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Foreign investor interest in Myanmar appears to be waning at a time when the global economy is losing momentum, if recent data is anything to go by. As such, a hard reset of the local capital market is needed to ensure the business environment remains friendly to existing firms and entrepreneurs, as their survival and growth is now crucial to supporting the economy.

But even though the authorities have long promised a freer and more flexible landscape for businesses to expand in Myanmar, much of the forthcoming reforms have failed to take shape. For actual reforms to take place, business leaders say the authorities need to loosen up by allowing foreign competition into the economy and arming businesses with options to compete instead.

“There will always be risks. Our regulators need to realise that they cannot run the economy and eliminate the risks at the same time. [Instead], they need to create the right environment for local businesses to stand on their own,” said Azeem Azimuddin, CFO and adviser to the chairman at AYA Bank, during a panel at the UK Capital Market and Insurance Conference Yangon earlier this month.

One of the largest barriers to growth in Myanmar is the lack of avenues through which businesses can tap capital markets for funds to explore new ventures or execute ideas. At its current stage of development, funding options in Myanmar are limited to local bank loans and a small pool of venture capital. Even then the number of firms that qualify to borrow from the banks is typically restricted to larger and more established organisations, since most small and medium enterprises do not have the track record, documents and collateral banks demand from their borrowers.

And while promising local startups like CarsDB and Flexible Pass have enjoyed seed funding from venture capitalists and international funds, such firms, too, will eventually require better access to the capital markets for further expansion.

Source: Myanmar Times
More than 1500 fruit trucks are stranded at Myanmar-China border due to the closure of Kyin San Kyawt gate near Muse, leading to heavy losses, U Sai Myint Bo, chair of the Fruit Wholesale Centre at Muse trade zone told The Myanmar Times.

Kyin San Kyawt gate, which is about 10 miles from Muse’s 105th mile trade zone, was shut down by a Myanmar military company for security reasons on December 27. However, local merchant associations received no prior warning or official notice, said U Sai Myint Bo.

The gate remained closed up until yesterday, racking up damages amounting to K4 lakh per fruit truck. The 1500 trucks are loaded with domestically produced watermelon and cucumber.

“If any action is to be taken, the authorities should inform the working people who will be impacted on the ground. Whatever the reasons are, whether based on politics or security, if the border gates are to be closed, the interests of Myanmar people need to be considered and protected. Closures without warning hurt fruit growers and exporters a lot;” he said.

The Kyin San Kyawt gate is a major export route for Myanmar watermelons, cucumbers, eels and crab. Exporters have to pay K 2600 in duties for a tonne of watermelons traded.

Watermelons and cucumbers are grown mainly by farmers in Mon State, Kayin State, Bago Region, Yangon Region, Ayeyarwady Region, Nay Pyi Taw Council area, Magwe Region, Mandalay Region, Sagaing Region, Kachin State and Shan State, according to the Fruit Wholesale Centre on December 28.

Around 400 trucks ferrying watermelons and cucumbers trade at the gate daily. However, congestion had worsened since mid December up until the gate was closed on December 27 due to delays in checks conducted by China as a result of fewer inspection officials. China-bound vehicles have been advised to go through the Pangsaing-Won Taing gate.

Source: Myanmar Times

Dala Bridge expected to be completed in 2021

Construction of the Dala Bridge, also known as the Myanmar – Korea Friendship Bridge, that will connect Yangon City and Dala Township, has finally been given the green light, according to the Ministry of Construction and the Yangon Regional Government.

The Ministry of Construction held the ground-breaking ceremony for the bridge last week. State Counsellor Daw Aung San Su Kyi and Mr Kim Hyun Chul, the chair of Presidential Committee on New Southern Policy of South Korea, attended the ceremony.

Construction of the bridge will now commence following a delay of six years. Originally announced in May 2012, after former president U Thein Sein visited South Korea, the project was stalled in 2013. In 2015, parliament approved the construction of the bridge. Construction of the bridge was expected to start in 2017, but work on the bridge project again faced delays because of disagreements between the Ministry of Construction and Myanma Port Authority under the Ministry of Transport and Communications about the project’s measurements.

Later, the Ministry of Construction modified the design of the bridge to overcome disagreements about measurements. The bridge is expected to be completed in 2021. Once completed, the bridge will ease travel between Yangon City and Dala, Twante and Kawhmu townships and also reduce traffic congestion in Yangon City. The bridge will also connect Dala Township to more urban development, a Ministry of Construction official said, The 1867 metre bridge will feature a cable-stay design and a four-lane roadway. The type of bridge is cable stayed bridge and it is 1867 meter in length and four lanes. The bridge, expected to cost US$168 million (K257 billion), is being funded by a US$137.833 million loan from the South Korea Economic Development Cooperation Fund and US$30.3 million from the government of Myanmar.

