

**EMBASSY OF INDIA
YANGON
[Commerce Wing]

Economic Report –December 2022

INTERNAL

Agriculture sector receives US\$ 3.5 m of foreign investment within eight months of 2022-2023 FY

Foreign investment of 3.5 million dollars has been invested in Myanmar's agriculture sector in the eight months of the 2022-2023 FY, according to the Directorate of Investment and Company Administration (DICA). As of the end of the 2020-2021 FY, the inflow of foreign investment into Myanmar's agriculture sector is less than one percent of the total foreign investment, according to the statistics released by the DICA.

Myanmar's exports surge to \$11 bln in eight and half months

Myanmar's exports amounted to over US\$11 billion in the past eight and half months of the current financial year 2022-2023, according to the statistics released by the Ministry of Commerce. Between 1 April and 16 December, the value of exports by the private sector was estimated at \$8.887 billion, while export earnings by the public sector reached \$2.868 billion, totalling \$11.755 billion.

Companies registered on MyCO exceed 10,000 in past 11 months

The number of companies registered on the online registry system, MyCO, reached 10,699 in the past 11 months (January-November) this year, the statistics released by the Directorate of Investment and Company Administration (DICA) indicated. The registration and re-registration of companies on the MyCO website commenced on 1 August 2018 under the Myanmar Companies Law 2017. The figures of registered companies stood at 8,011 in 2021, 15,080 in 2020, 17,380 in 2019 and 8,506 in 2018, as per statistics of the DICA.

CBM expects to upgrade currency note quality

The Vice-Governor of the Central Bank of Myanmar Dr. Lin Aung said that quality of the currency notes will be upgraded with high security status. The Vice-Governor addressed it during the meeting on domestic currency note delivering and management that was held on December 27 in Naypyidaw's Central Bank. The CBM expects to deliver clean and quality notes to the public to overcome using worn-out and old notes, he added. Awareness-raising on types of currency notes, counterfeit notes, and legal measurements on the issues related with counterfeit notes, and penalty schemes will be conducted so that the public will be aware, the CBM said.

Loan maturity date for livestock sector extended

Under the COVID-19 Fund, the loan maturity date for businesses in livestock sectors including state-owned businesses, and fish and shrimp farming businesses was extended for one year on 30 November 2022 according to the statement issued by the committee to remedy the economic impacts caused by COVID-19. Among the responsibilities of the committee to remedy the economic impacts caused by COVID-19, the one-year loans were disbursed to the businesses engaged in the livestock sector with a one per cent

interest rate from the COVID-19 Fund to mitigate the economic impacts of the coronavirus on businesses on 16 November 2021.

Myanmar expects to build big vessels

The dockyard industry of Myanmar is expecting to construct ultra large container vessels to develop shipment, transportations and investments of the country. Development of the water transportation industry, coastal shipping and short-sea shipping will be encouraged, wherein, building fishing vessels, speedboats and engine boats are included. The Chairman of the State Administration Council Senior General Min Aung Hlaing advised the Myanma Shipyards Enterprise (MSE) to promote the coasting trade of the country with neighboring countries; and building cargo ships and cruise liners during his visit to the Yangon Region MSE on December 20. Senior General hopes to re-develop the dockyard industry of the country into a refresh business as the country has the related experiences for more than 50 years, he said.

Myanmar brings in over \$826 mln from pulses exports in eight months

Myanmar pocketed over US\$826 million from the export of more than a million tonnes of various pulses in the past eight months of the current financial year 2022-2023, the Ministry of Commerce's statistics indicated. Between 1 April and 25 November, the country shipped 897,499 tonnes of pulses worth \$721.856 million to external markets by sea while 153,311 tonnes of various pulses worth \$104.475 million were sent to the neighbouring countries via cross-border posts. Myanmar's agriculture sector is the backbone of the country's economy and it contributes to over 30 per cent of the Gross Domestic Product.

Myanmar's seaborne trade value grows to \$17 bln nearly eight months

Myanmar's seaborne trade with international trade partners amounted to US\$17 billion between 1 April and 25 November in the current financial year 2022-2023, which soared from US\$13.28 billion in the corresponding period last FY 2021-2022, reflecting a sharp rise of \$3.8 billion, according to the Ministry of Commerce. While seaborne exports were valued at over \$7 billion, imports were registered at \$9.96 billion.

