

## What's Happening in Myanmar Market & Valuation

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### **Myanmar military government pushing ahead with China-backed Kyaukphyu SEZ and Port**

国軍政府は、チャウピュー経済特区(KPSEZ)及びラカイン州西部の深海港プロジェクトに係る法務サービス提供にかかわる入札を実施している。本深海港は中国一帯一路政策(BRI)の戦略的な拠点と位置付けられており、中国政府はBRIの下インフラ整備を進めるよう政府に圧力をかけている。

*Learnt from: The Irrawaddy (August 6, 2022)*

### **Myanmar central bank weakens official fx rate for kyat currency by 13.5%**

ミャンマー中銀はドルチャットの公定レートを1ドルあたり1,850チャットから2,100チャットへと切り下げた。情報筋によれば、闇市場では引き下げ後のレートよりさらに20%~30%程度安く取引されているとのことである。

*Learnt from: Reuters (August 8, 2022)*

### **Japanese clothing retailer Honeys Holdings to invest over \$11 million in new factory**

日系のハニーズホールディングス社は、ミャンマー国内で3拠点目となる製造工場を建設する。床面積16,000㎡規模の工場予定地は、ミンガラドン工業団地内の同社既存施設に隣接地だ。同社は2024年3月までの2年度で計15億円(1,130万USドル)を新工場建設に投資する予定だ。

*Learnt from: The Nikkei Asia (August 11, 2022)*

### **Land plots and apartments are still being traded in Yangon**

ヤンゴンでは不動産価格が前月比25%上昇した。価格は高止まりしており、8月には金やUSドルが上昇したことを受け、不動産へ投資する人が増加している。

*Learnt from: Burma Associated Press (August 25, 2022)*

**Myanmar military government pushing ahead with China-backed Kyaukphyu SEZ and Port**



*A crude oil tanker docks at Maday Island in Kyaukphyu Township in 2019.*

The military is inviting bids to provide legal services to the Kyaukphyu Special Economic Zone (KPSEZ) and deep-sea port project in western Rakhine State, a key strategic component of China's Belt and Road Initiative (BRI). The invitation to tender comes as China is pressing Myanmar to implement its ambitious infrastructure projects under the BRI, but while the country is struggling to cope with both the political turmoil and the deadly third wave of the COVID-19 pandemic. Both local and foreign law firms have until August 10 to submit their expression of interest to provide legal services to the management committee of the KPSEZ. Beijing considers the KPSEZ and the deep-sea port especially vital to the BRI, as they will give China direct access to the Indian Ocean so allowing Chinese trade to bypass landlocked Yunnan Province, which borders Myanmar. The project is to be developed by the Kyaukphyu Special Economic Zone Deep Seaport Co., Ltd, a joint venture between the Chinese consortium CITIC Myanmar Port Investment Limited and the KPSEZ management committee. Under the ousted National League for Democracy (NLD) government, the project was delayed because of the previous shareholders agreement negotiated under President Thein Sein's quasi-civilian government, who gave the Chinese developer an 85 percent stake. After several rounds of negotiations, the NLD managed to increase Myanmar's stake to 30 percent. The initial

agreement estimated the project to be worth US\$9-10 billion. However, both sides agreed to begin the project on a smaller scale after Myanmar raised concerns about the possibility of being caught in a debt trap. The first phase of the port development cost around \$1.5 billion. During Chinese President Xi Jinping's trip to Myanmar in 2020, both sides signed concession and shareholders' agreements for the project. One week before the military staged its coup, CITIC invited proposals to provide consultancy services and field investigations for environmental and social impact assessments of the project. There have been no new announcements on the KKPSEZ by CITIC since then.

*Learnt from: The Irrawaddy (August 6, 2022)*

**Myanmar central bank weakens official fx rate for kyat currency by 13.5%**

Myanmar's central bank weakened its kyat currency from 1,850 to 2,100 per dollar. Myanmar's economy has collapsed since the military seized power last year, halting a decade of reforms, putting pressure on the kyat's value against the dollar, and driving up fuel and food prices. Black market rates for the kyat remain 20% to 30% higher than the central bank's new reference rate, according to figures from online groups where the currency is traded unofficially. Local companies and banks have been ordered to suspend and reschedule repayment of foreign loans, deposit or exchange all their foreign currency at local banks within one working day, and ministries and local governments have been told not to use foreign currencies for domestic transactions. Late last week, the central bank relaxed the first requirement, saying 65% of foreign exchange earned locally must be deposited in licensed banks, rather than 100%. The central bank adjusted the value of the kyat in April, to 1,850 from 1,778 to the dollar.

*Learnt from: Reuters (August 8, 2022)*

### **Japanese clothing retailer Honeys Holdings to invest over \$11 million in new factory**



*Low prices are a main selling point for Honeys, which operates 871 stores in Japan.*

Japanese apparel maker Honeys Holdings breaks ground on a third factory in Myanmar, aiming to make over half of its products in the low-cost Southeast Asian manufacturing hub. The 16,000-square-meter plant will sit alongside one of the company's existing workshops in Mingaladon Industrial Park outside Yangon. Honeys plans to invest about 1.5 billion yen (\$11.3 million) in the project over the two fiscal years through May 2024. The women's fast-fashion chain sources roughly 90% of its products from Southeast Asia, and 44% from Myanmar alone. Honeys' Myanmar business has kept running since the February 2021. This contrasts with the withdrawals of companies that operated in Myanmar through joint ventures with military-linked businesses such as Japanese brewer Kirin Holdings. The new plant will employ around 1,500 workers and have a capacity of 100,000 items per month mainly coats and underwear. All outputs will be exported to Japan, where Honeys operated 871 stores as of the end of May. Materials such as fabric and buttons will be brought in from China. Honeys has issued a business plan through May 2025 that anticipates a post-COVID era. The company projects 55 billion yen in sales for that financial year, up about 15% from the year completed this May, Operating profit is expected to grow 20% to 6 billion yen. The group decided that a larger production presence in Myanmar is essential to achieve those targets. The move is surprising given Myanmar's current instability,

but it is consistent with the company's reputation for relying on workers with few rights, according to those familiar with its business practices. An investigation of Honeys Holdings factories in 2019 confirmed violations of freedom of associations and revealed further serious occupational safety issues and other violations, including forced overtime, wage theft and child labor.

*Learnt from: The Nikkei Asia & Financial assets news (August 11, 2022)*

### **Land plots and apartments are still being traded in Yangon**



*A building under construction stage.*

The value of real estate in Yangon's real estate market has risen by 25% than last month. The prices are currently high and stagnant. According to real estate agents, it is noted that a lot of land transactions are still carried out in suburbs township areas such as South Okkalapa, North Okkalapa, Shwe Pyi Thar, South Dagon and Hlaing Tharyar. Buyers also likely to buy apartments in townships such as Thar Kay Ta and Daw Pone, which are near to the downtown Yangon. In August, due to the rise in price of gold and dollar, people turned to invest in real estate. Transactions are mostly carried out by cash. The central bank's reference price for August 22 is 2,100 kyats, but the market rates for the kyat is between 2,800 and 2,900 kyats.

*Learnt from: Burmese Associated Press (August 25, 2022)*