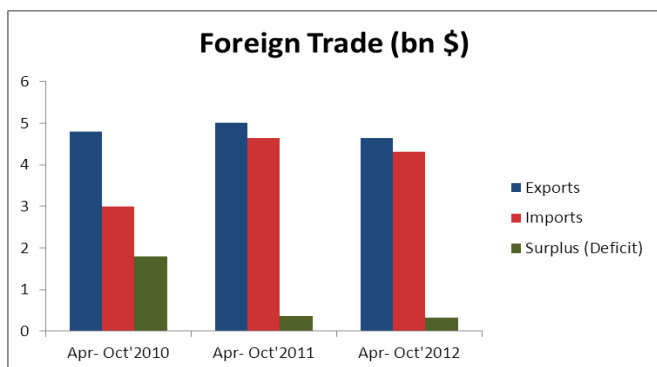


Thura NewsViews

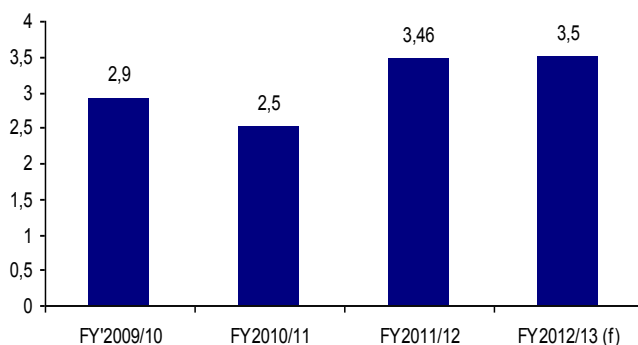
Economy

- Foreign trade in Myanmar continues to feel the effect of decreased demand for jade from China – exports amounted to \$4.64bn in April – October 2012 which is 7.2% less y-o-y. Imports also declined slightly from \$4.6bn to \$4.32 bn. Trade surplus amounted to \$0.32bn in the first seven months of FY2011/12. Despite the somewhat sluggish trend in foreign trade, Myanmar can soon regain export markets that had been closed to it due to sanctions – the USA is in the beginning of lifting the import ban on the country. This will present opportunities for some export sectors such as the garment industry in Myanmar.



- The government of Myanmar expects to earn over \$3.5bn from sale of natural gas in FY2012/13. This will be a slight increase as compared to \$3.46bn earned from export of this commodity in FY2011/2012. Myanmar has already exported \$1.7bn of natural gas in the first half of FY2012/2013.

revenue from export of natural gas, billion dollars



Thura Swiss Ltd.
Economic Research
Shwe Hinthar B 307
6 1/2 Miles Pyay Road
11 Qtr. Hlaing Tsp.
Yangon, Myanmar

Phone +95 (0)1 654 730
Fax +95 (0)1 654 733
info@thuraswiss.com
www.thuraswiss.com

Subscription at:

www.thuraswiss.com/news/ newsletter

October highlights

A delegation of the EU Timber Trade Federation is coming to Myanmar

Myanmar in figures

- GDP (PPP)- \$82.72bn (2011)
- GDP growth rate—6.7% (FY2012-13 proj.)
- Population—58.4mn people (2009)
- Inflation—8.9% (2011)
- Foreign trade—\$18bn (FY2011-12)
- FDI- \$40.42bn (2011)
- International reserves—\$7bn (July 2012)
- Kyat/\$ = K851/1\$ (CBM 25/10/12)

Banking & Finance

- Myanmar's Ministry of Finance and Revenue has denied news released earlier that an investment bank with foreign ties has started operating in the country calling its activity illegal due to absence of license. Deputy Finance Minister Maung Maung Thein did not mention any particular companies but he was probably referring to Mandalay Capital that has claimed to be Myanmar's first investment bank and to have raised \$25m. Mandalay Capital was established by Uzbek businessman Alisher Ali with \$1m of his own capital.

Deputy Finance Minister accused the companies he was referring to of falsely claiming to have government permission to conduct business in the financial sector and advertising themselves in the media and internet as investment banks adding that they allegedly invited the public to invest through them. "No foreign institution has yet been given license to operate in Myanmar", he stated.

In accordance with the Myanmar Monetary Organizations Law, the penalty for conducting financial operations without proper license varies from just about 50,000 kyat (about \$60) to a five-year term of imprisonment or both. Maung Maung Thein warned the public of investing in such imposter companies reminding it of a 2003 banking crisis that started with the bust of financial pyramids which lured people with high yields.

This is already the second time within one month that authorities step in to prevent the history from repeating itself. The first time was when the Central Bank of Myanmar (CBM) came to the support of Kanbawza bank that experienced higher than usual withdrawals of cash from accounts by clients following rumours of alleged imprisonment of its CEO. This may mean that CBM has learned its lesson of acting quickly in a pre-crisis situation.

- Western Union, the leading global money transfer agency, will begin operating in Myanmar starting in November 2012. Its first local partners will be Cooperative Bank and Myanmar Oriental Bank. The reason behind the initially small number of partners is the need to choose them carefully because some banks in Myanmar are still subject to financial sanctions imposed by the US government. Western Union may be a good option of money transfers to tourists if they run out of cash. Labour migrants from Myanmar use the unofficial hundi system for remittances. At the same time, some private banks in the country have signed agreements with foreign banks on providing money transfer services to clients. More international banking services will be available soon in Myanmar as Visa, MasterCard, China Union Pay and Japan Credit Bureau were issued licenses to operate in the country by the Ministry of Finance on 19 October 2012. MasterCard has already entered into license agreement with Myanmar's Cooperative Bank while Visa has signed similar contracts with the latter as well as Kanbawza Bank and Myanmar Oriental Bank. Now everything will depend on the technical aspect of launching the international payment card services. Myanmar Post and Telecommunication (MPT) and Myanmar Information Technology are in charge of the latter.