Over 500 tonnes of pharmaceuticals worth US\$10.5 mln imported by sea

Myanmar has imported over 500 tonnes of pharmaceutical products worth US\$ 10.5 million via maritime trade, according to the Ministry of Commerce. The products were reportedly imported from Australia, Bangladesh, Brazil, Cyprus, Ecuador, Germany, India, Indonesia, Ireland, Italy, Japan, South Korea, Malaysia, the Netherlands, Pakistan, Spain, Philippines, Singapore, Portugal, Thailand, US and Viet Nam during the period from 19 to 25 November.

Black gram prices gain on strong Indian demand

The price of black gram rebounded to K1,838,000 per tonne on 13 December from K1,695,000 on 1 December in the beans and pulses market, indicating a significant rise of K140,000 per tonne within two weeks. The Kyat-dollar exchange rate and India's demand are contributing factors to the price fluctuation of the black gram. At present, the weakening of Kyat against hard currency has stopped. However, India's demand for black gram has increased again in the market. In late August, the dollar against Kyat peaked at K4,500 in the black market. Following that, the black gram price reached a record high of K2.1 million per tonne. Myanmar bagged over US\$800 million from more than 1.1 million

tonnes of pulses exports over the past eight months in the current financial year, the Ministry of Commerce's statistics showed.

Myanmar ships over 5,000 tonnes of rohu worth \$6.49 mln to Bangladesh

Myanmar conveyed 5,195.2 tonnes of rohu to Bangladesh through two cross-border posts (Sittway and Maungtau) in the first half (April-September) of the current financial year 2022-2023, according to the Ministry of Commerce. Rohu is processed in Yangon and they are sent to the Sittway border post by cold-storage trucks or ships after pre-shipment inspection. Then, they are shipped to Bangladesh by motorboats. Myanmar has begun exporting rohu to Bangladesh through Sittwe and Maungtau border posts since 2016.

Myanmar plans to generate over 8,100 megawatts of electricity from six sites of Myanmar and Russia's joint wind power project

Six sites of the wind power project that will be jointly conducted by Myanmar and Russia, will be able to produce more than 8,100 megawatts of electricity, sources said. It was reported when the meeting on the joint projects between the Ministry of Science and Technology, Ministry of Electric Power and Rosatom State Atomic Energy Corporation "ROSATOM" of the Russian Federation was held on December 13 at the Ministry of Electric Power's Office. ROSATOM representatives have also visited and observed wind power and small-scale hydropower plants that can produce electricity in Myanmar on the ground. In particular, to implement wind power production as soon as possible, as it has been learned that a total of more than 8,100 megawatts can be produced in six promising locations in Myanmar, he would like ROSATOM to pay special attention to cooperation in wind power production as soon as possible.

Power outages make difficult for small and medium businesses to survive

It has become difficult for small and medium-sized businesses to operate due to frequent power outages, according to the business owners. Due to power outages in Yangon Region, manufacturing sector and small and medium businesses are incurring additional costs. The Yangon Electricity Supply Corporation (YESC) has announced that due to the fact that the storage dams are being operated in a balanced manner, the production capacity of electricity is not sufficient, and the distribution of power is being reduced alternately.

MoC greenlights import of vehicles with left-hand drive manufactured in 2022

The import of Vehicles with left-hand drive manufactured in 2022 for personal use will be allowed in 2023, the Ministry of Commerce released a statement dated 16 December. "The vehicles produced in 2022-2023 are given the go-ahead for imports. This means new luxury cars will be allowed to be imported. Only vehicles with left-hand drive can be imported under the 2023 vehicle import policy.

