

Thura NewsViews

Politics

Agreement backs both baht and kyat for border trade

Thailand and Myanmar signed a memorandum of understanding (MOU) supporting the use of both nations' currencies for border trade. The October 21 announcement came just nine days before the opening of the second Thai-Myanmar Friendship Bridge, which is expected to greatly boost the flow of goods between the two countries.

The agreement was signed by U Kyaw Kyaw Maung, Governor of the Central Bank of Myanmar, and Veerathai Santiprabhob, from the Bank of Thailand. Although the details have yet to be finalized, the agreement seeks to facilitate the use of both currencies for border transactions. Cash transactions are typically conducted in local currencies, but most bank transfers are still made in USD, according to the Myanmar Times.

Thailand is second only to China in cross border trade with Myanmar, with a combined total of USD 3.8 billion on land trade volumes. But the actual amount may be much higher: Vast quantities of smuggled goods move through unofficial crossings controlled by armed ethnic groups who offer easier and cheaper passage. Promoting the official use of local currencies is one of many attempt to entice traders to choose legitimate channels over smuggling.

A new bridge linking the border town of Myawaddy with Mae Sot, its Thai counterpart, also aims to boost legal trade. "Myanmar should try to fulfill the

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

This Week's Highlights

New nationwide poll shows perception that Myanmar is heading in the right direction, however concerns over illicit drug use, cost of living, and crime remain.

Union Minister voiced optimism for FDI in the offshore oil and gas sector in 2020 thanks to the production kick off as well as new proposals for exploration and production.

We are online and post our articles throughout the week. Visit us on:

newsviews.thuraswiss.com

THURA SWISS



Thura NewsViews

Myanmar's most widely read newsletter on the country's politics, economy and businesses brought to you by Thura Swiss

Visit Thura Swiss Homepage

Companies & Investments

Economy

Politics

Legal Box

We send Thura NewsViews as free weekly newsletter * indicates required

Email Address *

Subscribe

Search ...



Companies & Investments

Hot news regarding investments in Myanmar



Yoma Strategic to invest in renewable power

Oct 17, 2019

One of Myanmar's biggest corporations is investing in renewable energy. Yoma Strategic Holding



Hong Kong company wins emergency power tenders

Oct 12, 2019

Hong Kong company VPower Group (VP), working with Myanmar's Zeya & Associates, has been aw

Upcoming Events

Formosa Exhibition
October 26, 2019

Myanmar Textile Summit
October 30, 2019 - October 31, 2019

MyanFurniture
October 31, 2019 - November 2, 2019

International Conference on Mechanical and Aeronautics Engineering
November 1, 2019 - November 2, 2019

International Conference on Sustainable Water Management
November 1, 2019 - November 2, 2019

More Events

Submit Event

Highlights

needs of people in border areas such as water, power and infrastructure. If the procedures for commerce become simpler and clearer, legal trade between two countries will grow,” Khun Pakainay, former Thai Minister Counsellor for Commercial Affairs to Myanmar, told the Myanmar Times.

■ **Watchdog urges more transparency in oil, gas and mining industries**

Oil, gas and mining watchdog Extractive Industries Transparency Initiative (EITI) said Myanmar needs more transparency and policy reform.

In an October 16 report, EITI praised the government for “meaningful progress” in data reporting and fostering public debate. “The Board congratulates Myanmar for the unprecedented disclosures of extractives data in a country with a nascent democratic process and recent history of economic liberalisation,” it said.

However, the report also called for improved transparency surrounding license allocations, the activities of state-owned enterprises and gemstone production figures. EITI gave Myanmar an April, 2021, deadline to implement reforms in a number of key areas. Failure to meet the deadline would result in “suspension in accordance with the EITI Standard,” the report concluded.

Oil, gas and mining are some of Myanmar’s most lucrative industries as well as its most controversial. Allegations of exploitation and abuse of workers plagued those sectors for decades, particularly in jade mining. These industries also carry a reputation of corruption, with politicians awarding licenses to crony capitalists in exchange for kickbacks and favors. Furthermore, state-owned enterprises – many of them affiliated with the military – account for a big portion of the revenue for those industries. The United Nations has recently called for a boycott of all military-linked business in Myanmar.

Thus, winning the approval of a watchdog like EITI could be a much-needed political win for the government. And despite the criticisms, EITI claimed it considered “the complexity of the extractive sector in the country and the good faith efforts undertaken by Myanmar” when drafting the report, and expressed optimism in the government’s ability to achieve successful reform.

