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- ❖ **The first meeting of the India - Myanmar Joint Consultative Commission (JCC) concludes in New Delhi, HE Mr. Gautam Mukhopadhaya, Ambassador of India to Myanmar, broadly outlines ambitious plans to improve connectivity between the two countries.**



HE Mr. Gautam Mukhopadhaya, Ambassador of India to Myanmar

We see tremendous potential in Myanmar. It has always been rich in natural resources, but now there is a new economic opening and dynamism which will allow for a much more productive relationship, he said last week at his colonial mansion in Yangon, known as India House.

This will not only be a resource based relationship but one that contributes to capacity building, industry, agriculture – all the things that can impact on the livelihood of the people, he said.

India's main focus in Myanmar over the past few years has been two major connectivity projects. The first is a highway connecting Moreh in India to Mae Sot in Thailand, running through Myanmar. The first section of the road, from Tamu to Kalay-Kalewa in Sagaing Region, was completed last decade.

We expect to have a budget sanctioned for the next section to Yargi and also start work in October. This project will cost around US\$200 million. India will also upgrade the 70 bridges along the Tamu to Kalewa section of the road. Linked to this is the upgradation of the Rih-Tiddim road. These three projects together will cost over \$350 million and will take two to three years to finish, he said.

The second project is the Kaladan Multi-Modal Transit Transport project, which will connect Mizoram in India to Sittwe, the capital of Rakhine State, via the Kaladan River. The project was originally due for completion in 2014, but has been delayed.

It has three components – upgrading Sittwe Port, developing the river for inland navigation, and building up the road network. The cumulative budget for the Kaladan project will be over \$450 million, he said.

“The port upgrade is 95% ready and the jetty is around 70% done and should be finished by the end of the year. The road component hasn’t yet begun, because there was a revision of the scope,” said Mr. Mukhopadhaya.

Initially we thought of taking the river component further upstream, but decided to extend and broaden the road segment and limit the waterway at the Rakhine-Chin border, the road section will take at least three years to finish taking into account the limited working season in Myanmar.

If Sittwe was better connected inland you could open up the entire beans and pulses belt in the arid zone. This is for the government to consider, but I believe they are alive to the possibility.

Once the project is complete, he believes it will benefit Rakhine and Chin states. I see it boosting both trade and industry in Rakhine State around Sittwe and along the way.

We see it as a way of contributing to the amelioration of the conflict. Right now you have a hot-house atmosphere, but if the economy can be stimulated through trade, it would enlarge the space for productive employment, which can indirectly contribute to cohabitation between the communities. Another focus over the next year will be border trade infrastructure. India is working on introducing a normal trade regime, so that a lot more goods can be traded, stimulating the economy and generating more revenues for both sides.

At the moment just over 60 items can be traded. Technically we have already introduced open trade, but we don’t yet have the customs and related infrastructure. The timing depends on procedures and clearances, but let’s say it will be ready within a year, he said.

India has a free trade agreement with the Association of Southeast Asian Nations (ASEAN) for goods, services and investments, and a duty-free trade preference scheme for least developed countries (LDCs). This gives 96% of all tariff lines duty-free access to the Indian market, said Mr. Mukhopadhaya.

We are also developing border markets, he said, and over the next five years other trade points are likely to open, as road connectivity improves and the habit of trade catches on. India is Myanmar’s third largest export market, after Thailand and China, with \$1.14 billion worth of exports in fiscal year 2014, according to data from the Central Statistical Organisation. In terms of imports, India was seventh in the same year, after China, Singapore, Japan, Thailand, Malaysia and South Korea.

Our economic relationship suffered after the hiatus in our relations in the 1960s, but we were still Myanmar's third-largest trade partner until 2013. Even though we may have slipped temporarily in the rankings, we expect that with the economic prospects of both our countries the scope for filling that gap is very large, said Mr. Mukhopadhaya.

India plans to work increasingly closely with Myanmar in the energy sector, he said. Side by side with the growth of our own solar energy industry, we would like to promote solar energy here, he said. In March, the Indian government committed to an installed renewable energy capacity of 175 gigawatts by 2022 – 100GW of which will come from solar power.

We are talking to the Ministry of Electric Power (MoEP) and the Ministry of Livestock, Fisheries and Rural Development about rural electrification. We have also proposed a memorandum of understanding to the (MoEP). We are looking at medium-scale projects which benefit the regions where they are located, rather than fundamentally extractive projects, he said.

India is also looking at how to contribute to Myanmar in agriculture and information technology (IT), he said, including capacity building projects. Myanmar is a largely agricultural economy and I think we can contribute in a large way to the next level of industrialisation. We encourage our investors to look at sectors that are organically linked to the economy rather than something alien – a spaceship from abroad.