Government & Legislation

- In a move to make the investment environment in Myanmar more attractive, the authorities of the country hope to enact the law on condominiums in 2013. The bill was reviewed in parliament in late 2011. One of the most important provisions of the law will be to allow foreign ownership in condominiums similar to the situation in Thailand. The bill will also regulate issues related to development of condominiums, transfer, ownership, quality control, partial land ownership and acquisition of bank loans for construction and purchase of units inside condos. The enactment of the law will hopefully help raise the standards in developing and maintaining condos in Myanmar. Currently condos in the country differ from apartment buildings only by the availability of an elevator.
- The government of Myanmar has developed a program according to which a million of new apartment units will be constructed in the country in the span of 15 years. A total of 350,000 units will be constructed in the first five years, the Ministry of Construction reports. These are audacious targets considering that only 240,594 units were launched in the past 23 years from 1989 to 2012. Most of the projected apartment buildings will be

constructed in Yangon where about 10% of population of the country is concentrated. Urban population in the country has grown to 32.6% raising the demand for affordable housing inside cities. At the same time, due to scarce supply and real estate being almost the only outlet for investment, prices for housing have soared, especially in Yangon. Increasing supply and developing the accompanying infrastructure will help balance the market.

- The authorities in Myanmar are drafting a law on electricity with the help of the Asian Development Bank, Electrical Power Minister Khin Maung Soe has said. The new legislation will help the country meet the increased internal demand for power. Private investors, including foreign ones, have been allowed to operate in power production while the modernization of the sector including upgrading distribution networks, extending them to new regions that are now left in the dark and building new power plants requires \$70bn.
- The government of Myanmar plans to introduce a permanent resident (PR) status to former Myanmar citizens and some foreigners who have or will make significant contributions to the country's development, Soe Thein, the President Office's minister, has said. Foreign investors, professors and other expats participating in the country's evolution are the most likely candidates for the PR status. At the same time, the "permanent" residence is guaranteed for 3 to 5 years after which the person has to reapply for it. The program will be launched within a few months, Soe Thein added in an interview to Irrawady News. This is done to attract representatives of Myanmar diaspora abroad who had to give up their nationality at birth in accordance with the 1982 Citizenship Law that prohibits dual citizenship. At the same time, three to five years may be better termed as temporary residence. Although the authorities in Myanmar are somewhat relaxing visa procedures, the latter still remain complicated especially for longer term stays.

Foreign Aid

- A Japanese philanthropic organization, The Nippon Foundation, will provide \$3m worth of humanitarian aid to Myanmar's armed ethnic minorities. The aid in the form of food and medical supplies will become available to 11 ethnic minority groups that make up the United Nationalities Federal Council (UNFC) in the Southeast Asian Nation through the joint effort of the foundation, the Japanese and Myanmar governments. One of the groups is the Kachin Independence Organization that is still fighting with the authorities in the country. The Nippon Foundation met with representatives of the UNFC in Tokyo on October 18. The Council has not yet been recognized by the Myanmar government. At the same time, the aid provided to minority groups may help promote the peace process in the country. Most of the ethnic groups have reached ceasefire agreements with the government; however, this is only the first step towards sustainable peace and many people are still cut off from supplies of basic goods. "The peace process is vital to Myanmar's democratization", Japanese Foreign Ministry spokesman Masaru Sato has said. It will also help make the investment environment in the Southeast Asian Nation more stable.
- The USA has also pledged to provide \$2.73m to help people that have become homeless through another violent interethnic conflict that is taking place in the Rakhine State in western Myanmar. The aid was recently announced by the US ambassador to the country Derek Mitchell. Most of the aid, or \$2m, will go through the UN High Commissioner for Refugees (UNHCR) programme while the remaining \$0.73m will be managed by the UN Children's Fund (UNICEF) in the country. Both Buddhist and Muslim, so called Bengali, communities, the two sides to the conflict, will receive aid without discrimination, Mitchell assured the public. UNHCR will build temporary shelters in refugee camps in Sittwe, the capital of the Rakhine state, and Maungdaw while UNICEF will provide water and ensure that sanitation and hygiene needs of displaced people are met.

Tenders

Department of Civil Aviation under the Ministry of Transport of Myanmar is inviting applications from local and foreign companies for the pre-qualification stage of a tender for the development of the Yangon International Airport. Companies need to submit a master plan for development of the airport, expansion of terminal buildings, airside and landside operations and other airport services. Pre-qualification documents can be obtained from the Department of Civil Aviation for a payment of a \$1000 non-refundable fee to Current Account No MD 010019, Myanma Economic Bank by means of bank transfer through Myanmar Foreign Trade Bank. Applications are required to be submitted before 1500 hrs on 5 December 2012. Successful pre-qualified firms will be invited to bid in the second round of the tender in January 2013. For further information, please contact Deputy Director General, Department of Civil Aviation by phone: 95-1-533001/533013.