

**EMBASSY OF INDIA
YANGON
[Commerce Wing]

Economic Report –September 2022

INTERNAL

Foreign companies based in Myanmar face crunch of dollars

International companies in Myanmar are struggling from a growing shortage of U.S. dollars, with erratic foreign currency controls by the military government exacerbating the situation and putting business continuity at risk. Foreign companies in the country convert Myanmar kyats earned from their operations into U.S. dollars to purchase raw materials or import products. Foreign businesses in Myanmar are under growing pressure to manage their operations on the assumption that unstable business environments will continue.

CB Bank announced to exchange seamen salaries for 3,000 kyats per dollar

CB Bank announced that it will exchange seamen salaries for 3,000 kyats per dollar. It is announced that if the wages of seafarers are transferred to CB Bank, they will be exchanged at the rate of 3,000 kyats per US dollar. According to foreign currency traders on September 27, the Central Bank of Myanmar set a foreign exchange rate of 2,100 kyats per dollar, and the foreign exchange rate in the black market is around 3,000 kyats per dollar.

Sale of Gold Coins by Junta in Nay Pyi Taw

Myanmar regime's sale of gold coins is not bringing down the gold price as they are being sold too near the market rate, according to dealers. On 5 September, 2022 the junta started selling gold coins at a gems emporium in Naypyitaw for 2.95 million kyats per tical (16 grams) while the market price is around 3 million kyats. The gold price has risen as citizens have bought gold as the kyat slumped because since the military coup in February 2021. The regime is selling one tical coin per person. Buyers have to present their ID cards. Gold coins are only being sold in Naypyitaw with no dates announced for sales in Yangon and Mandalay.

Fuel prices continue to drop for two consecutive days

Fuel prices have dropped for two consecutive days, reaching 2,310 kyats per liter for 92 Ron and 2,985 kyats per liter for diesel, according to fuel stations. The fuel prices sold on September 9 in Yangon are 2,310 kyats per litre for 92 Ron, 2,410 kyats per liter for 95 Ron, 2,985 kyats per litre for diesel and 3,070 kyats per litre for premium diesel. As a result, the price of gasoline has decreased by more than 100 kyats per liter, while the price of diesel oil has decreased by only 10 kyats per liter. Fuel prices fell for two consecutive days after reports emerged that the Central Bank of Myanmar will provide US\$200 million through the foreign currency market with the approval of the Foreign Exchange Supervisory Committee to alleviate the high prices of basic commodities caused by high fuel prices.

Myanmar bags \$500 mn from export of various pulses in nearly 5 months

Myanmar earned over US\$500 million from export of various pulses in nearly five months of the current financial year 2022-2023, the Ministry of Commerce's statistics indicated. Myanmar shipped US\$513.347 million worth of over 660,806 metric tonnes of various pulses to foreign countries between 1 April and 26 August 2022, according to statistics released by the Ministry of Commerce. During the nearly past five months, the country shipped over 519,868 tonnes of pulses to external markets through sea trade, generating an income of \$418.152 million, while \$95.195 million worth of 140,937 tonnes of pulses were sent to the neighbouring countries via

cross-border posts. Myanmar's agriculture sector is the backbone of the country's economy and various pulses are included in the main agricultural export items.

Yangon ports received over 400 container ships till August to handle cargo process

A total of 410 container ships from various international shipping lines arrived at the international ports in Yangon from January to August this year. A new Sittwe port, a part of Kaladan Multi-Modal Transit Transport Project (KMTT), will be opened soon and 5,000- to 6,000-ton vessels can dock there, according to Rakhine State Chambers of Commerce and Industry. With the finding of a new water route in the Yangon River, larger oceans-going vessels will be able to dock Thilawa Port in Yangon.

Pharmacy companies no longer need to seek import permit

Following relaxations of the import permit, pharmaceutical and medical device importing companies can directly apply for the import licence through Myanmar Tradenet 2.0 portal, according to the statement released by the Trade Department. The companies initially had to seek import permits from the Myanmar Pharmaceutical Association and the Ministry of Health. Since those procedures are eased, they can directly apply for the import licence from 31 August as before. Earlier, the permits for the importation of pharmaceuticals and medical devices had to be submitted to the Ministry of Commerce.