Economy

■ **Inflation reaches 8 percent**

Myanmar’s inflation levels reached 8.53 percent in August, up from 6.94 percent at the beginning of the year, according to Myanmar’s Central Statistical Organization. According to official figures, the average inflation rate for the previous fiscal year was only 4.81 percent. The World Bank forecast inflation to continue to rise at one of the highest rates in Southeast Asia. Experts interviewed by the Myanmar Times blamed higher commodities prices on the inflation spike, especially for electricity. Other products with rising prices include oil, meat and fish. Rice, too, was unusually expensive this year due to destructive monsoon flooding in Myanmar’s prime growing areas. Finally, ongoing fighting in Shan State has affected border trade with China, further driving prices higher on imported goods.

Myanmar in Figures

GDP (PPP): \$330.88bn (2017)

GDP (official ex.rate): \$59.5bn (Jan 2018)

GDP growth rate: 6.2% (2018)

Population: 54.22 mn people (Apr 2019)

Inflation: 7.1% (2018)

Foreign trade: \$35.9bn (2017-2018)

FDI: \$80.9bn (30/06/2019)

International reserves: \$5.2bn (Jan 2018)

CBM rate Kyat/\$ = 1,533K/1\$ (24/10/19)

**For advertising with
Thura Swiss please
contact us by email**

info@thuraswiss.com

or by phone

+95 (0)1-654 730

Please note that our advertisement contracts are based on a subscription of a minimum of 4 weeks.

Depreciation of the Myanmar Kyat has risen throughout 2018 and 2019, with the currency currently hovering around 1500 to 1550 MMK to one USD. However the recent rise in electricity tariffs may be the latest, and greatest, cause of the inflation. In July, the price of power more than doubled for many households, which has indirectly driven up the price of many goods and services. Experts and media generally praised the tariff hike, which could save the government up to USD 500 million per year in power subsidies.

The National League for Democracy (NLD) government has defended the new electricity prices despite their impact on the economy. Speaking to the Myanmar Times, U Aung Ko Ko, an economic adviser for the NLD, said: "The fact that the electricity rates were increased is much better for the country compared to providing the electricity at a loss...We need to look at the long-term benefits although there can be certain challenges such as high inflation in the short term. We would see even better results if business owners don't take advantage of the situation by increasing product prices."

■ **Myanmar economy may expand as high as 7.1%**

Myanmar's economy has been growing and will continue to grow, says a report by the ASEAN+3 Macroeconomic Research Office (AMRO).

The economy expanded by 6.8 percent in the 2018-2019 fiscal year, the report said, up from 6.5 percent in the previous year. That number could increase to 7.1 percent as Myanmar experiences "improving business sentiments, strong growth in garment and other manufacturing products, an expansion of tourism-related services, and stronger fiscal spending," the report reads.

Nevertheless, AMRO's forecast is somewhat more optimistic than other economic authorities, the Myanmar Times pointed out. The International Monetary Fund, for example, predicted only 6.6 percent growth in 2019-2020. Even AMRO, despite its overall optimism, highlighted a number of risks to Myanmar's economic development. "The protracted ethnic tensions in Rakhine State are expected to continue to have a dampening effect on investor sentiment, in particular, of western investors. The banking system remains weak and is still transitioning to a more stringent banking regulatory framework under Basel II," according to a summary of the report on the AMRO web site.

Indeed, the ongoing human rights crisis on Myanmar's western border recently led the United Nations to call for a boycott of Myanmar's myriad military-linked businesses. Soon after, renewed fighting in the north stalled border trade with China. Worse still, recent rumors of an unpaid debt crisis drove many people to empty their bank accounts and invest in gold and other assets.

Nevertheless, this year Myanmar's economic successes seem to have outweighed the setbacks. These include heavy investments in infrastructure, continued development of special economic zones and foreign investment in manufacturing. 2019 has also seen significant policy reforms, such as a long-overdue increase in electricity prices and a de facto tax amnesty for previously undeclared assets.

Companies and Investments

■ **Starbucks postpones Myanmar entry**

Starbucks's long-anticipated entry into the Myanmar market has been postponed once again. The coffee giant announced that it has extended its investment preparation period as it reconsiders opening its first cafes in the country.

Starbucks has been plotting a Myanmar entry since 2013, and in 2018, the company (operating under the name "Cof-fee Concept Myanmar Com-pany") was granted Myanmar Investment Commission approval to open 20 locations with a USD 6 million investment. But the fate of the enterprise has yet to be decided, said U Thant Sin, Director General of the Directorate of Investment and Company Administration. "They have extended their preparation period because they are weighing the decision to enter Myanmar. If they decide not to invest in Myanmar, they will be required to return the investment permit," Myanmar Business Today quoted him as saying.