Source: Myanmar Times
Vietnamese company launches ride-hailing service in Myanmar

31 Dec 2018

FastGo Viet Nam on Friday officially launched its service in Myanmar, becoming the first Vietnamese firm in the ride-hailing sector to expand its operations to foreign markets, Vietnet reported. Last month, FastGo signed a memorandum of understanding with Asia Sun Group to launch its ride-hailing app in the country. FastGo plans to introduce its services in big cities in Myanmar in 2019, with 2 million users and 100,000 drivers. In addition, it would continue to invest and call for investment to develop new services in the market. It would maintain its competitive advantage of no commission for driver partners and not increasing fares during peak hours or adverse weather conditions.

Source: Myanmar Business Today
http://www.mizzima.com/article/vietnamese-company-launches-ride-hailing-service-myanmar
Recovery expected as China executes BRI: OCBC Bank
01 Jan 2019

Myanmar may be in for a tough patch with foreign direct investments declining, inflation rising and global uncertainty adding pressure to the kyat. Yet, recovery may be on the cards as opportunities emerge on the back of policy reforms and the execution of projects related to China’s Belt and Road Initiative (BRI), analysts from Singapore’s OCBC Bank said in a new year’s eve report to its clients.

“Myanmar is still struggling to resolve fundamental concerns relating to basic human rights as well as the repatriation and recovery of refugees who fled to Bangladesh. Global economic prospects are increasingly gloomy as uncertainty over trade rises. However, not all hope is lost. With the recent policy changes and investments in infrastructure from BRI, Myanmar is forecast to enjoy a robust economic growth from a regional and global standpoint,” the analysts said. Some of the BRI projects are already starting to roll in. After more than two years of negotiations, the government and China’s state-owned CITIC Group on November 8 agreed to proceed with the construction of a deep-sea port in Kyaukphyu, Rakhine State, as part of the BRI.

In the first out of four phases, the deep sea port will be implemented for $1.3 billion. The original estimated cost of development for the entire project had been $7.2 billion, with the first phase expected to cost $1.6 billion. The new arrangements came after the Chinese acquiesced to a 70pc stake in the port, from 85pc initially agreed in 2015.

The second BRI project includes the construction of the Muse-Mandalay railway line. This project aims to connect Ruli East Railway Station in China to Muse, Larshoe, Kyaukme, and Pyin Oo Lwin in Mandalay with 43.5 kilometres of railway track. A feasibility study for the project is expected to be completed this year.

“These BRI projects can help to improve connectivity within Myanmar and with the region, and have the potential to achieve positive spillover effects on trade opportunities if barriers on trade facilitation are overcome,” OCBC said. Source: Myanmar Times https://www.mmtimes.com/news/recovery-expected-china-executes-bri-ocbc-bank.html
Prospects for oil and gas in 2019

01 Jan 2019

A new draft of the petroleum law has been tabled. After the bill is amended, Hluttaw will enact it. However, before it comes into force, it can be amended if the people provide suggestions. Will the new law be effective in the case of the oil block tenders that will be called soon and for the tenders called before the law is passed? These are questions that must be asked. Traditionally, the old law is overshadowed by the new.

It is important that the amendments make the landscape attractive to investors. If the government wants to encourage investments, it needs to think more about the benefits for both the country and investors. Restrictions need to be eased as it is important for the country to receive taxes from investors while streamlining the process for investors to bring money into the economy.

The question of whether there will there be interest in new oil and gas blocks should also be looked into.

It is expected that new blocks and blocks from previous tenders which did not see any interest will be offered to investors. A degree of interest in the offerings is anticipated as it is believed that some of the blocks offer potential. However, the oil exploration business is risky by nature and no one can say with certainty whether efforts will pay off.

Some 18 inland blocks and 12 offshore blocks may be included in new tender. It will also include permissions to redevelop old oil fields. As some inland blocks hold potential to produce oil, they will be the focus of attention.

Who will compete in the tender?

It will be interesting to see which oil companies will participate in the international oil site tender expected to be made in beginning of next year. In 2014, many big oil companies participated and entered production sharing contracts with the country. The government also negotiated with companies that needed more time before entering the country’s oil and gas sector.

Source: Myanmar Times

Revised Tech Rules and Enhanced Infrastructure are Needed for 5G
01 Jan 2019

In order to enjoy 5G technology, Myanmar needs to amend some technological rules and enhance infrastructure, which are not efficient for 5G, U Soe Thein, General Director of Myanmar Post and Telecommunications, said at the forum named “5G Bridges Myanmar to Future Digital World”. The forum, organized by Huawei and Ministry of Transport and Telecommunications with the aim of shifting from 4G to 5G in the future, was held at Hilton Hotel in Naypyidaw on December 19.

“We need to build infrastructure to provide an adequate spectrum so that users can use 5G. Fiber is one of the important things in providing 5G. So, we need to amend the rules so that building fiber and telecom towers can be done easily. On the other hand, devices must be compatible with 5G technology. If the devices are only compatible with 2G or 3G, then they will not be able to use 5G. Therefore, we need to have everything ready to use 5G,” he added.

At the forum, stakeholders discussed the 5G market potential in Myanmar, spectrum for 2019 and Myanmar National Broadband White Paper 2019 for shifting 4G to 5G.

