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Myanmar Highlights

1 November 2013

- Non financial institutions will be controlled by the Ministry of Finance rather than the Myanmar Central Bank, according to Khin Saw Oo, the bank's vice governor. The Myanmar Central Bank, which is facing challenges integrating regional and international practices, continues to reform the country's fiscal policies. The bank has two main objectives: to promote efficient payment mechanisms (ensuring liquidity, solvency, and proper functioning of the financial system), and to foster monetary, credit and financial conditions conducive to sustainable economic development. Khin Saw Oo also said that the Central Bank is redrafting the Financial Institution Law (16/ 1990) with the World Bank's help. (From *Eleven Weekly Media*, 10 October, 2013)



- Gold production would likely to increase two-fold compared to previous years if mining is resumed in Kachin and Kayin states. A government mining official cited reconciliation efforts underway and noted that this year's increase is due to large-scale production in Yamaethin in Mandalay Region and Kalaw

in Shan State. Noting that production in Kachin and Kayin has declined since 2011, the official said that of 200 mining blocks in Kachin State, only 10 remain open while only one or two of 150 in Kayin State are extracting gold. (From *Myanmar Times*, 14 October, 2013)



- U Nay Win Tin, an Amyotha Hluttaw representative and chairman of the Mining and Resources Affairs Committee announced details of the new mining bill. He said "The [bill] has two significant changes. First, it was drafted under international criteria and second, it will level the playing field among Myanmar investors in the mining sector." Under the current Mines Law, the Ministry of Mines acts a non-equity partner but is still entitled to around 30% of minerals extracted, plus the relevant income tax and royalties owned. Mining companies are also concerned that they might incur significant expenditure in exploration without being legally certain they can take the next step. (From *Myanmar Times*, 14 October, 2013)

- Hong Kong based private equity firm Bagan Capital announced last week that its local arm, BC Finance Ltd, has launched microfinance operations in Myanmar. Earlier this month, the firm began offering credit and deposit accounts at its branch in Bago Region and expects to have a loan portfolio in excess of K5 billion (about US\$5 million) in 12 months (From *Myanmar Times*, 14 October, 2013)
- Myanmar is set to host its first international construction, power and mining conference in Yangon at the end of the month, hosting more than 150 international brands. The conference – Construction, Power and Mining Myanmar 2013 – will take place from October 31 to November 2 at the Myanmar Convention Center and will host international firms including Turkey's ASKA Power Generation Co., Ltd, US-based machinery manufacturer Caterpillar and Thailand's Beumer Co., Ltd. (From *Myanmar Times*, 14 October, 2013)
- The historic centre of downtown Yangon was selected last week for entry in the World Monuments Fund's 2014 Watch List, a biannual list of heritage sites that are threatened or in need of preservation. "We are delighted that World Monuments Fund has decided to include Yangon in its 2014 watch" said U Thant Myint U, founder and chair of the trust. "We have a tremendous opportunity to make Yangon one of the most beautiful cities in all of Asia. It will be a great asset for the future, for tourism and business, for the economy and for the hundreds of thousands of people who live and work downtown." (From *Myanmar Times*, 14 October, 2013)
- The Asian Development Bank (ADB) has agreed to help the Myanmar government to form a long term energy plan and expand and upgrade its power grid, by giving a \$2.85 million grant through the Japan Fund for Poverty Reduction (JFPR). Today, Myanmar is one of the five largest energy exporters in the region, but within its borders, electrification rates are some of the lowest in Southeast Asia. The oil and gas sector accounts for one third of foreign direct investment in Myanmar (\$13.6 billion from January 1995 to September 2011). ADB has also approved a second technical assistance programme, using \$1.5 million in JFPR funds, to prepare the Ministry of Electric Power for the implementation of forthcoming transmission and distribution projects. (From *Myanmar Business Today*, 15 October, 2013)
- MRTV director general U Tint Swe has revealed that Forever Group, the private partner in the MRTV-4 joint venture with the Ministry of Information, has paid K10.869 billion in tax since 2005 / 06. Shwe Than Lwin's Sky Net, which was set up in 2010, began paying tax in July, after a three years tax exemption period ended. He said tax exemptions, which can range from two to 15 years, are granted to ventures where significant start-up capital is required. (From *Myanmar Times*, 14 October 2013)



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