Several major food and beverage brands have courted Myanmar since the lifting of economic sanctions. Coca Cola and KFC were early success stories, quickly becoming staples in Yangon, Mandalay and Nay Pyi Taw. Pizza Hut and Krispy Kreme soon followed. In coffee and tea, Australian coffee chain Gloria Jeans has established itself in Yangon, along with Taiwanese bubble tea chain Tealand. However, recent alleged human rights abuses have caused many international brands to shy away from the country. Indeed, many analysts suspect Myanmar's damaged reputation to be behind Starbucks's hesitation. If the company does abandon its investment plans, it won't be the first: Major companies such as insurer Samsung Life and London firm Bryan Cave Leighton have abandoned the Myanmar market, and this month London-listed Myanmar Investments International announced that it will follow suit.

Starbucks currently has more than 30,000 locations worldwide. China has the highest number outside the United States with 3600 stores, and Myanmar neighbor Thailand has 264 locations.

■ **KBZ app sees USD 1.8 million in transfers**

KBZPay, the new digital payment platform from Kanbawza Bank (KBZ), is off to a strong start with over USD 1.8 million in transfers, the company said.

The app-based service, which launched in October 2018, allows people to hold funds and make instant transfers to other users. To cash out, the app generates a security code that allows users to withdraw funds at any KBZ ATM machine. "In their first year, KBZPay has enabled free money transfers via Peer-2-Peer (P2P) transactions for 1 in 10 Myanmar adults," Myanmar Business Today quoted KBZ CEO Mike DeNoma as saying.

Since its launch, KBZPay has drawn more than 3.5 million users and more than 230,000 partner merchants, according to a report by Myanmar Business Today. The service's success is not limited to Myanmar's major cities. KBZ claims one in three KBZPay users are from outside Yangon, Mandalay and Shan State.

The success of KBZPay comes amid an awkward stage for Myanmar's "fin-tech" industry. Digital platform Red Dot, much celebrated when it entered Yangon in 2015, shut down early this year. KBZ isn't the only Myanmar bank pushing a new e-wallet service. Yoma Bank's SMART and CB Bank's iBanking platforms are also vying for users. Which of these platforms will emerge as clear, legitimate leaders, akin to foreign giants like Venmo and PayPal, remains to be seen.

Events

Name	Details	Organizer/Ministries	Contact Information
Myanmar Textile Summit	Venue: Yangon Date: 30-31 Oct 2019	ECV International	marketing@ecvinternational.com +86-2156-797705
MyanFurniture	Venue: Tatmadaw Hall, Yangon Date: 31 Oct-2 Nov 2019	AMB Tarsus Exhibitions Sdn Bhd	darren@ambtarsus.com +959-31496493
International Conference on Mechanical and Aeronautics Engineering	Venue: Mandalay Date: 1-2 Nov 2019	SciencePlus	papers.scienceplus@gmail.com +91 8763630137
International Conference on Sustainable Water Management	Venue: Mandalay Date: 1-2 Nov 2019	SciencePlus	papers.scienceplus@gmail.com +91 8763630137
International Conference on Wireless Communications and Sensor Networks	Venue: Mandalay Date: 1-2 Nov 2019	SciencePlus	papers.scienceplus@gmail.com +91 8763630137
Myanmar Plas Print Pack	Venue: Yangon Convention Center, Yangon Date: 1-4 Nov 2019	Chan Chao Int'l Co., Ltd.	overseas@chanchao.com.tw +886-2-2659-6000
Oil & Gas Myanmar	Venue: Novotel Yangon Max, Yangon Date: 6-7 Nov 2019	Fireworks Myanmar	myanmar@asiafireworks.com +95-9-2501-75661
Myanmex Myanmar Marine Expo	Venue: Yangon Convention Center, Yangon Date: 7-8 Nov 2019	Fireworks Myanmar	myanmar@asiafireworks.com +95-9-2501-75661
ASEAN LPG Forum Series LPG Myanmar	Venue: Sedona Hotel, Yangon Date: 13-15 Nov 2019	Gas Academy	info@gasacademy.com.sg +65-6742-2485
Asia IoT Business Platform	Venue: Sedona Hotel, Yangon Date: 21-22 Nov 2019	Industry Platform Pte Ltd	irza@industry-platform.com +65-6733-1107
Myanbuild	Venue: Tatmadaw Hall, Yangon Date: 28-30 Nov 2019	AMB Tarsus Exhibitions Sdn Bhd	support@ambtarsus.com (603) 2692 6888

Tenders

■ Ministry of Agriculture, Livestock and Irrigation: Invitation for Price Quotations

1. The Republic of the Union of Myanmar has received financing from the International Development Association (IDA) towards the cost of the **National Community Driven Development Project (NCDDP)**. The IDA number of the financing agreement is no. 56870. The Department of Rural Development (DRD) of the Ministry of Agriculture, Livestock and Irrigation, in its role as implementing agency of the NCDDP, intends to apply a portion of the proceeds of this financing towards eligible payments under the Purchase Order/ Contract for the following packages. DRD now invites eligible suppliers to express their interest in supplying the following items:

