Charltons - Myanmar Highlights - 19 October 2018

[online version](http://www.charltonsmyanmar.com
/myanmar-government-targets-fdi-from-east-asia-in-long-term-investment-plan)

Myanmar Government targets FDI from East Asia in long-term investment plan

The Myanmar Government is aiming to attract increased foreign direct investments (“**FDI**”) from East Asia over the next 20 years under its new Myanmar Investment Promotion Plan (“**MIPP**”). According to U Than Aung Kyaw, deputy director general of the Directorate of Investment and Company Administration (“**DICA**”), under the MIPP Myanmar will work on strengthening trade ties with its ASEAN neighbours, Myanmar and also target FDI from East Asia, including South Korea, Japan and Greater China. The shift in focus towards investment from the east follows lowering expectations of major FDI inflows from the west, as international pressure mounts for action to be taken to ease the crisis in Rakhine. The oil and gas sector is expected to receive larger volumes of FDI in 2019, during which the Government is planning to open up new gas fields for international tenders. FDI in the oil and gas sector could bring billions in new funds into the country. Based on DICA estimates, investments are expected to total US$5.8 billion (Kyats 9.2 trillion) per year for the next five years. In 2017, Myanmar received US$6.1 billion in FDI. Over the next 20 years, FDI is forecast to reach US$220 billion under the MIPP. The investment estimates include implementation of public projects, investments from the private sector and foreign investments.

Launched on 8 October by the Myanmar Investment Commission, the MIPP, which covers the period between 2016 and 2036, outlines five strategies to actively promote investments in the local economy. These include the introduction of new policies and regulations, institutional development, infrastructure development and leveraging local business systems, industries and human resources. The MIPP replaces the FDI Promotion Plan drafted in 2014, and aligns  the country’s investment policies with recently  introduced legislation. This includes the new Myanmar Investment Law 2017, Companies Law 2018 and Special Economic Zone Law. The MIPP will integrate and support both local investments and FDI with the aim of promoting responsible investments, sustainable growth and ensuring more equality. U Than Aung Kyaw added that it is also the aim of the MIPP for there to be continuous development in basic economic necessities such as human resources, industrial-related businesses, infrastructure and organisations to promote investment and a transparent investment system. The MIPP will also prioritise export businesses, domestic import-substitution businesses as well as companies in the natural resources sector. To make the investment promotion process more fluid, discussions related to investment laws and procedures will be held regularly and efforts will be made to enact policies which will attract FDI. An Investment Promotion Committee, to be led by MIC chair U Thaung Tun and which includes members who are deputy ministers from relevant departments, will be formed. Task forces will be formed to support issues relating to the law, investment exhibitions both locally and abroad, employing skilled workers, protecting intellectual property for foreign investors, finance and banking. Moreover, issues such as the building of export-focused businesses, improving the local market by connecting with foreign countries and raising agricultural incomes will be addressed.

(Source: [*https://www.mmtimes.com/news/myanmar-targets-fdi-east-asia-long-term-investment-plan.html*](https://www.mmtimes.com/news/myanmar-targets-fdi-east-asia-long-term-investment-plan.html); 19 October 2018)

**SGX-listed Singapore Myanmar Investco expands retail and F&B portfolio in Myanmar**

SGX-Listed Singapore Myanmar Investco (“**SMI**”), has entered into an exclusive distribution agreement with Alpargatas S.A, to distribute the Brazilian flip-flop brand *Havaianas* in Myanmar. The agreement could see SMI open a network of Havaianas stores across Myanmar over the next five years. The deal will help SMI broaden and diversify its retail brand portfolio in Myanmar. In 2017, SMI secured exclusive rights to distribute and market the cosmetics brand Shiseido in Myanmar for a period of three years. The first *Shiseido* outlet in Myanmar will be located in Yangon’s Junction City shopping mall. In April 2018, SMI announced plans to open and operate up to 10 retail and food and beverage (“**F&B**”) brands in Junction City over the next five years. These include luxury brands such as *Coach, Aigner* and *Versace Versus* as well as Italian fashion label *Benetton*. SMI has also opened outlets of Chinese restaurant *Crystal Jade* and Japanese ramen outlet *Ippudo* at Junction City. Earlier this year, SMI announced an exclusive international area development agreement to operate The Coffee Bean and Tea Leaf (“**CBTL**”) chain in Myanmar. Last month, it opened its first CBTL outlet outside the Yangon International Airport (“**YIA**”) in Myanmar Plaza. The company operates two CBTL outlets in YIA, where it has been operating duty-free retail operations at Terminal 1 since September 2016.

