

# Myanmar Overview

## 2023-2024

# Policy Highlight in Myanmar economy in 2023

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## Trade & Foreign Exchange Matters

- ❑ In June 2023, the United States government announced sanctions against Myanmar Foreign Trade Bank (**MFTB**) and the Myanmar Investment and Commercial Bank (**MICB**).
- ❑ On June 1, the Foreign Exchange Supervisory Committee issued a directive mandating the use of **Yuan** for cross-border trade with China.
- ❑ On August 14, CBM issued a directive that allowed licensed banks to utilize **Thai Baht** for international payments and settlements.
- ❑ The CBM has also negotiated with the Reserve Bank of India to create **Rupee-Kyat** payment and settlement mechanisms.
- ❑ The Govt, imposed a policy in August 2022 by which 65% of exporters' earnings must be compulsorily converted with the official rate and the traders would be allowed to spend the rest, 35% of their income, at the market rate (the **65:35** policy).
- ❑ The ratio then changed to **50:50**, and recently, on December 6, 2023, a more relaxed policy of **35:65** was introduced.
- ❑ 5 December, the CBM allowed authorized dealers (private banks) to operate forex exchanges as per the **market rate**.

- ❑ **Reference Rate:** is fixed at **2,100 kyat/USD** [*Eclusively for exporters and importers*]
- ❑ **Online Interbank Foreign Exchange Platform Rate:** This rate is applicable to that proportion of export earnings. Previously the CBM set the rate and it fluctuated between **2,900 –2,950 kyat/USD**. As of December 5th, the rate is **determined by market forces** [*demand from importers and supply by exporters*].
- ❑ **Remittance Rate:** applies to migrant workers' remittances through official channels. It was initially set at **2,900 kyat/USD**. [*about 5 % lower than the market rate*].
- ❑ **Account transfer Rate:** applicable mainly to importers and individuals overseas making payments such as education, medical treatment and condominium purchases outside. Such transaction **rates are flexible and negotiated** between banks and customers. [*about 3% lower than the market rate*].
- ❑ **Parallel Market Rate:** a market determined rate that is available outside the formal financial system.

## THB-MMK direct payment mechanism



Within the pilot period  
(March-June 2022 )

**EXPORT revenue : Baht 1,540.46 mil**  
**IMPORT payment : Baht 1,137.95 mil**  
Making the surplus Baht 402.51 mil.

**Mar  
2022**

CBM allowed border payment in Thai Baht as pilot project.

**Dec  
2022**

CBM updated its guidelines on the (THB-MMK) direct payment mechanism.

**Jan  
2023**

Myanmar Banks released notifications that THB Currency account can be opened.

**Aug  
2023**

CBM issued a directive that allowed licensed banks to utilize THB for Int'l payments and settlements.

Permission was granted for **worker remittance**, and revenue as of third week of June 2022, was **29.548 million Baht**.

CBM sold 50M Thai baht in foreign reserves on 19 January 2024.

# TOP THREE priority sectors for imports (MOC : October 2023)

## 1<sup>st</sup> priority sector

Pharmaceuticals, medical devices, fertilizers, pesticides, seed, diesel, petrol, edible oil, raw materials used in livestock businesses, veterinary drugs, industrial raw materials, PET chips, food materials, plastic raw materials, medicine and herbal raw materials, packing materials, lubricants, engine oil, other industrial oil, tar and LPG gas.

## 2<sup>nd</sup> priority sector

Iron and steel, paper and stationary, equipment for electricity generation, transmission and distribution, construction materials, machine and spare parts, tyre and rubber products, auto parts and accessories for telecommunication.

## 3<sup>rd</sup> priority sector

Electronic goods, telephone, telecommunication device, telephone, food commodity, consumer goods, vehicle for commercial purpose and machinery.