“From this forum, we want to inspire constructive discussions on four key pillars to 5G readiness including supportive policy, adequate spectrum, more site recourses and fiber related issues,” Mr Zhou Jianjun, Vice President of Huawei Global Carrier Business Group, said.

Data, research and consulting exports such as ITU, GSA, Huawei, Ovum, Telco-economics and Quectel participated in the Myanmar 5G Forum.

Source: Myanmar Business Today
https://www.mmbiztoday.com/articles/revised-tech-rules-and-enhanced-infrastructure-are-needed-5g
Yoma Land this month introduced a new real estate project targeted at middle-income earners. The firm, an umbrella branch of Yoma Strategic and First Myanmar Investment Company, on December 21 launched City Loft, a new property project targeting young working professionals.

The property will be developed in phases at a 22-acre site within Yoma’s Star City with 2000 units planned. The first phase will have 250 apartments and the second will have 315, with the homes expected to be complete in 2020.

The units include Myanmar’s first studio apartment as well one-bedroom, two-bedroom, and three-bedroom apartments. Prices range from K42 million to K160 million per unit.

Buyers will have to pay a 30 percent deposit and repay the remaining 70pc under a 25-year repayment plan provided by Yoma Bank, with interest rates set in accordance with the Central Bank of Myanmar.

The 30pc deposit does not need to be paid in a single lump sum. Borrowers can opt to pay 10pc during the signing of the purchase agreement, 10pc after one year and the remaining when the unit is completed.

Serge Pun, executive chairman of Yoma, said that the firm’s “favourable mortgage and deposit arrangements” will change the housing market, which traditionally has been out of reach for middle-income professionals.” Working professionals earning between K800,000 and K900,000 monthly will be able to own homes by paying K400,000 after the deposit, he said.

Mr Pun said the firm has not set an amount on how much it will be investing into City Loft as it plans to continue constructing depending on market demand.

The residential project will also include commercial, recreational, and social facilities as well as a Yangon Bus Service terminal. A permit has been obtained to construct a jetty by 2020 for the Yangon Water Bus.

Source: Myanmar Times
Korean insurer quits Myanmar as investor patience runs dry
01 Jan 2019

South Korea’s largest insurance company has left Myanmar as business patience over the government’s delay in liberalising the insurance market is in short supply. Samsung Life Insurance, a subsidiary of Samsung Group, ceased operating in Myanmar last August, a representative of the Myanmar Korean Chamber of Commerce and Industry confirmed with The Myanmar Times. The Seoul-based multinational insurer, with a presence and joint ventures in Thailand, China, the US, Japan, the UK and Vietnam, opened its Yangon representative office in Nov 2013, according to the representative. The finance ministry committed to liberalising the insurance sector within the first quarter of 2017, but has hitherto failed to make any concrete moves. Foreign insurers from 14 countries who have set up 30 representative offices still cannot do business in Myanmar, except in Thilawa Special Economic Zone. “Samsung Life Insurance waited for the opening of the insurance market in Myanmar while reviewing the feasibility of the insurance business for more than two years, but withdrew after the full opening of the insurance market was delayed,” Lee Keun Jae, secretary general of MKCCI, said. “Myanmar’s domestic [insurance] operations were limited, and Myanmar’s full-fledged opening of the insurance market had to wait for more years [to come]. We do not know what the Myanmar government promised Samsung Life.” Mr Lee said “the Myanmar government’s strict regulations on operations of foreign insurance companies” have prevented foreign insurers from developing the country’s finance industry. “If foreign good insurance companies expand their sales assets through its operations and re-invest their assets in Myanmar’s long-term infrastructure projects, it will contribute to Myanmar’s economic development,” he added. The Korean business leader urged Nay Pyi Taw not to focus on attracting new investors abroad at the expense of those who already established a presence in the country.

Source: Myanmar Times
Prospects better in 2019 with improved laws, loan options
01 Jan 2019

Property transactions are likely to see a pickup in 2019 with better laws expected and payment options to help buyers afford homes now available, property agents said.

Since last year, local banks have started giving out mortgages to qualified property buyers for developments that are at least 75 percent complete. Loans with options to repay with interest over periods of up to 15 years are now available, with buyers required to place deposits of up to 30pc for their properties.

These days, buyers are able to move into their new properties in within 2-4 weeks of placing a down payment, which is the time required for banks to process loan applications. More recently, buyers have also been given the option to repay some mortgages before the term of the loan is up.

That is a far cry from just two years ago, when those who wanted to purchase a home were required to fork out the value of the property in a single lump sum.

“As the banks are likely to roll out more loan products in 2019, property buyers will have more options to better afford homes. So the prospects are better next year,” said U Kaung Thu Win, a local property agent.

Currently, there are two categories of housing in the Myanmar real estate market: low-cost housing options provided by the Urban and Housing Development Department and apartments or condominiums developed by the private sector.

Public houses can be purchase via installments schemes provided by the Construction and Housing Development Bank. Borrowers can option for installment plans of up to 15 years at a borrowing rate of 8pc.