Black gram logs one-day price hike by K150,000 per tonne

The price of black gram jumped to K2,100,000 per tonne in the domestic pulses market, indicating a sharp rise of K150,000 per tonne. On 30 August, the black gram fetched K1,953,000 per tonne. On 31 August, the prices skyrocketed to K2,100,000 per tonne. According to a Memorandum of Understanding between Myanmar and India, India will import 250,000 tonnes of black gram and 100,000 tonnes of pigeon peas (tur) from Myanmar for five consecutive years from the 2021-2022 financial year to the 2025-2026 FY. The market is required to closely observe as the prices of black gram in Myanmar are highly correlated with India's demand, fuel price hike and Kyat value against the hard currency US dollar. Myanmar is the top producer of the black gram which is primarily demanded by India.

Agricultural machinery exempt from applying for import licence

Starting from 1 September 2022, the items related to agricultural machinery included in the HS code lines declared by the Ministry of Commerce are exempted from obtaining an import licence, according to the notification released by the Trade Department under the MoC on 31 August. In a bid to support the country's agricultural development and facilitate the imports of agricultural machinery, 70 HS lines concerning the agricultural machinery and equipment were eased from licence requirements from 1 September. Those items can be imported in line with the regulations of the respective departments.

EXTERNAL

Myanmar bags \$7.785 mn of fishery exports to Bangladesh

Myanmar is stepping up the agriculture and livestock sector as it plays a pivotal role in the country's economy. Myanmar has conveyed 6,132.4 metric tons of fishery products to Bangladesh between 1 April and 26 August in the current financial year 2022-2023, with estimated earnings of US\$7.785 million. The fishery exports to Bangladesh accumulated \$7.785 million in nearly five months.

Rice export via maritime trade accumulates \$2.619 mn

Myanmar shipped 6,310 tonnes of rice to foreign trade partners via the maritime trade in the week ending on 19 August, generating a revenue of US\$2.619 million. The country exported 2,950 tonnes of rice to European Union countries and about 3,360 tonnes to Asian countries. The export volume stood at approximately 3,110 tonnes to China, 250 to Malaysia, 1,016 to Poland, 500 to the Netherlands, 200 to Germany, 200 to Croatia, 260 to Slovenia, 225 to Czech, 250 to the UK, 125 to Italy, 125 to Libya and 50 to Estonia respectively. Meanwhile, Myanmar conveyed more than 3,680 tonnes of rice to China via cross-border posts with an estimated value of over \$1.359 million. Myanmar's rice export through border routes and sea trade channels totalled 9,990 tonnes and bagged \$3.978 million.

Qatar's Ooredoo to sell Myanmar unit to Singapore firm-sources

Qatari telecommunications company Ooredoo plans to sell its Myanmar operations to Singapore-headquartered technology firm The One Matrix Ventures. Ooredoo is the last majority foreign-owned telecoms company in Myanmar since a rush to exit after last year's military coup. Norway's Telenor withdrew from the country in March this year in a departure mired in difficulty. Other telecoms service providers in the country are MPT, a large state-backed operator, with Japan's KDDI and Sumitomo Corporation as investors, and Mytel, a venture between Myanmar's army and Viettel, owned by Vietnam's defence ministry.

Myanmar Regime, Russia Sign Nuclear Cooperation 'Roadmap'

Min Aung Hlaing with Rosatom director general Alexey Likhachev after signing a nuclear cooperation roadmap on Tuesday, 06.09.2022 on the sidelines of the Eastern Economic Forum in Vladivostok, Russia. The Myanmar military regime and Russian state-owned nuclear corporation Rosatom have signed a roadmap for further atomic energy cooperation including the possible implementation of a modular reactor project in Myanmar. The agreement was signed on the sidelines of the Eastern Economic Forum (EEF-2022) in Vladivostok, Russia, where regime chief Min Aung Hlaing has been since Sunday to attend the forum. Rosatom said the document was signed by Rosatom director general Alexey Likhachev, and the regime's Science and Technology Minister Myo Thein Kyaw and Electric Power Minister Thaung Han in the presence of Min Aung Hlaing.

