

## What's Happening in Myanmar Market & Valuation

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### Exports rise even as Kyat strengthens against US dollar

2019年11月時点の対米ドル為替レートは1米ドルあたり1,500チャット超だったが、今年に入ってミャンマーチャットは米ドルに対して強含みとなっている。一方、輸出は依然として堅調な伸びを示している。

*Learnt From: Myanmar Times (3<sup>rd</sup> Feb, 2020)*

### France keen to invest more in Myanmar, says official

フランスは8年間の休止期間を経て、既存案件の拡大と新規投資を計画している。同国はミャンマー経済の将来性に期待し、エネルギーや鉄道、港等のセクターへの投資が注目されている。

*Learnt From: Myanmar Times (5<sup>th</sup> Feb, 2020)*

### New gas field discovered in offshore Rakhine

韓国のコングロマリット Posco International Corporation は Shwe 天然ガスプロジェクトブロック A3 にて新たなガス田を発見した。同プロジェクトはミャンマー西部ラカイン州沖合に位置する。

*Learnt From: Myanmar Times (17<sup>th</sup> Feb, 2020)*

### Construction of Yangon expressway to start in August

建設省(MOC)はヤンゴン高架幹線道路(YEX)の第1フェーズの建設を8月までに開始したい考えだ。

*Learnt From: Myanmar Times (17<sup>th</sup> Feb, 2020)*

### Malaysian Firm to Build \$782 Million City Project

マレーシア Berjaya Land Berhad の子会社である BDS Smart City 社はヤンゴン管区政府とのコンセッション契約の後、都市開発プロジェクトの建設に着手する。プロジェクトは782.72百万米ドル規模で、ヤンゴンダゴンjセイカン地区で予定されている。

*Learnt From: Myanmar Business Today (18<sup>th</sup> Feb, 2020)*

### KB Kookmin Bank prepares to expand in Myanmar

韓国最大の銀行である KB(Kookmin Bank)は先進的な金融商品を提供する銀行に向け、銀行免許の取得準備を進めている。

*Learnt From: Myanmar Business Today (27<sup>th</sup> Jan, 2020)*

### Industrial zone in Kyaukphyu SEZ to be built at \$30 billion

ラカイン州チャウピュー経済特区(SEZ)内に300億USドル規模の工業団地が建設される。

*Learnt From: Myanmar Business Today (27<sup>th</sup> Jan, 2020)*

### China keen to invest in Dawei SEZ

中国の国有企業がタニンダーリ地方で計画中のダウェイ経済特区への投資に興味を示したとのことだ。

*Learnt From: Myanmar Times (20<sup>th</sup> Feb, 2020)*

**Exports rise even as Kyat strengthens against US dollar**

The exchange rate was more than K1500 per US dollar in November 2019. From the start of this year, the Myanmar kyat has strengthened against the dollar. But due to the upcoming general election and a slowdown in the global economy, foreign investors are expected to become more cautious when channeling foreign currency into Myanmar. However, export volumes have been rising, indicating that Myanmar goods are still affordably priced. For the first four months of fiscal 2019-20 which starts from October 1, 2019, export volumes hit US\$5.7 billion, up more than 28 percent from the same period in the previous fiscal year. Import for the same period totaled US\$6.3 billion, which is up by just 19 percent year-on-year. The rise in exports was driven by higher demand for manufactured goods like garments, agriculture commodities and minerals. Local businesses have also been making fewer investments and are now importing less. The MOC is expecting total exports for the year to hit US\$15.5 billion and for imports to reach US\$17.5 billion this fiscal year. That's lower than in fiscal 2018-19, when exports were valued at US\$16.9 billion compared to imports of US\$18 billion. Under the National Export Strategy 2020-2025, the priority sectors are agriculture, textile and garment, electrical components, fisheries, forestry products, information technology, logistics services, quality management, trade information, innovation and entrepreneurship.

