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## Myanmar Highlights

June 2014

### Gap Inc. to use Myanmar manufactured textiles

Commencing in June 2014 the Gap Incorporation (**Gap**) will use Myanmar manufactured apparel in the production of its Old Navy™, Banana Republic™ and Piper Lime™ brands. Gap will initially source material from existing manufacturers but will consider expanding directly into Myanmar in the future. The Myanmar Garment Manufacturers Association has estimated that the industry has provided employment for an additional 250,000 workers in approximately 200 factories throughout Myanmar since the lifting of international sanctions. Gap evaluated Myanmar's new labour, employment and minimum wage laws as part of its due diligence process prior to making the decision to re-enter the country and has received assistance from Government ministries and the International Labour Organisation. (Source: *Myanmar Times*, 10 June 2014)

### Ministry of Cooperatives enters into MoU with UNDP in relation to microfinance fund

Myanmar's Ministry of Cooperatives and the United Nations Development Programme (**UNDP**) have entered into a Memorandum of Understanding in relation to the use of money invested by the Pact Global Microfinance Fund (**PACT**). The agreement ensures that all funds and assets will remain within Myanmar and are allocated for use in Myanmar's expanding microfinance sector. UNDP estimates that the microfinance sector will continue to expand to meet the needs of emerging micro-enterprise, and contribute to Myanmar's development goal of reducing poverty between 2005 and 2015. UNDP's and PACT's microfinance operations are estimated to be valued at approximately US\$70 million, with micro-loans provided to

approximately 393,000 household businesses in Myanmar. 98% of such loans were provided to women. (Source: *The New Light of Myanmar*, 7 June 2014, *Myanmar Times*, 9 June 2014)



### Myanmar Oil and Gas Enterprise invites bids to establish a new joint venture

The Myanmar Oil and Gas Enterprise (**MOGE**) has issued an invitation for expressions of interest in relation to the establishment of a joint venture as part of a semi-privatisation process whereby its oil and gas business and regulatory functions will be separated. MOGE is adopting a similar model to that currently employed by Thailand's PTT Exploration and Production Company Ltd, and Malaysia's Petroliam Nasional Berhad. (Source: *Myanmar Times*, 9 June 2014)

## Telenor to provide 2G and 3G services and SIM cards on schedule

Telenor Myanmar Limited (**Telenor**) is expected to make SIM cards available for sale for Ks1,500 by the end of September 2014. Telenor has announced that fixed price cards will be freely available and that no resale market is expected to develop. Approximately 8,000 communications towers are expected to be under construction by the time of the launch. The rollout of 2G and 3G services is expected to commence as planned. 4G Long Term Evolution (**LTE**) service will also be available when there has been a sufficient uptake of LTE enabled devices. (Source: *Myanmar Times*, 9 June 2014)

## PepsiCo Thailand to import 3,000 tonnes of potatoes from Shan State

Thai based PepsiCo. Trading Company Ltd (**Pepsi**) has entered into an agreement with Myanmar's Capital Diamond Star Group to import 3,000 tonnes of potatoes produced in Shan State in 2014. The potatoes will be used in the production of Pepsi owned potato chip brands Doritos, Cheetos and Lay's. The agreement envisages future potato exports increasing to approximately 100,000 tonnes per annum. (Source: *Myanmar Times*, 9 June 2014)

## Myanmar Railways invites expressions of interest in relation to the development of communication towers

State-owned Myanmar Railways (**MR**) has invited expressions of interest from local and international firms in relation to the construction of approximately 900 communication towers on MR owned land and along approximately 6,000 kilometres of railroad tracks under MR's management. Bids should be submitted by 5 August 2014. (Source: *Myanmar Business Today*, 16 June 2014)

## Gem traders to be required to use designated gem trading bank accounts

Beginning in 2015 foreign and local jade buyers will be required to deposit 10% of the value of purchased items in designated gem trading bank account. The requirement will become effective following the 52<sup>nd</sup> Myanmar Gems Emporium the date of which is yet to be announced. Currently jade sales are settled in foreign currencies in normal foreign currency accounts. (Source: *Myanmar Business Today*, 16 June 2014)

## Shwe Than Lwin Company Ltd applies for local bank licence

The Myanmar based Shwe Than Lwin Company Ltd (**Shwe Than Lwin**) has applied to establish the Shwe Rural and Urban Development Bank Ltd. In its licence application Shwe Than Lwin stated it would provide investment capital of Ks10 billion (approximately US\$10 million). The proposed investment capital is half the capital amount initially invested by other similar sized Myanmar banks such as Myanmar based United Amara Bank Ltd, Myanmar Apex Bank Ltd, Ayeyarwady Bank Ltd and Asian Development Bank Ltd. (Source: *elevenmyanmar.com*, 15 June 2014)

## Korea's Credit Bureau and Financial Services Commission to help establish ratings system in Myanmar

The Financial Services Commission of South Korea (**FSC**) has entered into an agreement with the Myanmar Government in relation to consultancy services concerning corporate credit rating and other financial systems. FSC officials will work in cooperation with representatives of the Korea Credit Bureau (**KCB**) to establish a corporate ratings system in Myanmar. KCB is a Seoul-based agency which collects consumer credit data from various sources including banks, credit card companies, and insurers, and provides risk management evaluation services. (Source: *Myanmar Business Today*, 16 June 2014)

## Ministry of Environmental Conservation and Forestry to sell 750,000 logs by public tender

The Ministry of Environmental Conservation and Forestry (**Ministry**) has announced that approximately 750,000 tonnes of raw logs will be sold via public tender. The Ministry recently introduced a ban on log exports, requiring value-added processing to take place in Myanmar. The ban is also intended to reduce hardwood harvesting and encourage forest regrowth. Myanmar is home to South East Asia's largest resource of old-growth hardwoods including teak. (Source: *Myanmar Business Today*, 18 June 2014.)

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