

What's Happening in Myanmar Market & Valuation **Vol. 57 - September 2021 -**

German food wholesaler Metro to end its operation in Myanmar

ドイツ資本の食料品ホールセラー、メトロ社は、10 月末までにミャンマーでの営業を終了すると発表した。2 月のクーデター以降外資系企業の撤退が続いている。

Learnt from: Myanmar Now (September 2, 2021)

Registered companies halved compared to the same period of the previous year

2021 年 1 月から 8 月の間の、オンライン法人登記システムを利用した法人登記は前年同期比 55%の減少となった。

Learnt from: NNA Asia (September 9, 2021)

Hong Kong power generation company to withdraw from Myanmar businesses

香港の発電大手 V・パワー社はミャンマーでの事業契約を延長しないと発表した。同社は国内 9 箇所発電事業を行っていた。

Learnt from: NNA Asia (September 11, 2021)

Almost half of Yangon's hotels have closed amid collapse of tourism industry

ヤンゴン市内の約半分のホテルが営業を停止している。観光産業がほぼ崩壊していることによるものであり、登録されている 483 のホテルのうち 225 ホテルが営業を停止した。

Learnt from: Myanmar Now (September 16, 2021)

Many factories closed in Thilawa Industrial Zone

ティラワ経済特区では計 122 の工場が稼働していたが、ティラワ経済特区モニタリンググループによれば、うち 90%が稼働を一時的に停止しているとのことだ。

Learnt from: Myanmar Now (September 17, 2021)

Agreement moves Myanmar's Kyaukphyu Port Project a step forward

チャウピュー経済特区における深海港開発の事前調査に係る契約が締結された。同プロジェクトは中国の一带一路政策の一部を為しており、契約締結はプロジェクトにとって大きな一歩となる。

Learnt from: The Irrawaddy (September 20, 2021)

Asian Development Outlook 2021- Myanmar

ミャンマーの 2021 年 GDP は 18.4%収縮し、インフレ率は 6.2%と予想されている。なお、2022 年については、現下における不確実性の高い状況を踏まえ、公的な予測は公表されていない。

Learnt from: Asian Development Outlook 2021 (September, 2021)

German food wholesaler Metro to end its operation in Myanmar



Metro Wholesale.

The German food wholesale company Metro will shutter its operations in Myanmar by the end of October, making it the latest multinational firm to flee the country since February's coup. The economic framework and prospects for Metro's professional customers have been hampered by the Covid-19 restrictions and have further deteriorated since early 2021. This means that the conditions for a growing and profitable food wholesale business in the country are severely compromised. The exit means 131 employees will lose their jobs. Metro launched in Myanmar in 2019 and serves 7,500 business customers, from hotels and restaurants to catering services and shops. It operates a 5,900 square meter warehouse in the Thilawa industrial zone near Yangon. The company's Myanmar subsidiary, a joint venture with Yoma Strategic Holdings, received a \$20 millions loan from the International Finance Corporation in 2019 to help it source produce from local farmers.

Learnt from: Myanmar Now (September 2, 2021)

Registered companies halved compared to the same period of the previous year

The number of corporations registered through the online company registration system "MyCO" in Myanmar from January to August was 4,232, a decrease of 55% from the same period of the previous year. According to the Directorate of Investment and Company Management (DICA),

the number of registrations in January was 1,373, but it was decreased since February. The number of registrations in the same period of the previous year was 9,389. According to a DICA report, as of September 2008, more than 16,000 companies had been suspended due to non-submission of Annual Reports(AR). Of these, 200 companies were deregistered by July this year because they did not take relief procedures such as submitting AR or paying fines.

Learnt from: NNA Asia (September 9, 2021)

Hong Kong power generation company to withdraw from Myanmar businesses

Hong Kong power generation company V Power won an international bid for power generation business in Myanmar in 2019 and has operated nine power plants in the country. As it matures in March and June this year, the company announced that it will not extend its Myanmar business contract. Myanmar's Ministry of Electricity and Energy is continuing discussions with the company, but has not disclosed the specific details. After the army took full control in February, the domestic turmoil has not subsided, banking operations have been hindered by cash shortages, and payments to power supply companies have been delayed.

Learnt from: NNA Asia (September 11, 2021)

Almost half of Yangon's hotels have closed amid collapse of tourism industry



The Sedona Hotel remains open to current guests but has stopped receiving new guests and suspended meal services.

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Almost half of Yangon's hotels have shut down amid a near total collapse of Myanmar's tourism industry. The devastation to the industry has been caused by the combined impact of the Covid-19 pandemic and the military's coup. Of the 483 hotels registered in the former capital, 225 have now ceased operations. Tourism businesses in many parts of the world are looking tentatively towards a recovery amid vaccine rollouts, while Thailand and Vietnam have announced pilot programs to welcome vaccinated travelers. But the instability and nationwide conflict sparked by the coup has extinguished hopes that Myanmar will be able to follow in the footsteps of its regional neighbors. Almost half of the hotels had to take a break as the operation costs were high and there were no guests. Those hotels that have remained open have done so by downsizing and slashing costs while providing quarantine services for people returning to Myanmar on relief flights. Of the roughly 3,000 tour operators based in Yangon, all but seven have shut down their businesses.

Learnt from: Myanmar Now (September 16, 2021)

Many factories closed in Thilawa Industrial Zone



People working on the roof of a building in Thilawa Industrial Zone.

