

**EMBASSY OF INDIA
YANGON
[Commerce Wing]**

Economic Report – August 2022

INTERNAL

Foreigners are no longer allowed to export pulses, corn and sesame

On 27th July, 2022 Ministry of Commerce of Myanmar notified through its import/export newsletter of 8/2022 stating that 100% foreign invested companies and foreign/local JVs may no longer export meat and fish; various kinds of pulses; corn; sesame as powder, modified for consumption, or processed; rice and broken rice; pulp and paper; seeds; refined ore; semi-finished and finished fruit products; & wood furniture.

High volatility in Myanmar Kyat against greenback

The Central Bank of Myanmar (CBM) pegged the Burmese Kyat at an official rate of 2100 MMK/1 USD and the trading of US dollar in the grey market is observed @ 1 USD = 3500 MMK. Furthermore, the CBM set a forex trading band of $\pm 0.3\%$ of the CBM reference rate. It furthermore allowed exporters to retain 35% of their export earnings in foreign currency for their own use or for sale to a third party at the market rate within 30 days; any balance left has to be sold to a bank at the CBM rate. CBM significantly tightened know your customer and due diligence requirements for mobile money transactions. CBM has issued a notification dated August 27 warning that effective actions will be taken against online businesses which are illegally buying and selling foreign currency in accordance with the foreign exchange management law.

Reshuffling in Central Bank of Myanmar, MIFER and Ministry of Commerce

The SAC reshuffled the CBM's top management on 19th August 2022. The governor and one of the two deputy governors "were allowed to retire"; the second deputy governor Daw Than Than Swe (who was shot a few months ago, but recovered) was made governor. U Zaw Myint Naing was appointed deputy governor. U Aung Naing Oo switched from Ministry of Investment and Foreign Economic Relations to Ministry of Commerce; the former ministry is now headed by Dr. Kan Zaw, previously the SAC's Union Auditor General and, in the Thein Sein government, head of the Ministry of National Planning and Economic Development.

Steep increase in fuel prices across the country

The fuel prices are spiking and indicating a sharp increase within one month. On 30 August, the prices of petrol and diesel per litre increased to MMK 2500 and MMK 3255 from MMK 1820 and MMK 2135 respectively. The Supervisory Committee on Oil Import, Storage and Distribution of Fuel Oil stated that domestic fuel prices are following the price index set by the Mean of Platts Singapore (MOPS), the pricing basis for many refined products in southeast Asia. Consequently, some fuel stations in regions and states allegedly faced a shortage of supply.

KMTT's new Sittwe Port to be launched soon

Arakan Traders and Entrepreneurs Association says new Sittwe Port which is one of the projects of Kaladan Multi-Modal Transit Transport Project (KMTT) will soon be opened and the ships of 5,000 to 6,000 tons will be able to dock at the new port. The association will be joining hand with stakeholders aiming to create the job opportunities, to ensure commodities flow and to share the information.

EXTERNAL

Cambodia-Myanmar double taxation deal on the horizon

Cambodia and Myanmar are nearing agreement on the draft Double Tax Agreement (DTA) to increase investment and strengthen both countries' economies, as trade between two countries is still small. Cambodia Chamber of Commerce vice-president Lim Heng said the DTA is very important for investors, especially with the Kingdom's large trading partners. "Under this agreement, investors who want to repatriate their profits to their country only have pay 10 per cent tax. [Without the agreement], they have to pay withholding tax of up to 14 per cent. So, when Cambodia has DTA agreements with more countries, it will be able to attract more investment," he said.

Myanmar to import oil from Russia

Not surprisingly, Myanmar is set to join a growing list of countries that are warming up to Russia's oil imports. Both regimes have forged close cooperation. In addition, Myanmar suffers from a gasoline shortage while Russia is seeking to send its energy elsewhere. Junta chief Min Aung Hlaing discussed oil and gas during a trip to Russia last month. Before the junta chief visited Moscow, a group of Russian military officials had flown to Myanmar. Perhaps Moscow may be angling for a naval base in Myanmar. Myanmar is another South Asian country to buy Russian-sourced energy— earlier Russia had begun sending its supplies to Sri Lanka and Pakistan, not to mention India. Moscow also takes advantage of the difficult economic situation in some countries—excluding India—that are no longer eligible for buying energy amid their solvency fears whose energy is usually cheaper.

Myanmar exports over 12,800 tons of rice in a week

According to the Ministry of Commerce, Myanmar has exported more than 12,800 tons of rice worth US\$ 5.042 million via maritime trade from July 16 to 22 and China is the largest buyer with 6,290 tons of rice, Myanmar exported 11,480 tons of rice to Asian countries and over 1,330 tons of rice to EU members. Myanmar exported 6,290 tons of rice to China, 4,810 tons of rice to Philippines, 175 tons of rice to Taiwan, over 150 tons of rice to Hong Kong, and 50 tons of rice to Singapore. It exported over 420 tons of rice to Germany, 300 tons of rice to Libya, 260 tons of rice to Slovenia, 25 tons of rice to Czech Republic and 100 tons of rice to Croatia. During the time, about 3,600 tons of rice worth US\$ 1.344 million was exported to China via Myanmar-China border. The total exports via maritime and border trades were 16,410 tons of rice worth US\$ 6.386 million.

Singapore tops FDI in Myanmar in past four months

Eight Singapore-listed enterprises brought in large investments of US\$1.086 billion into Myanmar in the past four months (April-July) of the current financial year 2022-2023, the Directorate of Investment and Company Administration's statistics showed. Singapore companies mainly put investments into urban development, real estate, power and manufacturing sectors. Hong Kong SAR stood as the second-largest investor this FY with an estimated capital of over \$64 million pumped by five projects. China is ranked third in the investment line-up with more than \$55.7 million. One enterprise each from Belize and Japan also made investments in the past four months respectively. Additionally, Singapore emerged as the second largest foreign investor in the Thilawa Special Economic Zone, after a top investor Japan.

Myanmar and Bangladesh eyeing enhanced trade relations with coastal shipping line

Myanmar and Bangladesh authorities are taking steps to run a coastal shipping line to promote direct trade between the two countries, according to the Arakan State Chamber of Commerce and Industry. Measures are being taken to trade directly with Bangladesh's Chittagong port, said the chairman of the Arakan State Chamber of Commerce and Industry, U Tin Aung Oo. Currently, goods from Myanmar are only exported to Teknaf Port in Bangladesh via the border trade camps in Arakan State's Maungdaw and Sittwe. Myanmar mainly exports ginger, pepper, onion and plum jam to Bangladesh through Arakan State. The current border trade has its disadvantages, such as high transportation costs and logistical difficulties for border traders on both sides.

Thai natural gas project suspended after pipeline explosions in Myanmar

A pipeline carrying gas from Myanmar to Thailand has exploded twice in three days, according to locals. The Zaw Ti Ka pipeline, owned by Thai energy giant PTTEP, runs through the Kan Pauk area of Yay Phyu township in Thaninthyaryi region. The pipeline exploded on the night of July 30 and again at around 3 a.m.

on Aug. 1, therefore gas transmission to Thailand has been temporarily suspended.

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