Usage of Ruble, Yuan and Rupee instead of USD in world trade

If the Ruble, Yuan and Rupee could be used instead of US dollars in the world trade, the financial abuse of big countries would be overcome, said the chairman of the State Administration Council (SAC) and Prime Minister Senior General Min Aung Hlaing. He added the above in his speech at the 7th Eastern Economic Forum 2022 being held in Russia on September 7. "Since various countries of the world are buying and importing food products that cannot be produced domestically in the international market, it has been found that financial security is influencing food security. Some big countries are using the US dollar as a weapon to trade support materials, including fuel and fertilizers needed for agriculture, which is keys to food security and is created in conjunction with financial security, so small countries are being bullied by the US dollars of big countries. In economic matters, it is also found that the small countries cannot go against the big countries. We, in the world trade, can use currencies like Ruble, Yuan and Rupee instead of US dollars. In addition, the commodity exchange system can replace the US dollars," said senior General Min Aung Hlaing. He said that if they do the above, the small countries will be able to overcome the difficulties of being bullied financially, and he would like to appeal to powerful friendly countries to help solve the problem.

Foreign trade value reaches over \$14 billion in five months

The foreign trade value in Myanmar has reached over US\$14 billion over the past five months of the current 2022-2023 financial year, exceeding over US\$2,500 million compared to the same period of last fiscal year, according to the Ministry of Commerce. From April 1 to September 2 this fiscal, the foreign trade value amounted to US\$14,432.629 million—US\$7,281.077 million in the export sector and US\$7,151.552 million in the import sector. This year saw an additional amount of US\$2,578.518 million as last year's same period earned US\$10,430.457 million. According to the national planning law for the 2022-2023 FY, Myanmar is set to export goods worth US\$15.5 billion and import goods worth US\$14 billion.

Multilateral checkpoint between Myanmar and India to be built in Tamu

Officials exchange the signed Memorandum of Understanding-MoU on the project agreement on the construction of a multilateral checkpoint in Tamu. The Indian Embassy in Yangon announced on 20 September that a project agreement on the construction of a multilateral checkpoint in Tamu, Tamu District, Sagaing Region was signed on 16 September 2022. The multilateral checkpoint project will be built with the help of the Indian government, and the Indian officials have already built the multilateral checkpoint in Moreh, India, according to a statement from the Indian embassy. The construction of a new multilateral checkpoint at the Moreh-Tamu border on the Myanmar side will facilitate trade and travels between India and Myanmar, as Tamu is the northwestern gateway to Myanmar. The construction of multilateral checkpoints on the border of the two countries will encourage border trade and tourism, and will also improve the socio-economic development of the border regions.

India, Myanmar cooperate on development of agricultural research and seed sector

H.E. U Tin Htut Oo, Union Minister of Agriculture, Livestock and Irrigation of Myanmar visited New Delhi to attend the inaugural function of the 9th Session of the Governing Body of the International Treaty on Plant Genetic Resources for Food and Agriculture on 19 September 2022. On 20 September 2022, Myanmar delegation led by Union Minister accompanied by Myanmar Ambassador to India U Moe Kyaw Aung also visited the Indian Agricultural Research Institute (ICAR) that is working in cooperation with the National Seed Corporation (NSC). At the meeting, the Union minister said inter alia that Myanmar would like to sign a quota agreement between the Ministry of Commerce of Myanmar and the Ministry of Consumer Affairs, Food and Distribution of India under which Myanmar can export varieties of beans and pulses to India so that the prices will be stable for both the manufacturers and consumers of the two countries and that the agreement will last up to 2026. The Union minister has also invited Indian entrepreneurs to come and invest in Myanmar. The Myanmar delegation arrived back in Yangon on the evening of 22 September 2022.

Korea-Myanmar Industrial Zone project to be completed by 2024

About US\$120 million will be invested in the Korea-Myanmar Industrial Zone (KMIC) Project phase 1 in Hlegu Township, Yangon Region, and it is planned to be completed by the end of 2024. The industrial zone project will be implemented in two parts on a total land area of 555.81 acres. Forty per cent of the project was financed by the Department of Urban and Housing Development. Upon completion, the international industrial zone will create around 50,000 to 100,000 employment opportunities for local people.

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