Meanwhile, private home buyers can apply for mortgages of up to 25 years at an interest rate of 13pc from AYA Bank, KBZ Bank, MAB Bank, Yoma Bank and CB Bank. Buyers who are not able provide the required documents showing a source of income can pay additional stamp duties ranging between 15pc and 30pc, depending on the value of the property.

Source: Myanmar Times
Oil prices, dollar volatility among key risks in 2019: OCBC
02 Jan 2019

Global growth is expected to taper in 2019, with economists expecting a 15 percent to 30pc chance of recession in the developed economies and investors’ appetites for risks waning, according to a December 31 report released by Singapore’s OCBC Bank to its clientele.

But while risks have risen in the developed world, OCBC reckons Asian economies’ year-to-date performance has been relatively resilient, with the Asean region remaining robust expected to expand by around 5pc during the year.

Still, the trade war between the US and China, a more hawkish Federal Reserve and a slowing global economy are expected to be concerns in 2019, with any impact on those fronts expected to reverberate across the emerging markets.

Against that backdrop, here are the key global risks in 2019, based on OCBC’s report:

Is the Fed due for a pause?

Going by the economic data, 3Q18 GDP growth was very strong at 3.4pc on an annualised quarter-over-quarter basis, driven by healthy consumption and manufacturing.

On the labour market front, nonfarm payrolls are still robust and the unemployment rate continues to hold at a low 3.7pc without many signs of wage inflation.

More importantly, core Personal Consumption Expenditure (PCE) inflation is edging towards but remains short of its 2pc target. Hence, a gradual rate hike trajectory remains intact.

However, given the recent market volatility, especially with the S&P500 testing a bear market correction coupled with the flatness of the yield curve, may give the Fed room for a pause. We think two rather than three rate hikes are now likely in 2019. If wage inflation accelerates further amid still resilient growth in 2019, there is little to stop a third hike if the data warrants it.

The latest concessions made by China including large purchases of agriculture products, lower tariffs for US auto imports and a revamp of China’s “Made in China 2025” plan to allow more foreign access to China’s high-tech manufacturing sector are positive for sentiment.

Source: Myanmar Times
Digital landscape rapidly changing

02 Jan 2019

Today’s smartphones can now show people what apps they use most frequently, how much time they spend on them and remind them to take a break. Moreover some mobile applications can have different settings for use by adults and children and limit applications and games by age, because many children use their parents’ phones. “Nowadays people spend more and more time on their phones. It can be up four to five hours a day for city people. People in the phone industry can even spend longer than that. This is change from even just a few years ago. Many people, both adults and the young, spend less time outdoors being active. Give a phone to a child and they can spend the whole day on it, and this can be a problem,” said Johansson Zhang, a senior marketing manager for the Huawei Consumer Business Group.

Now smartphone companies are addressing the issue by using technology to try and add a little more balance to the lives of handphone users. They are doing this by incorporating software in phones that monitor screen time and app usage to show users exactly how much time is spent staring at their phone screens. “The issue of excessive time spent on phones is a concern for Huawei. We want to bring about change to make phones betters but at the same time let people, especially children, lead more balanced lives. Phones are far more than toys, they are important tools and people should know if they are spending too much time on them,” added Zhang.

As technology advances and Myanmar’s communications infrastructure improves rapidly, people are using more smartphones and spending more time on digital screens consuming services and content. “Our statistics show people in Myanmar spend a lot of time screening digital content as they are now able to conveniently access content and pay for it,” said Allen Gilstrap, CEO of Ongo, a digital payment network.

Source: Myanmar Times
MAB launches wealth banking service as competition rises

02 Jan 2019

Myanmar Apex Bank (MAB) has launched a special wealth banking and rewards programme – MAB Gold Wealth Banking – for high net worth individuals in Myanmar. For now, the platform is targeting those who have the cash to place a minimum fixed deposit of K300 million as potential clients. Interest rates for fixed deposits are 8.5pc for one and two months deposits, 9pc for three-month deposits, 9.5pc for deposits from six to 12 months, 9.75pc for 13-month deposits, 10.15pc for 18-month deposits and 10.25pc for deposits of two to three years, said Mr Gary Voon, executive vice president and head of consumer banking at MAB. MAB Gold clients will enjoy privileges ranging from free meals at premium restaurants and hotels, admission to Mingalar Sky Airport Lounge and other benefits. In fact, clients will be eligible for a lucky draw to win a high-end condominium with their chances increasing the longer their fixed deposits are committed.

MAB’s efforts to secure fixed deposits come at a time of rising competition and stricter regulations for banks in Myanmar. “The banking business is becoming more and more competitive. Banks are now competing for depositors by giving out more incentives to potential customers,” said a local businessman, who declined to be named. The move also comes shortly after Myanmar opened up the banking industry to foreign banks in December, allowing them to provide loans in the local currency to local businesses as well as trade financing services. Although foreign banks are still not allowed to provide retail banking services, which include accepting fixed deposits in the local kyat, Myanmar Times understands that fixed deposits in foreign currencies are acceptable. There has been no decision so far on whether to allow interest on foreign currency accounts, though.

Over the past two years, the Central Bank has also meted out stricter regulations on capital requirements and loans on the local banks.