*Learnt From: Myanmar Times (Feb 3, 2020)*

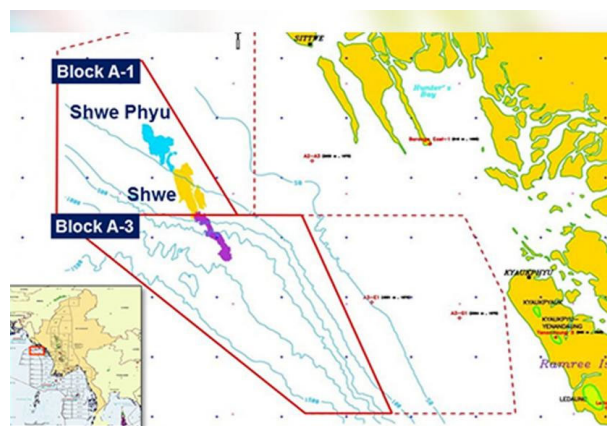
**France keen to invest more in Myanmar, says official**

After a pause of eight years, France is going to expand existing investments and make new ones in Myanmar. As French organizations have learnt there are many prospects in Myanmar, they are coming to invest in the country in sectors such as energy, railways, ports and others. Existing investments will be expanded and new ones will

also be made. The France-Myanmar business matching event was held at the UMFCCI office. The French business delegation included 20 representatives, including Alstom, CMA CGM, Michelin, Razel-Bec, Thales, and Bpifrance Financement, involved in industries such as energy, water and waste management, rail transportation, infrastructure, finance, manufacturing, beverages, shipping and logistics, and trading. French businesses are eager to find partners in Myanmar for economic development that will benefit both countries. Myanmar is at a stage in its development that offers huge opportunities for investments that will enhance trade and economic development. Eight years ago, France and Myanmar signed a memorandum of understanding to carry out economic cooperation between both countries. This is the second time a French delegation has visited the country since the signing of that agreement. Even as Myanmar is dealing with some internal issues, economic relations with other countries continues to develop. The French businesses represented in the delegation are particularly interested in the Thilawa Special Economic Zone. According to the Directorate of Investment and Company Administration, France ranks ninth out of Myanmar's top-50 trade partners, and trade volume between the two countries reached US\$551 million last year.

*Learnt From: Myanmar Times (Feb 05, 2020)*

**New gas field discovered in offshore Rakhine**



*Gas field in offshore Rakhine*

South Korean conglomerate Posco International Corporation has discovered a new gas field in Block A3 at the Shwe natural gas project located offshore Rakhine, Western part of Myanmar. The company confirmed that it had found a gas column of around 18 meters at its Mahar-1 exploration well after it began exploratory undersea drilling in Block A3 last month. The discovery was made more than 2,500 meters into the seabed and could yield about 38 million cubic feet of natural gas per day. Posco International was also quoted as saying that it plans to drill a couple of appraisal wells at the site from 2021 and development plans for the field will be established 2-3 years later. The Shwe natural gas project consists of Blocks A1 and A3. There are currently two existing gas fields - Shwe and Shwe Phyu - at A1. Up until Posco International's Mahar-1 discovery, there was only one gas field - Mya - in A3. Posco International has a 51 percent stake in the Shwe natural gas project, while Myanmar Oil and Gas Enterprise, KOGAS and Indian companies Oil and Natural Gas Corporation and Gail Limited hold the remaining 49pc. Shwe is a 35-year project with a remaining 29-year term. Commercial drillings have already started in A1, and will commence at the Mya gas field in A3 in 2025.

