Charltons - Myanmar Highlights - 29 November 2018

[online version](https://www.charltonsmyanmar.com/china-communications-construction-company-and-new-yangon-development-company-in-talks-to-develop-new-yangon-city-project/)

China Communications Construction Company and New Yangon Development Company in talks to develop New Yangon City project

The Myanmar Government-owned New Yangon Development Co. Limited (“**NYDC**”) and the HKEX-listed China Communications Construction Company (“**CCCC**”) are in advanced negotiations in respect to the New Yangon City Development Project (“**Project**”).  NYDC and CCCC are currently in the process of preparing pre-project documentation (“**PPD**”). The Project will cover an area twice the size of Singapore. Phase 1 of the Project’s development is expected to cost approximately US$1.5 billion (Kyats 2.83 trillion) and will include the development of five township villages, two bridges giving access to the new city, 26 kilometers of artery roads, 10 square kilometers of industrial estate, power plants, transmission and distribution facilities, as well as water and wastewater treatment plants.  Once the PPD stage is completed the NYDC will disclose information of CCCC’s proposal to the public and issue a tender in respect to the Project’s development.  Under an initial agreement entered into between CCCC and NYDC in May 2018, the NYDC is required to compensate CCCC for its costs for preparing its proposal should NYDC elect to award the project to a rival bidder. Speaking at the Euromoney Conference in Yangon in September, NYDC’S Vice Chairman and CEO Mr. Serge Pun said that the total value of the NYDC’s land is worth US$150 million, while US$1.5 billion is required to build project infrastructure. He also estimated the Project would create approximately two million new jobs.

(Source: [*https://www.mmtimes.com/news/chinese-firm-finalises-new-yangon-city-proposal.html*](https://www.mmtimes.com/news/chinese-firm-finalises-new-yangon-city-proposal.html); 26 November 2018)

**Ministry of Construction receives 12 applications for development of the first phase of Yangon highway project**

Myanmar’s Ministry of Construction (“**Ministry**”) has announced it has received 12 pre-qualification tender applications in respect to the development of Phase 1 of the Yangon Elevated Expressway Project (“**YEX**”). The deadline for submissions of prequalification applications was 13 November. The companies/ consortiums who have submitted expressions of interest (“**EOI**”) are VINCI Highways (France), Team Korea Consortium, China Communications Construction Company, JFEE/Marubeni (Japan), BSSIC (Thailand, Japan and Myanmar), CRIG-CDL Consortium  (China),  Shanghai Pengxin Group Consortium (China and Myanmar),  Metro Pacific Tollways Corporation (Philippines), China Gezhouba Group / Great Genesis Gems Co Ltd Consortium (China),  ITD – CSI JV (Thailand and China), Denso – CSCEC Consortium (China and Myanmar), and Power Construction Corporation China. The Ministry will evaluate the 12 applications according to the criteria and requirements in the Request for Qualification (“**RGQ**”) and announce the list of prequalified bidders by the end of November.  In May, the Ministry invited EOI’s to participate for the construction of YEX under a public-private partnership. The YEX project involves the construction of a 47.5 kilometer four lane elevated road to connect downtown Yangon, Yangon Port, Yangon International Airport, Mingalardon Industrial Park and the Yangon – Mandalay Expressway. The aim of the project is to alleviate traffic congestion in Yangon. In July, the Ministry announced that 53 local and international companies/consortiums had expressed interested in the project. In September, the Ministry invited interested parties to pre-qualify to undertake the design, engineering, financing, construction, operation and maintenance of Phase 1 of the project involving the construction of a 27 kilometer elevated four lane expressway the entire project is expected to take three years to complete.

(Source: [*https://www.mmtimes.com/news/12-applications-first-phase-yangon-highway-project.html*](https://www.mmtimes.com/news/12-applications-first-phase-yangon-highway-project.html); 19 November 2018)

**Myanmar Government establishes new Ministry of Investment and Foreign Economic Relations to attract foreign investment**

The Myanmar Government has established the Ministry of Investment and Foreign Economic Relations (“**Ministry**”) to improve coordination between related Government ministries and organisations involved in the approval and implementation of local and foreign investments and development projects financed with foreign aid or loans.  The newly ministry is responsible for attracting local and foreign investment and creating opportunities for entrepreneurs. It will be chaired by U Thaung Tun, who is the current chair of the Myanmar Investment Commission (“**MIC**”) and a National Security Adviser. According to U Thaung Tun “reforms are needed to increase local and foreign investments and the new ministry was formed to focus on drawing more investments in the country”. One of the new Ministry’s responsibilities will be to make it easier for investors to invest in Myanmar through a ‘single window’ system, enabling businesses to apply for and complete all the necessary procedures through a one-stop centre. According to U Thaung Tun “Under the single-window system, the ministry will make the necessary decisions based on a list of standard operating procedures agreed on by all the relevant ministries.  Under the single window system investors can apply for all investment and business permits in one place.

