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Myanmar Highlights

30 January 2014

IMF Announce Myanmar On Track To Achieve Growth Of 7.5%

The International Monetary Fund (**IMF**) has announced that Myanmar is on track to achieve growth of 7.5% for the year ending 31 March 2014. An IMF team led by Mr. Matt Davies visited Myanmar from 9 – 21 January 2014 for a second and final review as part of the IMF's Staff- Monitored Program for 2013. Mr. Davis praised the Government's efforts for liberalising the foreign exchange market and increasing central bank reserves. He warned against rising inflation which the IMF estimates will exceed 6 % for the year ending 31 March 2013. The IMF has also forecast that Myanmar's services and manufacturing sector will be the fastest growing in South East Asia in 2014. Mr. Davis also stated that "Risks to the outlook arise largely from limited macroeconomic management capacity." (From www.imf.org 23 January 2014)

New SEZ Law Introduced

The newly introduced Special Economic Zone Law (**SEZ Law**) includes several tax incentives for investors operating within Myanmar six SEZs (**SEZ Companies**), including but not limited to income tax exemptions for up to seven years (eight for construction related projects). The SEZ Law replaces the Dawei Special Economic Zone Law and the 2011 Myanmar Special Economic Zone Law. However, notices, instructions, procedures and other measures adopted to implement the older laws will remain in force providing they do not conflict with the provisions to SEZ Law. The SEZ Law provides for the establishment of a central management committee which will be responsible for setting wage levels and monitoring the ratio of local to foreign labor employed by SEZ Companies. Local skilled-labor should comprise a minimum of 25% of an SEZ

Company's total labour force in the first year of operations, 50% in the second and 75 % thereafter. (From elevenmyanmar.com, 28 January 2014)

Semen Indonesia Persero Tbk To Establish Operations In Myanmar

The Jakarta listed Indonesian state-owned cement producer Semen Indonesia Persero Tbk (**Persero**) plans to establish operations in Myanmar in 2014. A Persero representative said "we are looking to acquire a cement company or to establish a JV company in Myanmar." SMGR held negotiations with three potential local partners in 2013 but has not yet reached any agreement. (From *Myanmar Business Today*, 28 January 2014)



Myanmar Co-Operative And Korea Exchange Bank To Offer Trade Payment Remittance Services

Myanmar's Co-operative Bank (**CB**) and Korea's Exchange Bank have issued a joint statement to announce that they will launch a payment remittance service aimed at import and export companies. The two banks have been offering the

service exclusively to CB bank customers since December 2013. South Korea is one of Myanmar's largest trading partners. (From *Myanmar Business Today* 28 January 2014)

World Bank Pledges US\$2Bn In Development Aid For Myanmar

The World Bank President has announced that Myanmar will receive an additional US\$ 2 billion in development aid. Speaking in Yangon the World Bank President Mr. Jim Yong Kim said "Our US\$ 2 billion multi-year program will support the Government's plans to deliver universal health care to citizens, and to help everyone in the country gain access to electricity by 2030. Expanding access to electricity in a country like Myanmar can help transform society; children will be able to study at night, shops will stay open, and health clinics will have lights and energy to power life-saving technology. Electricity helps bring an end to poverty". (From *myanmar-business.org* 28 January 2014)



Tax Rates Due To Be Amended Following Increase In Revenues

According to the Banks and Monetary Affairs Development Committee, the Government will amend current tax legislation between February and May 2014. Amendments will affect

commercial, income, stamp duty and lottery taxes. Annual tax revenue is expected to increase as a percentage of GDP. Total tax revenue is expected to represent between 4 - 4.5 % of GDP for the year ending 31 March 2015 but is forecast to be as much as 10% of GDP by 2025. It is estimated that total tax revenue will be in region of Ks 590 billion for the year ending 31 March 2014. According the Ministry of Finance, by the 31 December 2013 the Internal Revenue Department had collected approximately 70% of expected total annual tax revenue. (From *thuraswiss.com* 23 January 2014)

Myanmar Businesses To Be Encouraged To Implement CSR Policies

The Myanmar Business Coalition on Aid (**MBCA**) and the Myanmar Centre for Responsible Business (**MCRB**) have executed a Memorandum of Understanding in relation to the establishment of a corporate social responsibility (**CSR**) network. MBCA and MCRB will open network offices in Yangon, Mandalay and Myitkyina. The purpose of the network is to raise awareness of CSR and to help Myanmar businesses implement the ten principles of the UN Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in relation to human rights, labour environment and anti-corruption.

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