*Learnt From: Myanmar Times (Feb 17, 2020)*

### **Construction of Yangon expressway to start in August**

The Ministry of Construction (MOC) expects the first phase of construction of the Yangon Elevated Expressway (YEX) to commence by August. The MOC released a final request for proposal for the development of phase 1 under a Public Private Partnership (PPP) to ten prequalified bidders on February 4. The bid submission deadline is set on April 30. The MOC will select the winning bidder. Construction is expected to take about 3.5 years to complete. Since 2018, the government has been looking for suitable investors to develop the YEX, which is required to connect businesses and residential communities and reduce traffic congestion in the country's commercial hub help pave the way for more economic growth and

development. The ten companies that met the criteria to be considered as prequalified bidders are VINCI Highways from France, Team Korea Consortium, China Communications Construction Company, JFEE/Marubeni Consortium from Japan, BSSIC Consortium from Thailand, Japan, and Myanmar, CRIG-CDL Consortium from China, China Gezhouba Group/Great Genesis Gems Consortium, ITD-CSI JV from Thailand and China, Denso-CSECC Consortium from China and Myanmar and Power Construction Corporation of China. The winning bidder will be the one that proposes the lowest cost to implement the project. The winning developer should declare the total cost of the project to the Central Bank of Myanmar to avoid financial difficulties or issues. The project will consist of a four-lane elevated road of 47.5 kilometres that will link the south of Yangon, which includes Yangon Port and Thilawa Special Economic Zone, to the north side of the city, where the Yangon International Airport, Mingaladon Industrial Park and the Yangon-Mandalay Expressway are located. Phase one of the project will involve a 27.5 km four-lane ring road connecting east and west of Yangon, as well as the Yangon International Airport. The tendering of the second phase of the project is expected to commence later this year.

*Learnt From: Myanmar Times (Feb 17, 2020)*

### **Malaysian Firm to Build \$782 Million City Project**



*Yangon regional Chief Minister, U Phyto Min Thein, and a representative from BDS company in signing a concession agreement*

BDS Smart City Co., Ltd., a subsidiary of Malaysia's Berjaya Land Berhad, is set to build a \$782.72 million city project in Yangon's Dagon Seikkan

Township following the signing of a concession agreement with the Yangon Regional Government. The project, located on 184 acres of land at the corner of Shweli and Myananda roads, will be implemented in three phases over six to 10 years and will include affordable and high-end housing, shops, school, clinics and mixed-use developments. The company has earmarked \$182 million of its \$782.72 million capital for affordable housing development comprising 3,848 units with total floor area of over 242,000 square meters. In addition to this project, Dagon Seikkan Township will be home to the \$80 million Seamanea Yangon wholesale project.

*Learnt From: Myanmar Business Today (Feb 18, 2020)*

### **KB Kookmin Bank prepares to expand in Myanmar**



*Signing ceremony between Yangon Regional Government and KB Kookmin Bank*

KB Kookmin Bank, South Korea's largest bank, is preparing to acquire a corporate license permitting it to sell advanced financial products in Myanmar. The bank plans to introduce new financial instruments and services in retail banking, such as housing and SME finance, corporate finance, including trade finance and infrastructure finance, digital banking and personal banking services. KB will leverage on its cooperative ties with the Ministry of Construction and share its know-how in housing financial products and services. KB micro-financing unit, KB MFI, has provided micro-housing financial products for low-income householders for

the first time in Myanmar. KB is also No.1 in digital banking in Korea and they will digitize the funds dispatch process in Myanmar. The bank, which is also a top provider of syndicated loans in Korea, has agreed to cooperate with the Ministry of Planning, Finance and Industry to privatize state-owned enterprises and promote projects under Public Private Partnerships. In addition, KB plans to promote the Korea Myanmar Industrial Complex in Hlegu township, Yangon, to their numerous corporate clients in South Korea and draw them to do business in the industrial zone. Moreover, as the No. 1 bank of Small Office Home Office (SOHO) finance in Korea, KB will introduce advanced and diverse SOHO loan products and services for the purpose of providing financial support for SMEs. KB and Yangon region government signed a letter of intent to cooperate for the construction of 60,000 housing units for low-income householders. The bank is currently working on the provision of funds for the project. Going forward, KB will actively participate in the development of new towns in Yangon and will be involved in the provision of housing finance for Dala township. It is also planning to set up a housing subscription and real estate price information system.

