

# CHARLTONS

SOLICITORS



## Myanmar Highlights

July 2018

### Myanmar MEITI reports Myanmar's oil and gas sector accounts for almost half of the country's national debt

According to the annual progress report of The Extractive Industries Transparency Initiative in Myanmar ("**Myanmar MEITI**"), Myanmar's oil and gas sector, while being the largest source of revenue for the Government, is also responsible for almost half of Government debt. According to Daw Moe Moe Tun of Myanmar MEITI, the state-owned Myanma Oil and Gas Enterprise ("**MOGE**") accounts for 47.5% of total Government revenue. However, it is also heavily indebted, particularly to China's state-owned banks who provided MOGE with loans to cover the costs of developing offshore projects and the construction of pipelines. MOGE's debts includes outstanding loans of US\$850 million in respect to the South East Asia Crude Oil Pipeline project, US\$560 million in respect to the South East Asia Gas Pipeline and Shwe Offshore Development Projects, US\$243 million in respect to the Yadana-Yangon domestic pipeline project, and US\$80 million in respect to an onshore oil exploration project. These loans have an interest rate of 4.5% and are for terms of 30 years. MOGE has borrowed up to US\$1.9 billion from China as well as Japan, Thailand and India. As of March 2016, MOGE had repaid US\$137.4 million of its total debt. Myanmar began repaying its loans to China in 2015. Myanmar will start repaying a loan from the Japan International Cooperation Agency from 2023 onwards until 2053. (Source: Myanmar Times <https://www.mmtimes.com/news/oil-and-gasresponsible-half-myanmars-debt.html>; 29 June 2018)

### Foreign residents in Myanmar to be permitted to trade on the Yangon Stock Exchange from 1st August

Foreigners residing in Myanmar will be permitted to buy shares on the Yangon Stock Exchange ("**YSX**") when the Myanmar Companies Law ("**MCL**") becomes effective on 1 August 2018. According to The Securities and Exchange Commission Myanmar resident foreigners will be permitted to trade shares in each of the five companies listed on the YSX. Procedures to allow the participation of non-resident foreigners are being drafted by the Central Bank of Myanmar and are expected to be issued before the end of 2018. Listed companies will welcome foreign participation on the YSX, where trading volumes have been steadily falling. In June, a total of 131,120 shares worth Kyats 666 million (or approximately US\$470,000) were traded, down from 157,666 shares worth Kyats 869 million (or approximately US\$613,686) traded in May. Allowing foreigners to trade on the YSX is expected to lead to higher trading volumes and liquidity, which in turn, will attract more firms to list. (Source: <https://www.mmtimes.com/news/myanmar-throws-weight-behind-hong-kong-belt-and-road-superconnector.html>; 5 July 2018)

### Philippines-based Basic Energy Corporation acquires interest in Thai firms contracted to develop 220 MW solar project in Myanmar

The Philippines-based Basic Energy Corporation ("**Basic Energy**") has entered into share purchase agreements with the Bangkok-listed Meta Corporation Public Limited ("**META**") to acquire a 15% stake in two of META's subsidiary companies. Vintage EPC Co. Limited ("**VEPC**") and VTE International Construction Co. Limited ("**VINTER**") which are constructing a 220 MW utility-scale solar power project in Minbu, in Myanmar's Magway region. VEPC is the EPC contractor to the contract

while VINTER is providing construction services. VEPC and VINTER were awarded EPC contracts for the first phase of the US\$275 million project by Thai renewable developer, Green Earth Power (Thailand) Company Limited (“GEP”). The plan, design and construction of the project commenced in 2016 and is expected to be delivered across three 50 MW phases, and a final, 70 MW, phase. The first phase, which is under construction, is expected to be completed by the first quarter of 2019, after which it will commence to supply electricity under a 30-year power purchase agreement entered into between GEP and Myanmar’s Ministry of Electricity and Energy. In August 2016, GEP announced the project would be operated by the China Triumph International Engineering Group. (Source: <https://consultmyanmar.com/2018/07/03/basic-energy-buysstake-in-2-thai-epc-firms-working-on-220-mwmyanmar-pv-project/>; 3 July 2018)

Ministry of Information the zones are expected to create local jobs, boost small and medium-sized businesses and support the peace process by promoting stability, and that he urged relevant ministries to support the projects. The Kanpiketi zone is expected to receive an initial investment of US\$5 million and be completed by the end of 2018. (Source: <https://www.irrawaddy.com/business/govt-approves-sites-3-new-economic-zones-along-china-border.html>; 13 July 2018)

## Swiss Government to support SME development projects in Inle region

The Swiss Government will provide 4.8 million Swiss Francs (or approximately US\$4.7 million) in funding to projects intended to alleviate tasks, create employment and SME development around the Inle region. Southern Shan State. The project is also expected to boost agri-business in the region. The Ministry of Commerce will implement the project together with other Government departments and organizations from 2018 to 2022. The Inle region is set to benefit from the development in eco-tourism as Myanmar attracts increased numbers of foreign tourists. (Source: <http://www.elevenmyanmar.com/business/14353>; 18 July 2018)

## Government approves sites for three new economic zones as part of Belt and Road Initiative

The Myanmar Government has approved sites for the development of three economic cooperation zones in Kachin and Shan states along Myanmar’s border with China as part of Beijing’s ambitious Belt and Road Initiative. According to the chief minister of Kachin State U Khet Aung the sites were approved at the first implementation meeting of the Economic Cooperation Zones Central Committee in Naypyitaw. The zones will be built in Kanpiketi town, in Kachin State’s Special Region 1, an area which is under the control of the New Democratic Army-Kachin militia; Chinshwehaw, in Shan State’s Laukkai Township, part of the Kokang Self-Administered Zone; and in Shan State’s Muse Township. Chinshwehaw and Muse are already major trading hubs along Myanmar’s border with China’s Yunnan Province. The zones will be established on both sides of the border. According to a statement from the

# CHARLTONS

**Boutique Transactional Law Firm of the Year 2017**

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](mailto: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](mailto:myanmar@charltonslaw.com)

[www.charltonslaw.com](http://www.charltonslaw.com)