

CHARLTONS

SOLICITORS



Myanmar Highlights

April 2016

Myanmar Investment Commission issues additional restrictions on foreign investment in Myanmar

The Myanmar Investment Commission has issued a new directive granting ministries greater scope to make exceptions on a case-by-case basis when considering foreign investment proposals. Notification 26/2016 amends the list of economic activities which can only be carried out by joint ventures pursuant to the 2012 Foreign Investment Law (**FIL**). Notification 26/2016 also introduces new restrictions in respect of the location of a foreign invested enterprise. Foreigners are now prohibited from engaging in economic activities which endanger watershed forests, religious sites, traditional worship sites, farm and grazing lands, and water resources. The other activities where foreign participation is prohibited remain unchanged, including arms and ammunition manufacturing, the exploration and production of jade and publishing in the Myanmar language. (Source: <http://www.mmtimes.com/index.php/business/19849-mic-issues-ominously-broad-foreign-investment-restriction.html>; 6 April 2016)

Ajinomoto Co. to re-enter Myanmar after 16 year absence

Japanese food company Ajinomoto Co. Inc. (**Ajinomoto**) has announced it will invest US\$10.6 million in a new production facility in Myanmar. Ajinomoto wound-up its previous Myanmar operations in 2000. Ajinomoto has established a new local subsidiary and intends to begin selling a range of its products in Myanmar in 2017. The company also plans to develop a 5,000-square-meter facility in the Japanese-backed Thilawa Special Economic Zone located close to Yangon. Ajinomoto will import monosodium glutamate, or MSG, from Thailand, and package it for the Myanmar market. The company expects to employ approximately 100 staff including salespeople. The

company will initially sell its “*Aji-no-moto*” seasoning in Yangon and Mandalay before expanding nationwide. Ajinomoto hopes to achieve annual sales of 3 billion Yen (or approximately US\$26 million) by 2020. (Source: <http://www.irrawaddy.com/business/economy/the-irrawaddy-business-roundup-march-12-2016.html>, 12 March 2016)

Andaman Capital Partners advising the Sagaing Government on the development of 80 MW solar-power project

Investment advisory firm Andaman Capital Partners (**Andaman Capital**) is assisting the Government of the Sagaing Region develop commercial opportunities in the solar power sector. As part of their engagement Andaman Capital will help the Government to identify a 450-acre site suitable for the development of an 80 MW solar power facility. Should it proceed, the project will be the third largest foreign investment in Myanmar’s solar power sector. Once a suitable site is identified Andaman Capital will coordinate with the Union Ministry of Electric Power to ensure the project conforms to international standards and is developed in line with Myanmar’s national energy requirements. According to the Myanmar Government’s Energy Master Plan published in January 2016 Myanmar’s energy sector requires between US\$30 - \$40 billion in investment over the next 15 to 20 years. (Source: <http://www.mmtimes.com/index.php/business/19547-andaman-explores-solar-in-sagaing.html>, 18 March 2016)

Sembcorp Utilities and Ministry of Electric Power enter into power purchasing agreement

The Ministry of Electric Power (**MOEP**) has entered into a 22 year power purchase agreement (**PPA**) with Singapore’s Sembcorp Utilities (**Sembcorp**). In December 2015, Sembcorp

and the MOEP entered into a separate agreement in respect to the development of a 225 MW power plant in Myingyan. The World Bank's International Finance Corporation and the Asian Development Bank have agreed to part finance the project which is expected to cost approximately US\$300 million. U.S industrial giant General Electric will supply the project with gas turbines. The PPA will come into effect upon the fulfilment of certain conditions precedent, including the execution by MOEP of a build-own-transfer agreement (Source: <http://www.irrawaddy.com/business/irrawaddy-business-roundup-april-2-2016.html>, 2 April 2016)

Myanmar Railways to proceed with redevelopment of Yangon Central Railway Station

State-owned Myanmar Railways (**MR**) has announced it intends to proceed with an ambitious plan to redevelop Yangon's Central Railway Station. MR has received over a dozen expressions of interest in respect of the redevelopment project including two from US-Myanmar joint ventures. The tender process will conclude in May 2016 with project work expected to commence by May 2017. MR anticipates the cost of the project will exceed US\$2 billion. MR has produced Resettlement Action Plan and the Conceptual Plan. That area to be developed does not fall within areas authorities have set aside for building height restrictions. (Source: <http://www.irrawaddy.com/business/economy/the-irrawaddy-business-roundup-march-12-2016.html>, 12 March 2016)

Texchem Resources establish new marine food joint venture with Myanmar partners

Texchem Resources Bhd (**Texchem**) has announced proposals to procure and market soft shell crabs, prawns and clams, in Myanmar. Texchem's subsidiary Texchem Food Sdn Bhd (**Texchem Food**) has entered into a joint venture agreement (**JVA**) with local companies E-Sprint Company Limited (**E-Sprint**) and Mascot Industries Company Limited (**Mascot**). E-Sprint is an investment holding company while Mascot produces and exports frozen and dried seafood. The three joint venture partners have established Texchem Marine Labutta (**Texchem Labutta**). Texchem Food hold a 65% stake in Texchem Labutta, E-Sprint 30%, and Mascot 5%. Texchem Labutta's issued and paid-up share capital will eventually be increased to Kyats.2 billion, comprising 20,000 shares. (Source: <http://consult-myanmar.com/2016/04/04/texchem-expands-into-myanmars-marine-products-markets/>, 4 April 2016)

Mitsui & Co and Behn Meyer Group establish fertilizer joint-venture

Japan-based Mitsui & Co Limited (**Mitsui**) and the Behn Meyer Group (**Behn**) have established a new Singaporean joint venture company BMM Venture (S) Pte Limited (**BMM-V**). Behn hold a majority 51% share while Mitsui hold the remaining 49% through Mitsui & Co (Asia Pacific) Pte Limited. BMM-V has entered into an agreement with Myanmar Agribusiness Public Corporation to establish Agri First Company Limited (**AFC**) which will import fertilizers from overseas for distribution throughout Myanmar. AFC will also construct a fertiliser manufacturing plant together with a warehouse and other ancillary facilities, for a cost of approximately US\$10.50 million. The plant, which AFC expect to be operational by May 2017, will have an annual capacity of 100,000 tonnes and will be located in the Thilawa Special Economic Zone. Fertiliser demand in Myanmar is currently just over one million tonnes per year but expected to grow with the modernization of Myanmar's agricultural sector. (Source: <http://www.myanmar-business.org/2016/03/mitsui-behn-meyer-venture-to-set-up.html>, 12 March 2016)

CHARLTONS

Best Boutique Firm 2015

Asian Legal Business Awards

This newsletter is for information purposes only.

Its contents do not constitute legal advice and it should not be regarded as a substitute for detailed advice in individual cases.

Transmission of this information is not intended to create and receipt does not constitute a lawyer-client relationship between Charltons and the user or browser.

Charltons is not responsible for any third party content which can be accessed through the website.

If you do not wish to receive this newsletter please let us know by emailing us at unsubscribe@charltonslaw.com

Hong Kong Office:

Dominion Centre
12th Floor
43-59 Queen's Road East
Hong Kong
Tel: + (852) 2905 7888
Fax: + (852) 2854 9596

Myanmar Office:

Charltons Legal Consulting Ltd
161, 50th Street
Yangon, Myanmar
email: myanmar@charltonslaw.com

www.charltonslaw.com