EXTERNAL

Contracts signed in 3rd Russia-Myanmar intergovernmental trade and economic cooperation commission meeting

A total of seven contracts were signed by relevant officers from Myanmar and Russia during the third meeting of Russia-Myanmar Intergovernmental Trade and Economic Cooperation. The meeting was held at MICC-II in Naypyidaw on 5 December 2022. Banking and finance cooperation were discussed as priority by officials, CBM governor, and business representatives. Other sectors included industry and

agriculture sectors, energy and mining industry sectors, finance and banking sectors, IT and digital technology sectors, medicine and medical equipment production sectors, hotels and tourism sectors and the logistics sector, were discussed. Myanmar plans to install Russian MIR payment cards; formerly it was expected to fully develop by the end of 2022. The Russian delegation has reportedly arrived in Yangon on 06 December 2022 for meeting with officials from the Ministry of Electric Power to discuss for cooperation in electricity sector. The Chairman of the State Administration Council Senior General Min Aung Hlaing received Minister of Economic Development of the Russian Federation Mr. Maxim Reshetnikov yesterday in Naypyidaw for increasing bilateral tie in many investment sectors.

Myanmar goods trade deficit with Singapore estimated at \$2.4 bln in seven months

Myanmar's trade deficit in goods with Singapore was estimated at US\$2.44 billion in the past seven months (Apr-Oct) of the current financial year 2022-2023, the statistics of the Ministry of Commerce indicated. Singapore is Myanmar's second largest trading partner in the region, after Thailand. In the current FY, the value of Myanmar's bilateral trade with Singapore in normal trade and border trade topped \$2.64 billion. The Ministry of Commerce reported that imports surpassed exports in trade with Singapore, with exports reaching over \$98.9 million and imports valued at over \$2.54 billion.

Myanmar, Vietnam agreed to large-scale marble rock production in Rakhine

Myanmar's Ministry of Natural Resources and Environmental Conservation (MNREC) and a Vietnam company made an agreement to produce marble rock on a large scale in Rakhine State, according to the information released by the State Administration Council. Mining Enterprises of the MNREC and Vietnam's SIMCO Song Da Joint Stock Company will jointly implement the large-scale production of marble rocks for decoration purposes in Rakhine State's Taunggoke township. A joint management committee has been established with four representatives each from the Vietnam Company and Myanmar for the project implementation processes.

Myanmar expects to build lithium battery factories with Russian aid

Discussion has been made between Myanmar's Ministry of Electric Power (MOEP) and Russia's ROSATOM to construct lithium battery factories as part of the electric vehicle project. The meeting was conducted in Naypyidaw on December 8. Development topics related to small hydropower plants, renewable energy, wind energy project, and thermal power plant project were also discussed between the MOEP and ROSATOM from Russian Federation. Electric motor vehicle import will be allowed starting from 2023 January 1 and the importer companies must abide by the directives, rules, and regulations laid down by the Ministry of Commerce. A total of 26 foreign companies have reportedly proposed the import of electric vehicles to Myanmar. The Ministry of Planning and Finance also exempted customs and tariffs to zero percent for the electric vehicle importing process.

Russia's Far East Federal University to open branch in Myanmar

The Far Eastern Federal University (FEFU) of the Russian Federation is planning to open a branch in Myanmar's capital- Naypyidaw in coming soon, as the Russian TASS reported. It will be the very first foreign university in Myanmar. The University location and starting date will be confirmed in 2023. The university expects to offer information and medical subjects to a thousand students per year. Teaching programs will be taught in Russian and English,

according to Russian news agencies. Agreement on the establishment of the branch school was reportedly signed at the 3rd Russia-Myanmar government trade and economic cooperation committee meeting recently held in Naypyidaw, Myanmar.

Myanmar soon to meet initial export target of 30,000 tonnes of rice to Bangladesh through Patheingyi Port

Myanmar will achieve its export target of 30,000 tonnes of rice under an initial plan from Patheingyi Port to Bangladesh. All the private and public stakeholders involved in a supply chain including the Ayeyawady Region Government, the ministry concerned and exporters are exerting the concerted efforts to facilitate rice exports in a set period and meet quality standard and export target directly from the region. Myanmar has conveyed rice directly through Patheingyi Port in Ayeyawady Region to Bangladesh since 2 November. A total of 2,650 tonnes of rice were loaded onto the 8th vessel on 18 December and it is scheduled to leave for Bangladesh on 19 December.

FDIs worth of 1.5b USD enter Myanmar within eight months

According to data and statistics released by the Myanmar Investment Commission, a total of nearly 1.5 billion USD of #FDI entered #Myanmar within eight months of 2022-23 Fiscal Year from April to November. There were 58 investments of both new and existing within those periods. Among those 58 investments, two are in agricultural sector; one in mining; 41 in production; ten in the energy sector; one in the hotel and tourism; one real estate; and two in service sectors.