(Source: [*https://www.mmtimes.com/news/smi-expands-retail-fb-portfolio-myanmar.html*](https://www.mmtimes.com/news/smi-expands-retail-fb-portfolio-myanmar.html); 10 October 2018)

**Sembcorp Industries commences operation of 225-MW Myanmar power plant**

Sembcorp Industries Limited (“**Sembcorp**”) has successfully commenced full commercial operation of its 225-megawatt gas-fired Sembcorp Myingyan Independent Power Plant (“**IPP**”) in Mandalay, Myanmar. The IPP, which costs approximately US$300 million to develop, uses advanced combined-cycle gas turbine technology that maximises power output while minimising emissions. The IPP will generate approximately 1,500 gigawatt hours of power be supplied to Myanmar’s Electric Power Generation Enterprise (“**EPGE**”), helping to meet the energy needs of approximately 5.3 million people helping Myanmar reduce its severe power deficit. The project’s completion follows the signing of a long-term power purchase agreement (“**Power Purchasing Agreement**”) as well as a build-operate-transfer agreement (“**BOT Agreement**”) with Myanmar’s Ministry of Electricity and Energy. Pursuant to the Power Purchasing Agreement and BOT Agreement Sembcorp Myingyan Power Company will build and operate the power plant for a period 22 years, after which the facility will be transferred to the Myanmar government. The Asian Development Bank, Asian Infrastructure Investment Bank, Clifford Capital, Development Bank of Singapore, DZ Bank, International Finance Corporation and Oversea-Chinese Banking Corporation supported Sembcorp in the funding of this project.

(Source: [*https://www.businesstimes.com.sg/companies-markets/sembcorp-starts-commercial-operation-of-225-mw-myanmar-power-plant*](https://www.businesstimes.com.sg/companies-markets/sembcorp-starts-commercial-operation-of-225-mw-myanmar-power-plant); 10 October 2018)

**Green Earth Power’s solar plant to commence operations in November**

Myanmar’s first solar power plant will commence operations in November. The power plant, in Minbu Township, Magwe, is initially expected to produce 40 megawatts increasing to 170MW once fully operational. The project is been developed by way of a public private partnership with Thai energy company Green Earth Power Limited (“**GEP**”) through its local subsidiary GEP Myanmar Limited.  GEP appointed engineering and construction firm Black and Veatch to provide design and consultancy services in respect to the project. The Electricity and Energy Ministry hopes to supply 8% of Myanmar’s electricity requirements through renewable energy sources such as wind and solar power, by 2020. By 2025, it expects that share to rise to 12 %.

(Source: [*https://www.mmtimes.com/news/countrys-first-solar-power-plant-start-operations-magwe.html*](https://www.mmtimes.com/news/countrys-first-solar-power-plant-start-operations-magwe.html); 15 October 2018)

**The UK Department for International Development invests US$1.1m to build Myanmar’s micro-insurance**

The UK Department for International Development (“**DFID**”) and Swiss insurance technology firm Stonestep AG (“**Stonestep**”) are set to invest US$1.1 million (K1.7 billion) in Myanmar’s micro-insurance market. The invested funds will be allocated to prudential strengthening, consumer research, financial literacy education, new technology, and other activities to accelerate the development of the micro-insurance market. Over the next two years, the project aims to provide over 600,000 people with micro-insurance products to assist them in managing risk, generating personal income and working towards the government’s national targets for financial inclusion. During the first phase, Stonestep Myanmar will use Vision Fund Myanmar and their Social Welfare Fund (“**SWF**”) — one of the existing microfinance institutions (“**MFIs**”) in the country, as a platform to reach out to disadvantaged groups and those traditionally excluded from the economy. Stonestep will start by improving and augmenting the micro-insurance services provided to Vision Fund’s clients. Stonestep will expand its product offerings to other MFI partners and alternative distribution channels such as mobile network operators, mobile money platforms and other payment gateways and retailers. The collaboration in the second phase is expected to increase the project’s scale and impact. According to Dr. Gail Marzetti, the head of DFID, the project can “offer transformational benefits” to many “poor and marginalised people across all areas of the country.” The introduction and expansion of a micro-insurance in Myanmar will help to build the resilience of small businesses, protecting them from financial and other shocks through products such as health, life and asset insurance.  A robust insurance market, including the micro-insurance segment, is vital for Myanmar’s broader economic growth.

(Source: [*https://www.mmtimes.com/news/uk-aid-agency-invests-11m-build-myanmars-micro-insurance.html*](https://www.mmtimes.com/news/uk-aid-agency-invests-11m-build-myanmars-micro-insurance.html); 17 October 2018)

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?subject=unsubscribe -Hong Kong Law-)

Charltons - Myanmar Highlights - 19 October 2018