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## Myanmar Highlights

July 2015

### KFC opens first Myanmar branch, Pizza Hut to follow

Kentucky Fried Chicken (**KFC**) opened its first Myanmar outlet on Bogyoke Aung San Road on 30 June 2015. KFC's parent company, Yum! Brands (**Yum!**), has entered into a partnership with Singapore-listed Yoma Strategic Holdings Ltd. The joint-venture partners propose to open branches of KFC nationwide in the future and source KFC's ingredients in Myanmar. Yum! will also partner with Jardine Restaurant Group - a subsidiary of the Hong Kong headquartered Jardine Matheson Holdings Ltd - and local retail company City Mart Holding Ltd (**City Mart**) to open its first Pizza Hut outlet in Myanmar which will be located at City Mart's 'Market Place' complex on Dhammazed Road, Yangon. (Source: <http://www.thuraswiss.com/update/myanmar-news-database>, 2 July 2015)

### WeChat launches in Myanmar

Messaging service WeChat has officially launched in Myanmar. The mobile-messaging service, owned by Shenzhen headquartered Tencent Holdings Ltd, enables users to send messages, make voice and video calls. Particularly popular in China, WeChat claims to have 900 million users worldwide. WeChat will provide Myanmar-language functionality as well as locally themed stickers and characters. WeChat's launch in Myanmar follows that of other popular messaging apps including Viber, BeeTalk and WhatsApp. (Source: <http://consult-myanmar.com/2015/06/26/social-communication-app-wechat-launches-in-myanmar/>, 26 June 2015)

### Ministry of Electric Power announces cancellation of proposed Yangon coal-fired power plant

The Ministry of Electric Power (**MOEP**) has canceled plans to construct a coal-fired power plant in the Yangon region. The 279-megawatt-capacity coal-fired plant was to be developed in Htantabin Township by a joint-venture between China's Huaneng Group (**Huaneng**) and Myanmar's Htoo Group of Companies (**Htoo**). U Aye San, director general of the Department of Hydro Power Implementation announced that the project had been postponed due to issues relating to port facilities. Huaneng and Htoo entered into a memorandum of understanding (**Htantabin MoU**) relating to the development of the project in January 2010. The Htantabin MoU was one of 11 memoranda of understanding signed by the MOEP relating to the development of new coal-fired power plants throughout Myanmar. There are two more coal-fired projects planned for the Yangon area by a combination of local and foreign companies. (Source: <http://www.mmmtimes.com/index.php/business/15399-first-coal-project-in-yangon-cancelled-as-mou-expires.html>, 8 July 2015)

### State Bank of India established Myanmar representative office

The State Bank of India (**SBI**) has established a representative office in Myanmar and announced that it plans to help local banks develop financial products and services. India is pursuing closer economic ties with Myanmar as part of its "Look East" policy. India has identified Myanmar as a key strategic and economic partner. The SBI is one of India's "big four" banks. It is headquartered in Mumbai and has 17,000 branches throughout India, and 190 overseas offices. (Source: <http://www.thuraswiss.com/update/myanmar-news-database>, 18 June 2015)

#### Thailand's Osotspa drinks company enters into distribution agreement with the Loi Hein Group

Thai beverage producer Osotspa Co. Ltd (**Osotspa**) has announced that it has entered into a distribution agreement with Myanmar's Loi Hein Group (**Loi Hein**). The move is part of plans for the Thai company to drive its energy drink M-150 to become the leading brand in Southeast Asia over the next five years. Osotspa has been exporting its drinks to Myanmar for many years but the new agreement is its first official move into the country. The company wants to build the brand awareness of M-150 in Myanmar to be as high as it is in Thailand, where it leads the energy drink market. The energy drink market in Myanmar is forecast to grow to be worth almost US\$50 million and could double over the coming three years. (Source: <http://www.thuraswiss.com/update/myanmar-news-database>, 18 June 2015)

#### Myanmar National Airlines announces details on new Yangon-Singapore service

Myanmar National Airlines (**MNA**), formerly known as Myanma Airways, has announced that it will operate a direct Yangon-Singapore service from August 2015. MNA also announced that it plans to fly to other as yet un-named destinations in the Asia-Pacific region from 2016. MNA has just taken delivery of its first Next-Generation 737-800 leased from General Electric Capital Aviation Services (**GECAS**). The arrival of the new aircraft is the first of 10 new planes expected to be added to MNA's fleet after it agreed to acquire six Boeing 737-800s and four 737 Max aircraft in a US\$960 million deal with GECAS in 2014. (Source: <http://www.thuraswiss.com/update/myanmar-news-database>, 18 June 2015)

#### IMF warns Myanmar on risks of overheating economy

The International Monetary Fund (**IMF**) has warned in a private briefing report that Myanmar's economy is in risk of overheating. In the nine months ended 30 June 2015, Myanmar's trade deficit, current account deficit and inflation have risen more than forecast, while bank lending has soared and the value of the kyat as well as commodity prices have fallen. The report warns that "If the US raises its interest rates soon, the US dollar will become stronger and the kyat will be under even greater pressure. This could be exacerbated by declines in world commodity prices." According to the IMF, the kyat is particularly vulnerable because the Central Bank of Myanmar (**CBM**) does not operate a flexible reference rate. The IMF report also raises concerns about Myanmar's banks'

exposure to a sudden cooling in the overheated property sector. The report is critical of the CBM's efforts to defend the kyat, which hit a low on the informal market of nearly K1300 to the dollar in early June 2015, down over 25% since the start of the year. The report warned that "Myanmar simply does not have enough foreign reserves to resist kyat depreciation," and urged the CBM to allow a "steady" fall in its value to help make exports more competitive and reduce imports. The IMF report also stated that it was "essential" that the Government tighten monetary and fiscal policies, noting that inflation had increased to 8% in the twelve months ended 31 May 2015 from approximately 6% in the twelve months ended 31 May 2014. Public sector salary increases, widely seen as linked to the forthcoming general elections, are seen as contributing to the rise in inflation. (Source: <http://www.mmmtimes.com/index.php/business/15330-myanmar-risks-perfect-storm-from-overheating-economy-imf-warns.html>, 3 July 2015)

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