Source: Myanmar Times

Govt counting on Asian travellers to boost tourism

02 Jan 2019

Myanmar’s tourism sector has borne the brunt of the Rakhine refugee crisis, with growth in tourist arrivals dropping to 1 percent in 2018 compared with 7.1pc in 2017, according to the World Bank. The number of western tourist arrivals fell the most, more than offsetting arrivals from Asia.

The numbers reflect reports of booking and tour cancellations by western tourists since late 2017, after news of violence in Rakhine was reported on a global scale, The World Bank said. Tourism accounts for 2.7pc of the country’s GDP.

Officials reckon the tourism industry will continue to come under pressure this year and for as long as the Rakhine crisis remains an issue.

“Tourist arrivals from the west are expected to continue experiencing low growth this year and cannot be counted on to boost the tourism sector,” U Khin Aung Htun, vice chair of the Myanmar Tourism Federation told The Myanmar Times. U Kyaw Swa Min, managing director of Grand Lotus Tours Co is already bracing for another rough year. “Our company has been struggling because our target market is the West. The western tourism market will not be good this year, so we are restructuring our offerings for tourists from the east,” he said.

“Now is time to attract as many tourists from the east as fewer western travellers are coming,” U Kyaw Swa Min said. To offset the west’s impact on tourism, Myanmar has doubled up its efforts to capture the tourists from Asia.

Last year, the Ministry of Labour, Immigration and Population relaxed visa requirements for travellers from Japan, Macau, Hong Kong and South Korea. It now also offers visas on arrival to mainland Chinese and Indian tourists. Due to the easing of visa requirements for travellers from those countries, tourism businesses are hoping to see a 50pc rise in visitors from eastern countries this year.

According to the Ministry of Hotels and Tourism, 3.2 million international visitors came to Myanmar between January and November last year, an increase of around 2pc compared with the same period in 2017.

Railway works to recover lost transport market share

02 Jan 2019

“Fried rice with chicken or fish, only K500 a plate!” a train hawker shouted at the top of her lungs on a train from Nay Pyi Taw to Yangon in the wee hours one day last week, rousing passengers from their sleep. Railways are always the talk of the town whenever the budget is discussed in parliament, whether under the previous government or the current one. Myanma Railways is a big loser that has accumulated losses year after year, sapping the limited resources of the government.

Out of 32 state-owned enterprises in Myanmar, 22 are making profits but the other 10 are racking up losses.

Myanma Railways appears to be always in the red. It lost K60 billion (US$38.92 million) in 2016 and K79 billion in 2017, and it is expected to lose K100 billion in the current fiscal year.

As rail transportation is a basic public service, legislators accept the losses as necessary, but what they cannot accept is the increasing amount of losses year after year.

“In a market economy, even if they can’t make a profit, they should try not to lose or not to lose that much,” U Khin Cho, MP for Hlaingbwe township in Kayin State, said.

U Thant Sin Maung, minister for transport and communications, told the Amyotha Hluttaw (Upper House) recently that the government has to absorb losses as much as possible to provide a service to the people. He said the company is trying to minimise losses by improving the railroad with the help of Japan in order to woo more customers. The company is also upgrading its coaches with purchases from China. Before World War II, there were more than 9000 cargo carriages in Myanmar, but now there are only about 2000.

U Thant Sin Maung added that the company, with a US$94.53 million (K146.06 billion) loan from China, recently built a Nay Pyi Taw factory to produce locomotives and a passenger coach factory in Mandalay. The company also sent railway staff to Japan to learn how to properly deal with passengers.

Source: Myanmar Times

2. Weekly Key Policy News
Weekly Key Policy News

Headlines

- Myanmar’s top 10 business stories of 2018: Kyaukphyu, anti-corruption, Yangon’s new city, policy chaos
- Govt urged to keep pressure on squatters this year
- Leaders hope for progress on federal union in new year
- Foreign insurance providers cleared to open for business in Myanmar
In 2018, the clock kept ticking for economic reforms as businesses in Myanmar started to lose their cool. Foreign law firms pulled the plug, the liberalisation of insurance was delayed, restrictions for foreign investment lingered and business confidence plummeted. Above all, the ongoing Rakhine crisis, in the words of a business group, is “certainly one issue that hangs over Myanmar like a sword of Damocles.” Europeans complained that trade promotion abroad for the country had become “mission impossible”. These all painted a grim picture for the economy in the year.

Yet, it would be wrong to say Myanmar saw no progress in 2018. Two landmark pieces of legislation - the Companies Law and Investment Law - were in force, spelling significant changes for the private sector. Meanwhile, the government scaled up anti-corruption efforts, empowering the anti-graft body, and changed its top economic team, creating a new ministry and appointing a new finance minister.

The same year also saw the government moving forward on the proposed Kyaukphyu port, which is key to Beijing’s Belt and Road Initiative. The question of whether Daw Suu would follow through her promise of implementing a Strategic Environmental Assessment (SEA) for the project remains unclear.

In reverse order, below are the top 10 business stories of 2018 selected by The Myanmar Times.