Reference No.	Lot	Description	Unit	Quantity
G - 130	1	Maintenance and Repair Service for the NCDDP Fleet of HONDA 125 cc, total number 417 motorcycles in use over the country	Service Point	50
	2	Maintenance and Repair Service for the NCDDP Fleet of TVS NEO 110 cc, total number 2888 motorcycles in use over the country	Service Point	75
G - 146	1	Life Jackets for replacement	Nos	300
G - 147	1	Supply of Medical Kits (Small size)	Sets	3,478
	2	Supply of Medical Kits (Larger size)	Sets	2,523

2. Expression of Interest on Quotation must be submitted in a written form of the email address below and clearly indicate the reference number above. The invitation to quote will be distribute on the needs of DRD. Eligible suppliers having expressed interest will receive an Invitation To Quote (ITQ). Sealed quotations will be submitted to the address by corresponding **date and time stated in respective ITQ**, after which no quotation will be accepted.
3. The goods will be contracted in lot-by-lot basis. Suppliers will be selected following the shopping method as per the World Bank's Procurement Guidelines.
4. The expression of interest for receiving the invitation to quote must be submitted to
Mrs. Nyo Nyo Win, Project Director, NCDD Project Secretariat, Department of Rural Development
Office: Building No. (36), Nay Pyi Taw
Telephone: +95-67-418604.
5. Further information can be obtained from
U Kyaw Swa Aung, Director, Procurement and Logistic Section
Telephone: +95-9-43434333, +95-67-418637
Email: procurement@ncddpmyanmar.org
6. Please indicate your email address as only electronic copies of the ITQ will be sent as well as introduce your company name and contact number to communicate with you. More information can be seen by visiting its website www.cdd.drdmyanmar.org.

■ **Ministry of Electricity and Energy: Open Tender**

1. Myanmar Oil and Gas Enterprise under the Ministry of Electricity and Energy invites open tender for supply of the following respective items in MMK.

Sr. No.	Tender No.	Description	Remarks
(a)	DMP/L-129(19-20)	NDT Services for 20" Natural Gas Pipeline Replacement Project	MMK
(b)	DMP/L-130(19-20)	Insert Pumps and Accessories (5) Groups	MMK
(c)	DMP/L-131(19-20)	Spares for H 2475 G Waukesha Engine & KB-2 Compressor (19) Items	MMK
(d)	DMP/L-132(19-20)	Mechanical Accessories (3) Groups	MMK
(e)	DMP/L-133(19-20)	Spare for Caterpillar C-9 Engine (71) Items	MMK
(f)	DMP/L-134(19-20)	Spare for Caterpillar C 9 Engine (72) Items	MMK
(g)	DMP/L-135(19-20)	Spares for Drive Group Ex Nat-55 / ZJ 70 L / EMSCO Rigs (3) Groups	MMK
(h)	DMP/L-136(19-20)	Spares for HT 400 Pump (2) Groups	MMK
(i)	DMP/L-137(19-20)	Spares for D 375 Pump (6) Groups	MMK
(j)	DMP/L-138(19-20)	Spares for BJ Cementing Unit (5) Groups	MMK
(k)	DMP/L-139(19-20)	Spares for SJS Serva Cementing Unit (7) Groups	MMK
(l)	DMP/L-140(19-20)	Spares for SK 200-8 Kobelco Excavator (46) Items	MMK
(m)	DMP/L-141(19-20)	Spares for Cooper Well Servicing Unit (35) Items	MMK
(n)	DMP/L-142(19-20)	Spares for Cat G-3412 Gas Engine (5) Items	MMK
(o)	DMP/L-143(19-20)	Electrical Spares for ZJ 70L Rigs (51) Items	MMK
(p)	DMP/L-144(19-20)	Electrical Spares for ZJ 50D Rigs (17) Items	MMK
(q)	DMP/L-145(19-20)	Assorted Sizes of ERW API 5L Grade B Steel Linepipe (3) Items	MMK
(r)	DMP/L-146(19-20)	Spares for Komatsu Tracked Dozer (90) Items	MMK

2. The open tender forms including description of materials/ Qty with detailed specifications and tender terms and conditions can be available during office hours commencing from **23th October, 2019** at the Finance Department, Myanmar Oil and Gas Enterprise at No. 44 Complex, Nay Pyi Taw, Myanmar.
3. The interested bidders should submit the **technical specifications with original bid bond and commercial quotation** in each separate sealed envelopes on which to be addressed to the Managing Director, Myanmar Oil and Gas Enterprise and should reach in tender box of the Myanmar Oil and Gas Enterprise not later than **02:00 p.m.** on **25th November, 2019**.
4. The tender closing date and time is **25th November, 2019 at 02:00 p.m.**
5. Further information can be obtained at the Myanmar Oil and Gas Enterprise over the telephone number: +95-67-411206.