PTT's OR denies wrongdoing as Norway's US\$1.3 trillion sovereign fund singles it out for helping violate human rights in Myanmar

PTT Oil & Retail Business Plc (OR), Thailand's leading retailer of gasoline, defended its investments in Myanmar, saying that its investments in the military-ruled country that has violated human rights like never before were to 'help' the people of Myanmar. Disathat Panyarachun, the newly appointed Chief Executive Officer of OR and the person who was in charge of international operations until very recently, denied that his firm was violating any human rights by having operations in Myanmar. He said the operation of 3 PTT refilling stations and 8 Café Amazon coffee shops were there to 'enhance the quality of life' of the people of Myanmar. Disathat added that these operations were being managed by dealers and franchisees and were not involved in any violation of human rights. The defense by Disathat came after Norway's sovereign fund, the world's largest sovereign wealth fund that has more than US\$ 1.3 trillion in assets, singled out PTT Plc, Thailand's largest market capitalized company and its subsidiaries such as OR and PTT Exploration & Production Plc (PTTEP), for continuing to do business in Myanmar.

World Bank divests from Myanmar's Yoma Bank

According to campaign group Justice for Myanmar (JFM) the International Finance Corporation (IFC) of the World Bank Group is divesting from Myanmar's Yoma Bank after its business with military companies was exposed. JFM is now calling on the remaining investors in Yoma bank, Norfund and GIC, to stop the bank's support for Myanmar military or divest. According to JFM the IFC's divestment comes amid the Spring Revolution, with mass pressure from the people of Myanmar for companies to cut ties with the junta and its conglomerates. Last month, the Australian bank ANZ announced it is exiting Myanmar after its transactions with Innwa Bank were exposed.

Myanmar eyes foreign trade target of US\$30 billion in FY2022-2023

Myanmar aims to meet the foreign trade target of US\$30 billion in the financial year 2022-2023, according to the Ministry of Commerce. Between 1 April and 9 December in the current FY, the foreign trade amounted to over \$23 billion, comprising exports worth \$11 billion and imports valued at \$12 billion. For the FY 2022-2023, Myanmar's export target is \$15.5 billion and import value is aimed at \$14 billion, totalling \$29.5 billion. There are seven export groups in Myanmar; agricultural products, livestock, fishery products, minerals, forest products, finished industrial goods and other commodities.

Thailand remains Myanmar's top trading partner among regional countries

The bilateral trade with neighbouring Thailand, Myanmar's major trading partner among ASEAN, accounts for US\$3.467 billion in the seven months (April-October) of the current financial year 2022-2023 by sea and border channels, the statistics issued by the Central Statistical Organization under the Ministry of Planning and Finance indicated. The ministry reported that exports surpassed imports in trade with Thailand, with exports reaching over \$2.2 billion and imports valued at over \$1.26 billion. Thailand has been Myanmar's largest trade partner among the regional countries, followed by Singapore and Malaysia.

RBI eases payment concerns involving large pulses suppliers

The Reserve Bank of India (RBI) has stepped in to address concerns of banks in clearing payments to India's major pulses suppliers, such as Myanmar, Mozambique and Tanzania, which have been flagged as risky destinations by the Financial Action Task Force (FATF). In a communication to the Indian Banks' Association (IBA), the banking regulator has clarified that the FATF move doesn't prevent domestic financial entities from undertaking legitimate trade and business transactions with these jurisdictions, especially when it involves supplies of essential commodities like pulses. Myanmar, Mozambique and Tanzania account for about a half of India's pulses imports.

Trade with Germany reaches over US\$472 mln in 7 months

The trade volume of Myanmar with Germany reached over US\$472 million in seven months until October of 2022-2023FY, according to the data of the Myanmar Trade Promotion Organization. In October, the country earned 188.127 million euros from exports of the garment on a CMP basis, footwear and other machinery and imported 4.545 euros. In September, the export volume to Germany reached over 214.458 million euros and so the volume decreased by over 26.331 million euros compared to the volume of October -188.127 million euros. During the six-month mini-budget period of the 2020-2021FY and 2021-2022FY, the bilateral trade volume was nearly \$900 million while over \$562 million in 2020-2021FY.

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