10. Retail, wholesale liberalisation kicks off
9. Second law firm bids farewell
8. Business confidence drops to three-year low
7. Veteran businessman replaces disgraced minister
6. New ministry created to reboot economic policy
5. Myanmar seeks Asian investments
4. Yangon relaunches ambitious new city scheme
3. A step forward for China’s Kyaukphyu port
2. Anti-corruption gathers steam
1. Economy not working as govt passed midterm

Source: Myanmar Times

The Myanmar government has had some success in tackling the issue of squatters in the country, but the problem is far from solved and will require more efforts this year, say those involved in the efforts.

Last year, the Mandalay Region government cleared squatters found trespassing on land managed by the government. Despite the success, the problem could reoccur once the latest efforts are over.

U Myint Aung Moe, regional MP for Chan Mya Tharsi township constituency 2, said the problem is being addressed gradually because the authorities do not want people to be adversely affected.

“I’ve seen squatters in many townships, including on the banks of the main drain in the city, on the road around the lake and on the road heading to Pyin Oo Lwin. It is good that ward administrators are cooperating,” he said earlier this month.

U Myint Aung Moe submitted a proposal to the regional Hluttaw urging the systematic removal of squatters who trespass on public places and roads, under utility towers, beside streams where waste water is disposed of, and beside railroad tracks.

He said that as much as 90 percent of the squatters are trespassing intentionally, and just a few are homeless.

“Some are squatting for business purposes. Those who are truly poor move when ordered. The squatters with businesses ask for money first. If they are prosecuted, they can continue to live where they are for nearly two years during the trial,” said U Myint Aung Moe.

“Even when the government builds homes for those who have no place else to live, there are many problems. Although rental housing was built for squatters along Strand Road in 2017, some violated regulations, re-rented or resold the units. Although more than 1500 rental housing units were allocated, 1000 were not inhabited by the original owners but were re-rented or resold,”

Source: Myanmar Times

Leaders hope for progress on federal union in new year
02 Jan 2019

President U Win Myint and Vice President Henry Van Thio expressed hope in separate New Year’s Day messages that people will cooperate more with the government in establishing a federal union.
The federal union is one of the key goals of the peace process, which aims to put an end to decades of conflict between the government and armed ethnic groups.
President U Win Myint appealed to the people to give more cooperation and assistance to the government’s efforts to achieve peace through the establishment of a democratic federal union.
“For peace and prosperity in our country in the future and for the tranquillity and happiness of our citizens, I wish to assure you all that our Union Government will strive with earnestness to realise our aspirations and goals,” he said.
Vice President U Henry Van Thio noted in his message the importance of establishing a democratic federal union, which is “the aspiration and hope of all ethnic people.”
“It is my fervent wish that as we enter the new year, all of you will be able to strive with energy and zeal for internal peace, which is an important factor in the establishment of a democratic federal union,” he added.
Hopes of reviving the peace process have increased since the Tatmadaw (military) unilaterally declared on December 21 a four-month ceasefire with armed ethnic groups in some parts of the country.
The ceasefire was the first ever declared by the military since the peace process was initiated in 2015 by then-president U Thein Sein.
“The Tatmadaw will cease all military operations in each command from December 21 to April 30” to allow negotiations with armed ethnic groups, said the statement issued by the Office of the Commander-in-Chief.
The ceasefire covers the Northern Command in Kachin State, the Northeastern, Eastern and Central Eastern commands, and the Triangle Command in Shan State.

Source: Myanmar Times
In a long awaited move, foreign insurance providers have finally been given the green light to operate in Myanmar, according to the Ministry of Planning and Finance (MOPF) yesterday. The MOPF’s announcement No 1/2019 officially permits companies wishing “to operate the business of insurance, underwriting agency or insurance broking with foreign investment” to open for business in the country.

The MOPF invites interested local and foreign insurers to submit Expressions of Interest and/or Requests for Proposals to operate insurance businesses in Myanmar. The process will be facilitated by the Financial Regulatory Department.

According to the announcement, life insurance providers will be given two options to operate. The first option allows not more than three licenses for foreign life insurers to operate as 100 percent wholly owned subsidiaries. The second allows foreign life insurers with a representative office in Myanmar to form a joint venture with a local life insurer.

Meanwhile, non-life insurance providers with rep offices in Myanmar will be allowed to form a JV with local non-life insurers. Local composite insurers are to operate as separate entities, which will pave a way for foreign entities to associate or partner with the local insurers.

Since 2013, 11 local insurers have been granted licenses to operate, while 14 foreign insurers have set up 30 rep offices in the country. The move comes a day after Myanmar Times broke news that Samsung Life Insurance, South Korea’s largest insurance company had left Myanmar last August after opening a Yangon representative office in November 2013.

Prior to the MOPF’s announcement, patience in the industry had been wearing thin, given that the authorities had repeatedly promised to open up the insurance sector since the first quarter of 2017, with no action taken until yesterday.