(Source: [*https://www.mmtimes.com/news/new-ministry-single-window-system-help-investors-do-business.html*](https://www.mmtimes.com/news/new-ministry-single-window-system-help-investors-do-business.html); 21 November 2018)

**European Chamber of Commerce Myanmar** **and Myanmar Automotive Group to cooperate to develop Myanmar’s automotive industry**

The European Chamber of Commerce Myanmar (“**EuroCham**”) and local industry organisation Myanmar Automotive Group (“**MAG**”) have entered into a cooperation agreement in respect to the development of the automotive industry in Myanmar. Under the agreement, EuroCham, represented by its Automotive Advocacy Group, and MAG will advocate in favour of policies to help boost the country’s automotive sector.  Two issues currently affecting Myanmar’s automotive industry are the implementation of the Yangon Vehicle Quota (“**YVQ**”) system and the plight of vehicle importers. According to Carlo Chiozzi, EuroCham automotive advocacy officer the current delays in implementing the YVQ, “is worsening the conditions of business in Yangon, the biggest sales hub for the automotive sector. New investors refrain from entering the market, while current investors have a difficult task of explaining to their head offices how they have been welcomed to import and sell new vehicles in Yangon, but these vehicles cannot be registered in the city once they are sold. Moreover, because of the current taxation system, the government is losing a large amount of revenue that could boost funding for better road infrastructure and public transport by not allowing imported vehicles to be registered in Yangon.”  According to U Aung Win, chair of the Automotive Association of Myanmar “the current regulatory landscape is hampering the sale of cars” At present the government is encouraging global car companies to set up plants in the country to assemble their vehicles, rather than importing them fully assembled. Global car brands such as Nissan, Suzuki, Ford, and KIA have already established facilities in Myanmar to assemble vehicles for sale in the local market.

(Source: [*https://www.mmtimes.com/news/industry-signs-agreement-helping-boost-automotive-sector.html*](https://www.mmtimes.com/news/industry-signs-agreement-helping-boost-automotive-sector.html); 21 November 2018)

**Yangon Aerodrome Company to work with Myanmar Government to attract European tourists**

The Yangon Aerodrome Company Limited (“**YACL**”) is in negotiations with Deutsche Lufthansa AG (“**Lufthansa**”) in respect to Lufthansa operating a direct flight between Frankfurt and Yangon. Speaking at a press conference at the Yangon International Airport (“**YIA**”), Mr. Jose Angeja, YACL’s chief operating officer, said the agreement is part of wider efforts to lure European visitors back to Myanmar. According to Mr. Angeja said YACL have been in talks with Lufthansa for the past nine months. He added Yangon is likely to be a stopover on the Frankfurt to Hanoi/Ho Chi Minh (Saigon) route as the number of passengers for a direct flight to Yangon is still insufficient to justify the costs.  On 1 November the Italian airline Neos S.p.A (“**Neos**”) began operating a scheduled Boeing 767 flight between Milan to Yangon every Wednesday. The flight will stop over in Phu Quoc, Vietnam before landing at Yangon International Airport. Neos is first airline to fly from Europe to Myanmar. YACL is working on raising the capacity of YIA as growth in air passenger traffic dips to its lowest level in five years. While tourist arrivals from Asian markets have continued to grow this year, travelers from the European and North American markets appear to have been impacted by international media reports on the Rakhine crisis in Myanmar. According to the Ministry of Hotels and Tourism, Myanmar received 2.5 million international visitors up to September this year, which is flat compared with the same period last year. While tourist arrivals from Thailand, China, India and Malaysia increased 5% and 33% in the 12 months ending 31 March 2018.  YACL expects there to be a 2.5% increase in air passenger traffic to six million in the twelve months to 31 March 2019.  In October 2015 YACL took over YIA’s operation and management under a 30 year Public-Private Partnership agreement with Myanmar’s Department of Civil Aviation and the Ministry of Transport and Communications.

(Source: [*https://www.mmtimes.com/news/yacl-work-govt-effort-lure-european-tourists-growth-slows.html*](https://www.mmtimes.com/news/yacl-work-govt-effort-lure-european-tourists-growth-slows.html); 19 November 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%20-Hong%20Kong%20Law-)

Charltons - Myanmar Highlights - 29 November 2018