Thilawa Special Economic Zone, located in Thanlyin Township, Yangon, had 122 commercially operating plants, and more than 90 percent of them could be temporarily closed according to the Thilawa SEZ Monitoring Group.

Factories have been temporarily closed since the first wave of COVID-19 pandemic, but the number has increased since February 1. Due to the difficulty of importing raw materials and the security situation, the factories are close. However, it is not possible to close them completely because they are well-invested businesses. The exact number of factories closed is unknown, but in February, after the coup, the Japanese Suzuki plant in Thilawa was shut down and plans to reopen the prestigious Toyota plant were postponed. Myanmar Thilawa SEZ Public Company (MTSH) is generating \$ 1.6 billion in revenue from the Thilawa SEZ in the first half of the 2020-21 fiscal year, down from the previous year. However, land sales in Thilawa have slowed in the past six months and are likely to decline in the next six months according to the company's financial statement.

Learnt from: Myanmar Now (September 17, 2021)

Agreement moves Myanmar's Kyaukphyu Port Project a step forward



A crude tanker docks at Madaya Island in Kyaukphyu in 2019.

An agreement to conduct preliminary field investigation work for the Kyaukphyu Special Economic Zone (SEZ) Deep Sea Port Project has been signed, signaling another step forward for the project, which forms part of China's Belt and Road Initiative (BRI) plans in Myanmar. The project's main developer, China International Trust and Investment Corporation Group (CITIC), announced that CITIC Consortium Myanmar Port Investment Limited, as the client, had signed with

the successful bidder, a consortium composed by CITIC Construction and CCCC FHDI, a subsidiary of China Communication Construction Company, to conduct consultancy services and preliminary field investigation work in Rakhine State in western Myanmar, where the project is located. The agreement was made on September 15 in Beijing. The Kyaukphyu SEZ is a backbone project under the China-Myanmar Economic Corridor (CMEC), which is itself a part of China's ambitious BRI. The project also includes plans to construct an industrial zone with facilities for textile and garment manufacturing, construction materials processing, food processing, pharmaceuticals, electronics, marine supplies and services, and research. The entire project is planned to cover 4,300 acres (1,740 hectares). The initial agreement called for a project worth US\$9-10 billion, but the two sides have since agreed that the project will start out on a "small or medium-sized" scale. Under the previous government the first phase of the deep-sea port was implemented with a US\$1.5-billion budget.

Learnt from: The Irrawaddy (September 20, 2021)

Asian Development Outlook 2021- Myanmar

	2020	2021		2022	
		ADO 2021	Update	ADO 2021	Update
GDP growth	3.3	-9.8	-18.4
Inflation	5.7	6.2	6.2
CAB/GDP	-2.6	-4.4	-1.5

ADO = Asian Development Outlook, CAB = current account balance, GDP = gross domestic product.
 Note: Because of the uncertain situation in Myanmar, no forecasts are provided for fiscal year 2022, ending 30 September of that year.
 Source: Asian Development Bank estimates.

Source: ADO- Selected economic indicator in Myanmar (%).

The update forecasts a contraction in the economy in fiscal year 2021(FY 2021, ending 30 September 2021) that is nearly double the contraction projected in ADO 2021. Agriculture production was dampened by lower farm-gate prices, higher prices of key inputs, such as fertilizers and pesticides, limited access to finance, and reduced cross-border trade. Agriculture is estimated to have grown by 0.8 % in FY 2021,

lower than the forecast of 1.9% in April. Industry output and employment have declined since the first quarter of FY 2021 due to the political turmoil in the country. Measures taken to contain COVID-19 infections and weaker demand caused factory closures. Industry output is forecast declining 20.9% this fiscal year compared with 10.8% decline projected in ADO 2021. COVID-19 mobility restrictions and political turmoil disrupted activity in services. Output in this area is forecast declining by 26.4% compared with an earlier forecast of a 15.1% drop. The dollar value of merchandise exports contracted by 15.8% in the first 10 months of FY2021 due mainly to sharp declines in exports of livestock, minerals, and manufactured goods. Delays in approving and implementing investment projects, and contractions in manufacturing industries, caused merchandise imports to decline sharply by 24.8% in the first 10 months of FY2021. Because of this, the current account deficit for the full fiscal year is likely to be narrower at equivalent to 1.5% of GDP, lower than the 4.4% deficit forecast in ADO 2021. Inflation in the first 7 months of FY2021 accelerated to 4.0% , despite slowing aggregate demand. The uptick in prices for fuel and other essential commodities is expected to keep the average inflation rate for the full fiscal year at about ADO 2021's forecast 6.2%. Myanmar's exchange rate has been highly volatile, with the Kyat depreciating by 19.4% against the US dollar between July 2020 and July 2021. Weaker capital inflows and subdued demand will continue to put pressure on the kyat. Foreign direct investment declined by 54% in the first half of FY2021. This Update projects a higher fiscal deficit in FY 2021, equivalent to 6.0% of GDP from the earlier projection of 5.2%. Although significant cuts in public services will result in lower expenditure, declines in revenue collection will be steeper than earlier forecast. Risks to these forecasts are tilted to the downside, with political uncertainties and the effects of the pandemic continuing to weigh heavily on the economy.

Learnt from: ADO 2021 (September , 2021)