Source: Myanmar Times
3. Weekly Investment News
**Weekly Key Investment News**

**Headlines**

- Yangon New World Project Expected to be Finished in 2021
- Myanmar to Invite EOI for Implementing Economic Zones in Border Areas
- Deal signed for hydropower project
- Garments sector poised to boom in Pathein
- Investor opportunities rise with upcoming tender, better contract terms
Yangon New World Project Expected to be Finished in 2021
01 Jan 2019

China State Construction Engineering Corporation and Zaygabar Company will jointly implement the Yangon New World real estate project by using $500 million in funding with a 60-40 investment ratio.
The project will be implemented on 14 acres of land where Mya Yeik Nyo Hotel is located. It will include a five-star hotel, residential housing, serviced apartments, condominiums and a supermarket.
Mr. He Bao Xiang, Deputy Chief Minister of Hunan Province of Republic of China, and his delegation visited Myanmar and discussed the project. The companies are committed and will implement the project in line with Yangon City Development Committee (YCDC) regulations after receiving permission from MIC.
Zaygabar Company is also waiting for approval from Myanmar Investment Commission for the shopping center, which will be implemented on 125 acres of land near Aung Mingalar Highway Station in cooperation with Zhejiang Luding Investment Co., Ltd, using $1.2 billion for funding and will be the biggest shopping center in Myanmar.

Source: Myanmar Business Today
https://www.mmbiztoday.com/articles/yangon-new-world-project-expected-to-be-finished-2021
Myanmar to Invite EOI for Implementing Economic Zones in Border Areas
01 Jan 2019

The Government of Myanmar will invite submissions of Express of Interest (EOI) for implementing economic zones in early 2019, in Kan Paite Tee in Kachin State, as well as Muse and Chin Shwe Haw in Shan State, all of which are located at the Myanmar-China border. The border economic zone in Muse will be implemented as a priority project.

Only local businessmen are eligible to submit an EOI, the first step of tender process.

“We will invite EOI submissions in 2019. Examining the facts submitted by companies, we will work on a master plan, and conduct negotiations for the project. Then we will try to implement the project as soon as possible.” U Khin Maung Lwin, Deputy Permanent Secretary of the Ministry of Commerce, told Myanmar Business Today.

The economic zones are expected to boost local and foreign investment in the project areas while creating job opportunities for local people. Moreover, authorities hope that the zones will improve productivity and trade making local small & medium size enterprises (SME) grow.

China and Myanmar agreed on the plan to building economic zones in border areas during the State visit of Daw Aung San Suu Kyi, State Counsellor of Myanmar, to China in August 2016. According to the agreement, the two countries signed the MoU on building the economic zones in May 2017.

Source: Myanmar Business Today
Deal signed for hydropower project

01 Jan 2019

The Ministry of Electricity and Energy has announced the signing of a power purchase agreement (PPA) for the Upper Baluchaung hydropower project with Neo Energy Oasis Co Ltd, the builder of the project. The PPA was signed between Electric Power Generation Enterprise (EPGE), a unit of the ministry and Neo Energy Oasis on December 28. Within three years of the signing of the PPA, the project will be able to feed power to the national grid, said Union Minister for Electricity and Energy U Win Khaing.

The Upper Baluchaung project, which started in 2011, is being implemented under a build, operate and transfer (BOT) deal and is now 45.5 pc completed. The hydropower project features two power plants with a total capacity is 30.4 megawatts. The installed capacity of the first power plant is 20.4 mw and 10 mw for the second.

Under the design, annual power generation is projected to be 134,482 million kilowatt-hours and once completed, it is expected to supply electricity to villages in southern Shan State’s Nyaungshwe Township and its surroundings, and U Win Khaing said, adding the project is expected to be finished on time.

The project will support the economic development as well as the country’s development as it will provide job opportunities for about 500 people during construction period and for about 30 local engineers when power plants start to operate, and support economic development. Some 2 pc of annual net profit will be used for environmental conservation programme and corporate social responsibility projects the minister said.

Garments sector poised to boom in Pathein

02 Jan 2018

Chinese investors have big plans for garment production at several industrial parks near the river port city of Pathein in western Ayeyarwady Region.
The garment industry seems poised to boom in Ayeyarwady Region, with a company developing an industrial park near Pathein signing a contract with a Chinese firm that plans to build 50 garment factories within two years. The new factories would dramatically expand the town's nascent manufacturing sector, which has for several years been attracting interest from local developers keen to set up industrial parks.
The Ayeyarwady Development Public Co Ltd said it has signed the contract with Hong Kong-based China Textile City Network Co Ltd. It's the first commercial agreement ADPC has signed since it began preliminary work six years ago on Pathein Industrial City, which covers nearly 3,000 acres (about 1,200 hectares) on a site next to the Pathein River in the regional capital.
ADPC was established by Yangon-based conglomerate Ayeyar Hinthar in 2012 to develop the industrial park, which received Myanmar Investment Commission approval in late 2016. ADPC vice-chairman Ko Ne Ne Hlwan Moe said the company had begun conducting feasibility studies and buying land for the industrial park in 2012, after then President U Thein Sein encouraged the idea during a meeting with the company in Nay Pyi Taw.
“He wanted us to do businesses that would benefit the people in Ayeyarwady Region,” Ne Ne Hlwan Moe said, adding that both Thein Sein and himself were natives of Ayeyarwady.
Under the agreement signed with ADPC on November 15, the Chinese company plans to establish garment factories on 200 acres in Pathein Industrial City, he told Frontier late last month.
“The Chinese company is planning to build at least 50 garment factories within two years; they laid the foundations for the first factory the same day,” he said, adding that it was due to go into operation in six months.
Source: Frontier Myanmar
Investor opportunities rise with upcoming tender, better contract terms

