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## Myanmar Highlights

June 2017

### Hong Kong gold exchange and CGSE advising on the establishment of new gold exchange

The operators of the Hong Kong gold exchange the Chinese Gold & Silver Exchange Society (**CGSE**), are advising the Myanmar government on the proposed establishment of a new central gold exchange in Yangon (**Myanmar Gold Exchange**). The Myanmar Gold Exchange will be established by the Myanmar Gold Entrepreneurs Association (**MGEA**) in cooperation with the Myanmar Central Bank and Myanmar's ministries of commerce, resources and environmental conservation, and home affairs. The Myanmar Gold Exchange will be operated by the newly incorporated Myanmar Gold Development Public Company Limited. CGSE will provide the Myanmar Gold Exchange with advisory and technical support through the Hong Kong-Myanmar Chamber of Commerce. (Source: <http://www.scmp.com/business/commodities/article/2086180/hong-kong-help-myanmar-set-gold-exchange>, 9 April 2017)

### Osaka Chamber of Commerce and Industry and UMFCCI to assist SME's establish in the Thilawa SEZ

The Myanmar Japan Thilawa Development ("**MJTD**"), the Osaka Chamber of Commerce and Industry ("**OCCI**") and the Union of Myanmar Federation of Chamber of Commerce and Industry ("**UMFCCI**") have entered into a memorandum of understanding ("**MoU**") to establish a small rental factory area in the Thilawa Special Economic Zone ("**Thilawa SEZ**"). Pursuant to the MoU, executed on 11 May 2017, the two chambers of commerce will jointly lease a commercial space of between 500-750 square metres for use by Japanese and non-Japanese medium-size enterprises ("**SME**"), establishing operations in Myanmar. According to the MJTD president Mr. Takashi Yanai the initiative will encourage the development and diversification

of SME's which are expected to make a significant contribution to the development of the Myanmar economy. (Source: <http://www.mmtimes.com/index.php/business/26040-osaka-business-group-leases-thilawa-for-smes.html>; 18 May 20)

### Bintai Kinden enters into US\$17.5 million engineering sub-contract agreement with Soilbuild (Myanmar) Co Limited

Mechanical and electrical engineering services provider Bintai Kinden Myanmar Co Limited, (**Bintai Myanmar**) a subsidiary of Bintai Kinden Corp Bhd's, has entered into a US\$17.5 million sub-contract agreement with Soilbuild (Myanmar) Co Limited in respect to the development of a 26 storey Somerset Serviced Apartment and 68 and a half story Residence in the Bahan area of Yangon. Under the sub-contract agreement, Bintai Myanmar will supply and maintain electrical, mechanical and fire protection installations, as well as air-conditioning units. The development is expected to commence in the second quarter of 2016 and be completed in the third quarter of 2018. (Source: <https://consult-myanmar.com/2017/06/07/bintai-kinden-unit-wins-rm74mil-job-from-myanmar-firm-business-news/>, 7 June 2017)

### MAPCO Golden Lace completes development work of integrated rice project in the Ayeyawady region

MAPCO Golden Lace Company Limited (**MAPCO Golden Lace**) has completed the construction of an integrated rice complex project (**IRCP**) on a 30- acre site in Kyaiklat in the Ayeyawady region. Established on 30 January 2014, MAPCO Golden Lace is a joint-venture between the Myanmar Agribusiness Public Corporation (**MAPCO**) (55%) and Golden Lace Company Limited (**Golden Lace**) (45%). To date, MAPCO Golden Lace has invested Kyats' 12.1 billion (approximately

US\$8.9 million) to develop the IRCP. MAPCO Golden Lace has adopted a two-phase approach in respect to its development objectives. 'Phase 1' focused on the development of the IRCP based on MAPCO's integrated approach to the production and supply of rice in Myanmar (**IRCP Concept(s)**). The IRCP consists of two rice mills storage rooms, silos, and a husk-fired 2.2 megawatt power plant. The IRCP Concept(s) are intended to achieve n grain quality improve food safety and traceability. MAPCO Golden Lace will operate a Contract Farming Scheme under which it will advise its supplier-farmers on (1) quality of seeds, (2) agricultural technologies and practices, (3) crop protection (4) the required working capital. 'Phase 2' will focus on the construction of factory facilities to produce cooking oil; animal foods, noodles and vermicelli. (Source: <http://www.elevenmyanmar.com/business/9445>, 16 May 2017)

## Japan's International Corporation Agency to fund lending to SME's in Myanmar

Japan's International Corporation Agency (**JICA**) will provide Kyats 1.3 billion (approximately US\$ 952 million) to local banks to fund lending to small and medium-sized enterprises (**SMEs**). In 2016, the JICA provided loan financing totalling Kyats 41.5 billion (approximately US\$ 30 million) to SMEs in Myanmar. The JICA will provide funding to the state-owned Myanma Economic Bank, who will then provide loans to local private banks including the SME Development Bank Limited, Kanbawza Bank Limited, Myanmar Oriental Bank Limited, Ayeyawady Bank Limited and Myanmar Citizens Bank Limited. Local banks are required to comply with certain lending terms and conditions and are prohibited from lending to companies involved in agriculture, real estate, insurance, gemstone, restaurant and entertainment sectors or those engaged in the sale of alcohol or ammunitions. The SME Development Bank is accepting applications in respect to JICA-backed loans. Loan applications must be in the format set out by the JICA and applicants are required to provide copies of their business license and development committee license. In addition to the JICA-backed loans, SME's can access funding through the World Bank and United Nations Development Programme's loan facility for SMEs, Myanmar. (Source: <http://www.mmtimes.com/index.php/business/26327-jica-offers-k1-3b-loan-to-smes.html>; 9 June 2017)

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