In addition, India is open to partnerships in the telecommunications industry, he said. We don't yet have any big contracts, but would encourage Myanmar to look towards us. With our domestic digitalisation program, we are developing a huge capacity for fibre-optic and broadband connectivity.

There are two weak points that still need to be addressed, he said. One is the financial channels, the banking sector in particular, he said. When Myanmar awarded branch licences to nine international banks last year, India missed out, but India is hoping for a licence in the future, he said.

From a development point of view our experience in financial inclusion and opening up the financial sector to the private sector and international banks could be useful for Myanmar. Our banks and insurance companies are prepared to assist Myanmar in this regard.

The other is air connectivity – India is simply not as well connected to Myanmar as Myanmar is to its other neighbours, he said. Tourism is a growing industry and we can consider how to link tourists who come to our northeast with those who come to Myanmar.

All we need is an enterprising airline to connect Myanmar to Imphal or Guwahati. I don't yet have success on this, but will continue to work on both sides until one takes off. If you start the connectivity, engage the tourism and travel trade, it can be magic. All it requires is a flight and a visa – this is something just waiting to happen said Mr. Mukhopadhaya.

❖ **India-Myanmar - Thailand road :
Govt to sign pact in November Highway to enhance connectivity between Mekong sub-region and India.**

The government is set to ink a strategic agreement to operationalise a 3,200-km road link from Moreh (India) to Mae Sot (Thailand) to enhance regional co-operation later in November this year. The India-Myanmar-Thailand (IMT) trilateral highway, which entails linking India to Myanmar and then further to Southeast Asia, has been taken up as priority by Prime Minister Narendra Modi. A senior official in the Ministry of Road, Transport & Highways (MoRTH) said, The protocol has been cleared. There is a slight glitch with customs, a meeting to sort out the same will be held in September. Myanmar needs four months for parliamentary approval. The agreement will be signed by November. The Indian Prime Minister Mr. Modi is learnt to be very keen that effective and credible infrastructure link be established to enhance regional co-operation between South Asia and Southeast Asia.

Senior ministry officials say the trilateral highway will drastically enhance the connectivity between the Mekong sub-region and India and prove to be a game-changer for India's northeast region.

It is an important component in the government's plans to ramp up its "Look East" policy to the newly coined Act East policy. The India-Myanmar-Thailand road link has been designed to bridge emerging economies in the Asean and Saarc regions. The pact is scheduled to become operational shortly and to mark the occasion a car rally would be held before March 2016, added the official. On implementation, the sub-region will get access to the larger Asean market through seamless passenger and cargo movement. Acting east Mr. Modi is keen that credible infrastructure links be established to enhance co-operation between South Asia and Southeast Asia. Government plans to ramp up its "Look East" policy to "Act East" policy.

❖ **Tata works to Import more agriculture products.**

About 80 percent of Myanmar’s exports of beans and pulses go to India, with lesser amounts going to Pakistan, Bangladesh, Europe and the United States. Myanmar competes against other growers, including Canada, Mozambique, Tanzania, Sudan, Malawi and Senegal.



Tata Group Myanmar head Mr. Sunil Seth.

That’s why Sunil Seth, the Myanmar head of the US\$100 billion Tata Group, one of India’s largest companies, set up the Overseas Agro Traders’ Association of Myanmar (OATAM), with 25 corporate members who collectively account for 80 percent of the beans and pulses exported from Myanmar.

A career Tata man, Sunil Seth spent most of his working life in the steel industry. Since coming to Myanmar in 2013, he has applied some of the tactics he learned in the steel industry to Myanmar’s agriculture sector – especially by creating brands.

“I’m trying to de-commoditise pulses, finish them into small packages with branding and sell them,” he said. “You see how you can add more value instead of just being a trader.”

Within two years Tata International has become one of the top agricultural exporters from Myanmar to India.

OATAM was set up with help from the Beans and Pulses Association of Myanmar and with the support of the Ministry of Commerce and Trade.

“It was Minister U Win Myint who encouraged me to form this association along with the rest of the group,” Mr. Seth said.

“We felt there were a lot of areas that needed improvement. For instance, we wanted to develop a standard specification on quality. Another question is, how do you build a good brand?”

Other objectives include working more closely with Myanmar suppliers and bringing in standardised contracts to avoid defaults. “We looked at letters of credit and involving the banking system to get security on our payments,” he said. In July, OATAM invited shipping companies to discuss improving logistics. A previous meeting with inspection agencies was convened to discuss product quality.

“The challenge is using research and development to improve quality, get better seeds, train farmers and provide credit,” he said.