04 Jan 2019

The oil and gas sector is looking exciting this year, with opportunities emerging from an international tender scheduled to take place early this year for the first time since 2014. In addition to onshore and offshore blocks, the tender is expected to include work in “Improved Petroleum Recovery” blocks at older oil fields in Myanmar.

One senior official from the Ministry of Electricity and Energy (MOEE) told The Myanmar Times that the tender will be launched “as early as possible this year”.

According to the MOEE official, the ministry is now revising the terms and conditions of production sharing contracts (PSC) that will be offered to the winning bidders in the tender exercise. Once the revised terms are ready, they will be submitted to the Cabinet and the President’s Office for approval.

Myanmar is looking to open up more of its offshore, deepwater acreages to investors. Up to 18 onshore and 13 offshore blocks could be offered to both local and foreign investors within the coming months. Last year, Australian oil and gas company Woodside Energy also discovered two gas fields that offer potential. Myanmar also has 17 PSCs that were awarded as part of the 2014 onshore and offshore bidding rounds, where drilling and seismic works must begin over the next two years, according to contract terms.

Better terms, Yet, investors are exposed to a high level of risk when undertaking exploration and production projects in the country. These have included red tape, unpredictable changes in tax rates and unfavourable PSCs, which are all barriers for potential investors. Previous contracts, for example, stipulate that production would be shared on a 65percent/35pc basis in favour of Myanmar Oil and Gas Enterprise.

“Now, the conditions will be eased. It is very costly to develop deepwater blocks, so a 50-50 based PSC will do more to attract international investors,” the MOEE official said.

Source: Myanmar Times
3. Weekly New Tenders
**Tenders (Myanmar)**

List

Ministry of Construction: Invitation for Pre-Qualification for Construction of 2 Bridges. Closing Date: 21 Jan 2019

Mandalay City Development Committee: Tender for long term rental of Mandalay Convention Centre. Closing Date: 25 Jan 2019

Tenders (Multilateral organizations)

List

No applicable Tenders announced for the week ending 04 Jan 2019
4. MIC Permitted Projects
## MIC Permitted Projects (Meeting 20, 2018)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Company</th>
<th>Type of Investment</th>
<th>Form of Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Myanmar Brilliance Auto Co., Ltd</td>
<td>Assembling, manufacturing and sales of motor vehicles</td>
<td>Myanmar Citizen Investment</td>
</tr>
<tr>
<td>2</td>
<td>Ocean Wave Communication Co., Ltd</td>
<td>Network Facilities Services, Network Services and Application Services</td>
<td>Wholly Foreign Owned</td>
</tr>
</tbody>
</table>

Source: DICA
5. Upcoming Events
## Upcoming Events (January 2019)

### List

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Name of Event</th>
<th>Sector</th>
<th>Price</th>
<th>Focus Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>17-18 Jan 2019</td>
<td>Yangon</td>
<td>Electric Power Exhibition &amp; Conference</td>
<td>Power</td>
<td>Free</td>
<td>“showcase your latest products and technologies in a high demand region. With this event you can raise your company profile and stay ahead of the competition. Network with the industry's most influential players. Explore business opportunities and meet new partners in dynamic surroundings”</td>
</tr>
<tr>
<td>28 - 29 Jan 2019</td>
<td>Naypyitaw</td>
<td>Invest Myanmar Summit</td>
<td>Manufacturing, Garment, Power, Tourism, Education, Food Processing &amp; Fishery, Healthcare, Infra &amp; property</td>
<td>USD 500/person</td>
<td>“to provide international and local investors the opportunity to discover business potential of Myanmar as well as a platform to meet with the Central and Regional Government officials”</td>
</tr>
</tbody>
</table>

Note: Events information are collected from [https://www.go-myanmar.com/events-and-conferences](https://www.go-myanmar.com/events-and-conferences) and [https://10times.com/Myanmar](https://10times.com/Myanmar).
## Upcoming Events (February 2019)

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Name of Event</th>
<th>Sector</th>
<th>Price</th>
<th>Focus Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>26-27 Feb 2019</td>
<td>Yangon</td>
<td>Mobile Money &amp; Agent Banking Summit</td>
<td>Banking and Finance</td>
<td>TBC</td>
<td>“A Special Focus on Myanmar plus Emerging Opportunities from the regional Digital Transformation”</td>
</tr>
</tbody>
</table>

**Note:** Events information are collected from [https://www.go-myanmar.com/events-and-conferences](https://www.go-myanmar.com/events-and-conferences) and [https://10times.com/myanmar](https://10times.com/myanmar).
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