\$ 2 Billion**

As per data of Ministry of Commerce, Govt. of Myanmar, exports of garments manufactured under CMP system reached nearly US\$ 2 Billion during the period October to 1 March in the current fiscal year. The garment sector is among the top prioritized sectors driving up exports. Myanmar mainly exports CMP garments to Japan and Europe along with China, Korea and US.

## **Chin State of Myanmar to implement four industrial zones**

Chin state of Myanmar which has borders with Mizoram and Manipur, has announced during the Chin State Investment Fair, that it will implement industrial zones in Hakha, Tedim, Falam and Paletwa townships of the state. The Chief Minister of Chin State said during the event that they are implementing development projects under short term and long term plans and as a part of urban development projects, the industrial zones will be implemented which will be a great opportunity for investors. The Chin state government has declared that it will be helping the manufacturing sector by designating it as the priority sector and will focus on providing electricity. Chin state has an advantage of seven year tax exemption period, it also offers political stability and due to the long border with India provides a great export market.

## **Myanmar prioritise nine sectors under the China-Myanmar Economic Corridor (CMEC)**

The Union of Myanmar Chamber of Commerce and Industries (UMFCCI), has stated that Myanmar is prioritizing nine sectors covering infrastructure projects under the China-Myanmar Economic Corridor. These sectors, part of Myanmar Sustainable Development Plan (MSDP) include electricity, road, bridge, telecommunication, basic construction, agriculture, transportation, research and technology. The report added that a number agreement in this regard is likely to be signed in April when State Counselor of Myanmar attends a state-level conference in Beijing related to the Belt and Road Initiative.

## **Myanmar drafts roadmap to develop digital economy**

According to the Ministry of Planning and Finance, Myanmar has released its official strategy for developing its digital economy over the next six years. The Digital Economy Roadmap has been drafted with a mission of enabling digital transformation, governance, trade and innovation to develop a digital economy and encourage inclusive and sustainable socio economic development. The roadmap targets digital advancement in nine sectors which are education, healthcare, agriculture, fishery and livestock, tourism and hospitality, manufacturing and SME, financial services, technology and the start-up ecosystem, digital trade, transportation and logistics. To support the execution of the roadmap, a Digital Economy Development Committee was formed to establish digital corporations and incorporate digital technology in the agricultural, livestock and production sectors to raise their competitive abilities and production capacity, with the goal of increasing national revenue.

## **Myanmar real estate service law to be enacted within three months**

The Chairperson of the Transport, Communication and Construction Committee had recently said at Myanmar Real Estate Services Association annual meeting that Myanmar Parliament will approve a real estate service law within three months. The Real Estate Services

Association of Myanmar has signed an agreement linking its economy with other ASEAN countries. The Association Chairman said that as the law will cover real estate agents, real estate transactions will be legalized and conducted systematically and this will enable the Government to receive tax revenue and price fluctuations will be controlled.

### **Central Bank of Myanmar reissue its directives for strict implementation**

The Central Bank of Myanmar had reissued its directive on March 25, 2019 covering five directives on banking governance and statistics. The CBM presently has five directives covering related-party transactions, regulations that bank director shall follow, appropriate standards for bank directors and senior officials, having internationally recognized external auditor and acquisitions of substantial interests. The directives had to be reissued as some of the local banks were not strictly following the rules in the Financial Institutions Law.

### **Myanmar to power rural areas with electricity from renewable sources**

According to a media report, Union Electricity and Energy Minister of Myanmar has said that rural areas far from the national grid will get electricity through renewable energy sources. He also said that the government was taking steps to enact a renewable energy law, implementation and related procedures. As per other reports, Myanmar Govt. plans to generate 8 pc of electricity through renewable energy sources by 2021 and 12 pc by 2025 through solar and wind energy. The report added that an agreement has been signed with China's Three Gorges Corporation to develop a 30 MW wind energy power plant. According to the MOEE, wind energy plants can be developed in Chin State, Rakhine State, Yangon Division, Shan State, Kayah State, Tanintharyi Division, Mon State and Kayin State.

### **Myanmar to reconsider Hantharwady International Airport**

The Hantharwady International Airport, which is listed as a national prioritized project to develop the aviation sector, had repeatedly faced roadblocks in its attempt to take off. The proposed airport is to be built around 80 kms. north of Yangon, near Bago city, by 2022 as per a framework agreement signed in January 2016 between a consortium, which included Japan-based JGC Corp as well as Singapore's Yongnam Holdings Ltd and Changi Airports International, and the DCA. The Department of Civil Aviation (DCA) has recently declared that it will conduct a field study on the construction of Hantharwady International Airport in Bago. The US \$ 1.5 Billion project is fully funded by Japan and the present attempt will be the fifth such effort to revive the project.

### **Myanmar company start making electric cars**

As per media report, the Kiang Khain Sangda Motorcar factory in Shwepyitha Townshiop, Yangon region has started producing 40 electric cars per day. The two models of hybrid electric cars that are being developed are KSD-V1 and KSD-V2. The cars are being jointly produced by China's Yu Di and Khain Khaing Sangda Motorcar factory under the semi-knocked down system.

### **India**

As per statistics issued by Ministry of Commerce, Govt. of Myanmar trade using ITCs from Myanmar India border points exceeded US\$1.65 Million in the current 2018-19 fiscal year (which began on October 2018), registering a trade surplus of US \$ 0.66 Million. The main

products of trade were areca nuts, ginger, saffron, turmeric, bay leaves and other fruits and vegetables, fishery and forest products, human hair, medicines, oil cakes, electronic products, motorbikes, cotton yarn, non-alloy steel and other construction materials.

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