# Industries with Investment Potential

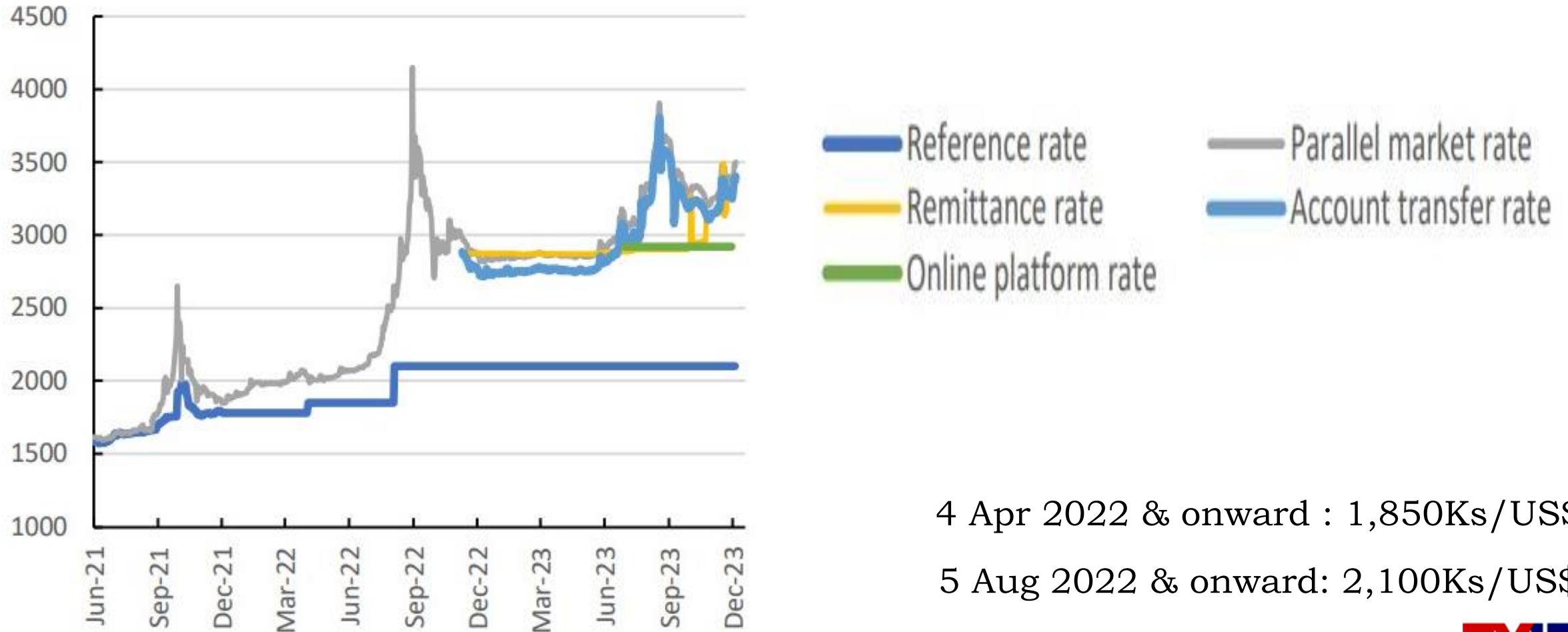
On November 25, 2021, the Myanmar Investment Commission (MIC) issued a list of investment sectors that will receive priority attention in order to encourage national development and state building.

The investment activities that MIC will prioritize are the following:

- Fertilizer manufacturing
- Cement manufacturing
- Iron and steel manufacturing
- Agriculture and livestock farming and related industries
- Value-added manufacturing of foodstuffs
- Electric vehicle manufacturing
- Pharmaceutical and medical device manufacturing
- Public transportation services

# Recent changes in exchange rate policy

Figure ES 2: Exchange rates (kyat per USD)



# Significant Volatility & Uncertainty

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- Inflation
- Shortage of Hard currencies
- Resumption of Electricity Outages
- Ongoing Conflicts
- Foreign Exchange Rate
- Regulatory Changes
- Sanction



# EXIM Bank Product Programme

## Scope of Business/ Facilities & Services

### Trade Finance

- Export Finance
- Import Finance
- Loan

## Product Programme

### Packing Credit

EXIM for Indirect Exporter (EIR)

- EXIM for market expansion in Regional Comprehensive
- Economic Partnership (RCEP) Countries
- EXIM Better Rubber Export Financing
- EXIM Green Start

### Loan

EXIM Biz Transformation Loan

- Solar D-Carbon Financing (Solar Rooftop, Solar Farm, Solar Floating)

# Role of Representative Office

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- Advise EXIM's products and services and arrange for a contract for EXIM customers on behalf of EXIM Thailand.
- Promote and support Thai trade and investment in Myanmar by facilitating both start-up and expansion endeavors of Thai entrepreneurs.
- Collect and conduct market research about trade and investment.



**“THANK YOU SO MUCH”**