*Learnt From: Myanmar Times (Feb 19, 2020)*

### **Industrial zone in Kyaukphyu SEZ to be built at \$30 billion**

An industrial zone project within the Kyaukphyu Special Economic Zone (SEZ) in Rakhine State will be developed for US\$30 billion. CITIC Consortium from China owns 51 percent of the industrial zone while the Myanmar government owns 49percent. The industrial zone will be developed on 2400 acres of land and a high-end housing project will also be constructed across 1235 acres. The Kyaukphyu SEZ, which is expected to consist of the industrial zone and a deep sea port, will be developed across 4300 acres of land in total. Development will be led by China's CITIC Consortium and a total of 42 private Myanmar companies under Myanmar Kyaukphyu Special Economic Zone Holding Public Company. Myanmar will hold a 30% stake in the SEZ, which

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will be developed in phases, while CITIC Consortium will invest 70%. Negotiations are now being held to start implementation of the first phase at \$1.3 billion. This follows a concession agreement and shareholders' agreement for the deep-sea port between the two countries during President Xi Jinping's visit to Nay Pyi Taw last month. Tenders will be called to carry out social and environmental assessments and geological surveys as part of the development process. Development of the Kyaukphyu port will enhance China's presence in the Indian Ocean, allowing its oil imports to bypass the Strait of Malacca. The SEZ is an important asset in the China-Myanmar Economic Corridor, which is part of China's Belt and Road Initiative, which spans several countries in Asia. It will also be an important connecting point for the high-speed Kunming-Muse-Mandalay-Kyaukphyu railway project.

*Learnt From: Myanmar Times (Feb 20, 2020)*

### **China keen to invest in Dawei SEZ**



*Part of the new road that will connect Dawei to the Thai border in Tanintharyi Region*

A state-owned Chinese firm has expressed interest to invest in the planned Dawei Special Economic Zone (SEZ) in Tanintharyi Region. The Myanmar government has given that talks to develop the SEZ with Italian-Thai Development Company Ltd (ITD) as well as the Thai and Japanese governments are at advanced stages. However, analysts aren't ruling out the possibility. Dawei SEZ has taken a long time to take shape and isn't going as planned. As there

is no fund to implement it, if the current investors cannot develop the project effectively, then Chinese companies are the only option. The government will complete negotiations with the ITD first. If they cannot agree to the terms of the project, the contract could be canceled when it expires. The Chinese are expected to reap strategic benefits if they win Dawei SEZ because they are already developing the Kyauk Phyu SEZ in Rakhine State. China is building a bullet train route from Kunming, China to Bangkok in Thailand. If they can connect that route to Dawei SEZ, it will be a great achievement for China. Meanwhile, the Myanmar government will increase pressure on ITD as well as the Japan and Thai governments to kick start development at the Dawei SEZ. ITD has also been given until March 27 to reply to a final draft Land Lease Agreement prepared by the government. Subsequently, ITD will be given a period of five years to develop nine projects across 700 hectares of land at the SEZ. The Thai government has agreed to provide a loan to complete construction of a two-lane highway connecting Dawei SEZ to the Myanmar-Thailand border. Construction on the 138-kilometre road actually began in 2018. Although Myanmar and Thailand have signed a government level agreement to develop the SEZ, the Japanese, which agreed to participate at the end of last year, have yet to commit and have so far conducted a ground study. The Dawei SEZ project was first announced in 2008 but failed to start when ITD ran short of funds. The project has also been delayed due to the lack of suitable infrastructure as well as social and environmental issues relating to the location of the SEZ. When it is completed, the SEZ is expected to link the southern part of the Greater Mekong region, which includes Bangkok, Phnom Penh and Hanoi.

*Learnt From: Myanmar Times (Feb 20, 2020)*