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Myanmar Highlights

August 2014

Ministry of Energy executes onshore exploration and production agreements

The Ministry of Energy (**MOE**), through the Government owned Myanmar Oil and Gas Enterprise Ltd, has signed Improved Petroleum Recovery Contracts (**IPRs**) with Myanmar Petroleum Resources Ltd and the Myanmar Petroleum Exploration and Production Company Ltd in relation to onshore blocks IOR4 and IOR6. The IPRs included signature bonuses worth approximately US\$13.81 million combined. Separately the Italian multinational oil and gas company Eni S.p.A (**Eni**) has entered into production sharing contracts in relation to the development of onshore blocks RSF-5 and PSC-K. Block RSF-5, situated approximately 310 miles north of Yangon, covers an area of 499 sq. miles in the Salin Basin. Block PSC-K, located in the central Myanmar, covers an area of 2352 sq. miles in the unexplored Pegu Yoma-Sittaung basin. Eni holds a 90% participating interest in RSF -5 and PSC-K through its local subsidiary Eni Myanmar B.V. The MOE has announced that it expects to finalise additional agreements in relation the remaining onshore blocks put out to tender in 2013, by the end of August 2014. (Source: *elevenmyanmar.com*, 2 August 2014 and *The New Light of Myanmar*, 31 July 2014)

Myanmar and Korea to establish Economic Development Cooperation Fund

The Ministry for National Planning and Economic Development and the Republic of Korea have signed a framework agreement in relation to the establishment of an economic development cooperation fund. The fund will support development initiatives in the power, communications and transportation sectors. Under the agreement, Korea will provide approximately US\$500 million in low-interest loans to Myanmar. (Source: *The New Light of Myanmar*, 25 July 2014)

Japan and Myanmar to launch SME lending programme

The Small and Medium Industrial Development Bank of Myanmar (**SMIDB**) and Japan's International Cooperation Agency (**JICA**) are in the process of finalising details of a lending programme to benefit SMEs in Myanmar. The SMIDB will provide approximately Ks20 billion in loans to SMEs at an interest rate of 8.5 %. SMEs can apply for a loan through regional/state government offices. Individual loans will be capped at approximately Ks100 million. JICA will provide funds to the SMIDB and CB Bank for re-distribution to SMEs. SMEs account for 99% of all enterprises in Myanmar. (Source: *www.elevenmyanmar.com*, 28 July 2014)

Telenor Myanmar and Marie Stopes International launch innovative healthcare initiative

Telenor Myanmar Company Ltd (**Telenor**) has entered into an agreement with Marie Stopes International Myanmar (**MSIM**) in relation to the provision of healthcare services in Myanmar. The companies aim to provide affordable family healthcare in under-served communities in Myanmar. Medical advice will be



available via text and voice activated SMS, interactive voice responses, and call centres. Telenor and MSIM plan to expand the programme to offer 3G enabled mobile 'telemedicine services' whereby patients living in rural areas will be able to consult with doctors via Telenor's mobile network. (Source: *www.mmbiztoday.com*, 29 July 2014)

Ministry of Electric Power announces plans to develop three new gas-fired electricity stations

The Ministry of Electric Power (**MOEP**) has announced that it plans to develop gas-fired electricity stations in Kyauk-Phyu in Rakhine State, Thaton in Mon State and Thilawa near Yangon in an effort to resolve the country's power supply shortage. The Government owned Myanmar Electric Power Enterprise Ltd is currently evaluating bids from five companies in relation to the development of the station in Rakhine State. The winner is expected to be announced by the end of December 2014. The stations will be supplied with natural gas from the China-Myanmar Gas Pipeline. The MOEP is also planning to build a 50MW gas-fired station in the vicinity of the Thilawa Special Economic Zone (**Thilawa SEZ**). The development near the Thilawa SEZ will receive loan-funding from Japan. (Source: *Myanmar Times*, 28 July 2014)

Singapore construction machinery companies establish Myanmar JV

Singapore based Tat Hong Holdings Ltd and Intraco Ltd have entered into an agreement with Myanmar businessman U Aung Moe Kyaw to establish Tat Hong Intraco Heavy Equipment Company Limited (**Tat Hong Intraco**). Tat Hong Intraco will engage in rental and distribution of construction cranes in Myanmar. (Source: *The New Light of Myanmar*, 25 July 2014)

Myanmar Petroleum Products Enterprise to invite foreign participation in petrol and diesel distribution market

The Myanmar Petroleum Products Enterprise (**MPPE**) has announced that it plans to enter into joint ventures with foreign companies in relation to the distribution and sale of petrol and diesel fuel. The Government owned MPPE supplies petrol and aviation fuel throughout Myanmar on both a wholesale and retail basis. At present the sector is closed to foreign participation. The MPPE led tender process is expected to commence in the next two to three months. (Source: *Myanmar Times*, 28 July 2014)

Central Bank announces plans to relax export credit restrictions

The Central Bank of Myanmar (**CBM**) has announced that restrictions on export financing will gradually be eased over the remainder of 2014. Under the current system, exporters can typically only access credit after a foreign buyer is contracted but before manufacturing commences. In April 2014 the CBM amended import credit rules by allowing importers borrow up to 70% of the cost of the goods purchased. The success of this policy has encouraged the CBM to introduce additional changes. CBM's involvement in the import/export credit market is expected to gradually decrease as commercial bank participation increases. (Source: *Myanmar Times*, 28 July 2014)

Ministry of Mines to establish new gem testing facility in Yangon

The Ministry of Mines has announced plans to establish a new gem testing and inspection facility in Yangon. The facility will be developed to international standards and is expected to be operational by the end of September 2014. Myanmar earned approximately US\$65 million from gem exports in the twelve months ended 31 March 2014. (Source: *Myanmar Business Today*, 3 August 2014)

Kasikorn Bank and UMFCCI to cooperate on SME lending scheme

Thailand's Kasikorn Bank Public Company Ltd (**Kasikorn**) has agreed to provide loans to SMEs in Myanmar. Kasikorn will provide loans to local banks who will in turn make the funds available to local companies. The Union of Myanmar Federation of Chambers of Commerce and Industry are helping to coordinate the programme. Japan's Sumitomo Mitsui Bank Ltd will act as a technical adviser. (Source: *Myanmar Times*, 4 August 2014)

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