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## Myanmar Highlights

March 2014

### Hong Kong garment companies to establish in Thilawa SEZ

A group of Hong Kong clothing manufacturers are poised to become the first foreign companies to invest in Myanmar's special economic zone at Thilawa (**Thilawa SEZ**) as part of a move to diversify manufacturing away from China. Twelve companies have signed a letter of intent to open factories in the Thilawa SEZ. The group of companies is still negotiating final terms but expects to make an initial investment of up to US\$3m. Some China based apparel manufacturers are reviewing their operations in light of a strengthening Renminbi and rising wages. In recent years low cost jurisdictions such as Bangladesh, Cambodia, and Vietnam have seen an increase in apparel manufacturing as companies relocate some or all of their operations. Myanmar's lack of infrastructure is believed to have deterred some companies from relocating before now. However following the development of new SEZs together with the Government's securing of infrastructure loans from Japan worth approximately US\$500 million manufacturers are considering establishing operations in Myanmar. The twelve Hong Kong companies are negotiating to lease land in the zone at US\$300,000 an acre as part of a 50-year lease. To date the Thilawa SEZ, has been dogged by disputes between the government and local farmers, some of whom have refused to leave their land to make way for the project. Myanmar wants to make the Thilawa SEZ an export hub for vehicle makers and other manufacturers of high value goods. (Source: *The Financial Times*, 11 March 2014)

### Myanmar to introduce teak log export ban

From 1 April 2014 the export of teak logs from Myanmar will be prohibited. The Government has introduced the ban to encourage value added processing in Myanmar. FDI in

Myanmar's timber industry was approximately US\$51 million in 2013. FDI from India was approximately US\$26.04 million, from Singapore approximately US\$24.26 million and from South Korea approximately US\$0.93 million. According to the US Research Group Forest Trends, Myanmar's timber exports to India, China and Thailand were worth approximately US\$1 billion combined per year. (Source: *www.Irrawaddy.org*, 5 March 2014)



### Ooredoo Myanmar complete network trial tests

Ooredoo Myanmar Limited (**Ooredoo Myanmar**) has successfully completed a mobile network trial test. The trial tested the network's capability in relation to the sending and receipt of data and voice calls. Ooredoo Myanmar plans to sell 3G SIM cards with internet capability from July 2014. (Source: *www.elevenmyanmar.com*, 6 March 2014)

## Telenor Myanmar to invest US\$1 billion to provide mobile coverage

Telenor Myanmar Limited (**Telenor Myanmar**) will invest approximately US\$1 billion over the next five years to provide mobile coverage in Myanmar. Telenor hopes to break-even within four years. It is anticipated that investment by both Telenor Myanmar and Ooredoo Myanmar Limited will extend mobile coverage to 90% of Myanmar's population of 60 million. (Source: [www.myanmarbusiness.org](http://www.myanmarbusiness.org), 8 March 2014)

## World Bank and Ministry of Finance discuss future of Myanmar State Owned Enterprises

On 7 – 8 March 2014 officials from the Ministry of Finance (**MOF**) and the World Bank held a two-day workshop for state-owned enterprises (**SOE**) in Nay Pyi Taw. Attendees discussed financial management, the potential for the development of an efficient, accountable public financial management system in Myanmar, and the future role of state-owned enterprises. The MOF wants SOEs to become self-sufficient. It is proposed that the expenses of SOEs will no longer be covered by the State. The Government is considering whether to privatise some enterprises or engage in joint ventures to increase efficiency. (Source: *The New Light of Myanmar*, 8 March 2014)



## Rules Implementing the 2013 Printing and Publishing Enterprise Bill to be finalised

U Aung Kyaw Oo, Director of the Information and Public Relations Department, has confirmed that a draft of the rules implementing the 2013 Printing and Publishing Enterprise Bill will be available within 60 days after which the Ministry of Information will submit the rules to the Government for approval. The Parliament's Bill Committee has been reviewing the Public Service Media Bill, and opening up several areas for

clarification between the media and the Ministry. (Sources: *The New Light of Myanmar*, 10 March 2014 and U Ye Htut, Deputy Minister for Information, *East-West Centre International Media Conference* 11 March 2014)

## EU and Myanmar negotiating new arbitration agreement

The EU and Myanmar are negotiating a new bilateral international arbitration agreement which would provide additional protection for EU investors in Myanmar. The proposed agreement would also provide for the establishment of a dispute resolution mechanism. Myanmar has entered several such bilateral agreements with neighbouring countries in Asia and is also a signatory to The Convention on the Recognition and Enforcement of Foreign Arbitral Awards. (Source: *Myanmar Times*, 12 March 2014.)

## Interra announces Myanmar drilling plans

Interra Resources Ltd (**Interra**) has announced that it has started drilling a development well at the Yenangyaung oil field in Myanmar. Interra said in a statement it expected drilling costs to be low. Interra will announce the results as soon as they are ascertained as well as updates reflecting critical or unexpected events during drilling. (Source: [www.upi.com](http://www.upi.com) 13 March 2014)

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