Mr. Seth sees continued growth for Myanmar. “When you see the numbers it gives you a lot of confidence that this country is going to grow phenomenally in the next five to 10 years,” he said, citing a McKinsey report that Myanmar’s economy would grow from \$50 billion to \$200 billion by 2030. “I think it will reach \$200 billion earlier, because of natural resources and the ability to use IT,” he said.

The Mumbai-headquartered Tata Group is a conglomerate of public listed companies. Its activities include steel, airlines, automotive, electricity generation, beverages, chemicals, telecoms, hotels, engineering, construction, retail and financial services. The group reported \$103.7 billion in revenue in 2014 with a \$5.31 billion net profit, and employs 581,000 people worldwide.

Tata Power has signed an agreement for a 1320-megawatt coal-fired power plant in the Ayeyarwady Delta near Patheingyi in Nyok Kaung Bay, said Mr. Seth. “We are also trading in steel products and looking at imports from India and China.”

Mr. Seth says Tata Group is looking for opportunities in building electrical transmission lines as well as hotels to link with Tata’s Taj Hotels brand.

“We are looking at the possibility of opening a Taj Hotel here if the right opportunity comes up. The group is very excited about it.”

However, Mr. Seth says land prices are too high, especially in Yangon – something he says dissuades a lot of potential investment.

“I’ve seen a lot of improvement in import and export procedures in my two-and-a-half years here,” he said. “You don’t have to struggle any more. The telecoms sector has improved; the oil and gas sector has changed for the better because the government is giving licences for offshore blocks and they gave licences to nine foreign banks. That gives me a lot of confidence about this country.”

While he understands the country’s capacity limitations, he says the government in Nay Pyi Taw has done a remarkable job in a short time.

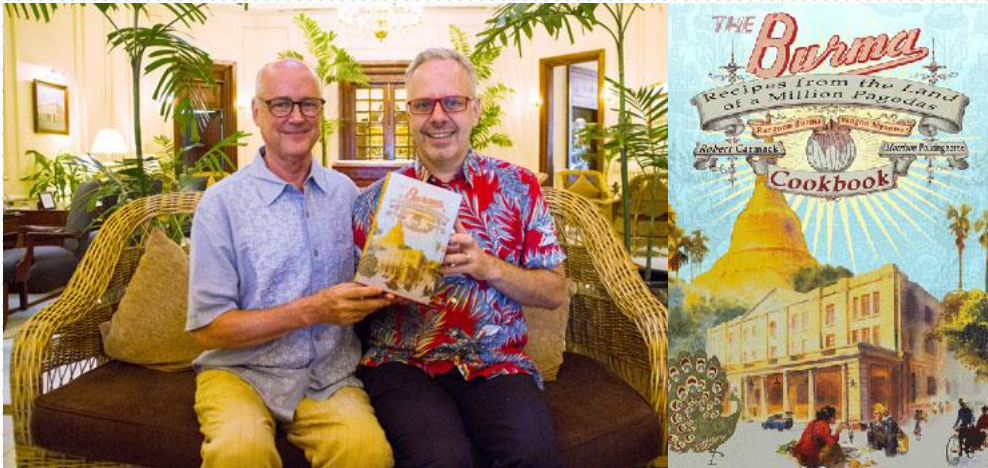
Mr. Seth wears two hats in his job – one as country head for Tata International and the other as representative for Tata Sons, the Group’s holding company, so he can be ready to make deals when opportunities arise.

“One is trading portfolio and the other is scouting for opportunities to see where an investment can come in. The group feels that Myanmar is an important market with a young labour force and good natural resources.

Recruited right out of mechanical engineering school at the Birla Institute of Technology when he was 23 – he’s now 54 –, he says the most important feature of the Tata Group’s corporate culture is trust. “Tata is a highly ethical company and we have a lot of respect for our employees. We have a philosophy to give back to society and we do a lot of CSR.”

Having worked in Eastern Europe, Singapore, Thailand and India during his 30-year career with Tata Group, Mr. Seth says he’s very happy to be in Myanmar and having shifted his focus from just steel to embrace agriculture, power, hotels and other industries.

- ❖ Myanmar food took centre stage last month when Robert Carmack and Morrison Polkinghorne's *The Burma Cookbook* was named World's Best Asian Cookbook of the year at the Gourmand World Cookbook Awards held on June 9 in Yantai, China.



Robert Carmack (right) and Morrison Polkinghorne pose with their book *The Burma Cookbook*, named World's Best Asian Cookbook at the annual Gourmand World Cookbook Awards. Known as the Oscars of food awards, the annual Gourmand World Cookbook Awards recognise the best food and wine books produced every year. Competing against thousands of entries from 205 countries, *The Burma Cookbook* fought off competition from four other short-listed titles to win the Best Asian Cookbook category.

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