

FOREST INDUSTRY INVESTMENT PROFILE IN MYANMAR

Khun Aung Soe
Maung Maung Pyone



National Economic Objective

**“DEVELOPMENT OF THE ECONOMY
INVITING PARTICIPATION IN TERMS OF
TECHNICAL KNOW-HOW AND
INVESTMENTS FROM SOURCES INSIDE
THE COUNTRY AND ABROAD”**

Topics of Discussion

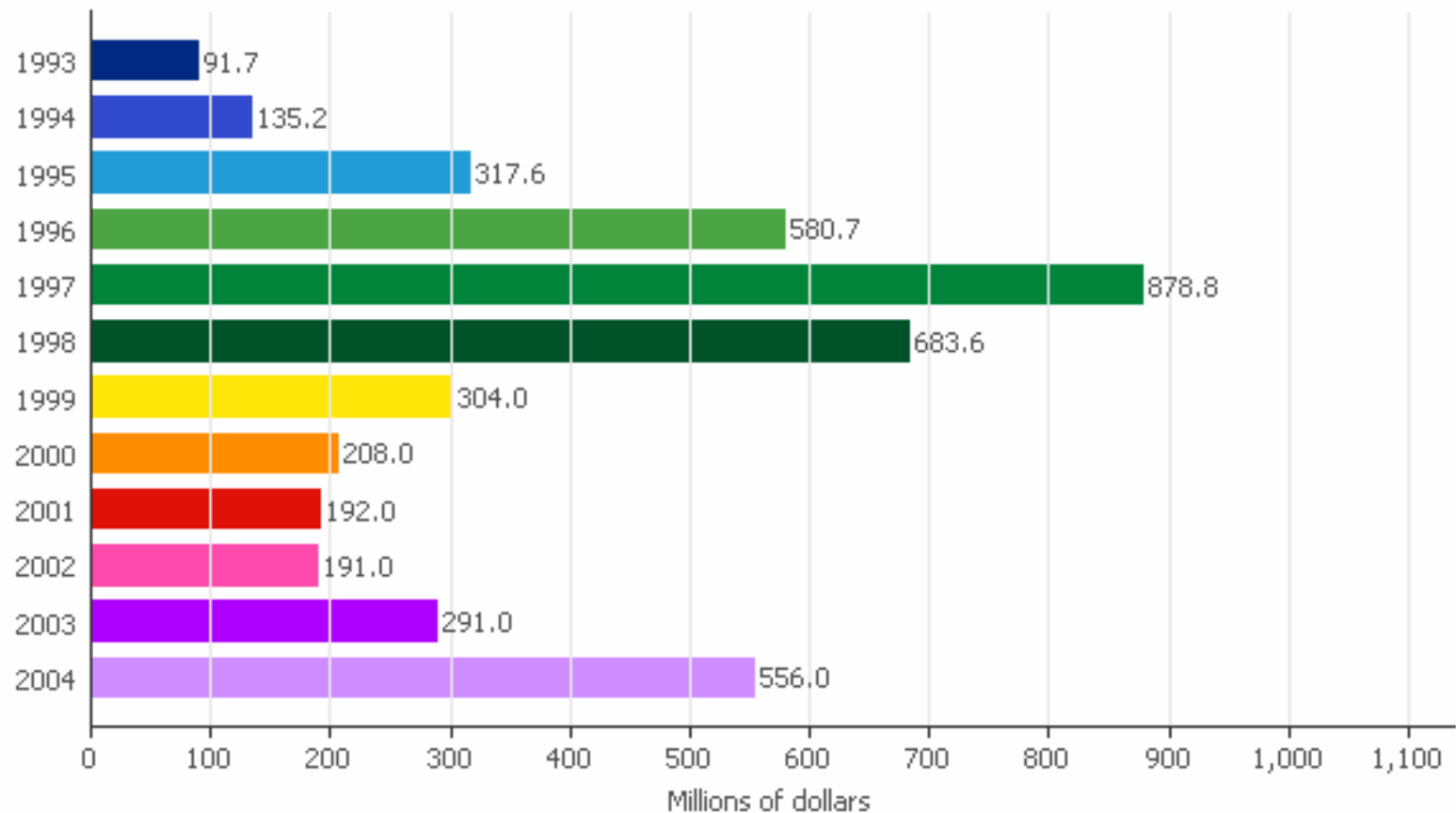
- Foreign Direct Investment in Myanmar
- Strategy on Forest Industry
- Government Supporting
- Current Situation on Forestry Investment

The policy Objectives underlying foreign investment

- the promotion and expansion of **exports**;
- exploration of **natural resources** which require heavy investment;
- acquisition of **high technology**
- supporting and assisting **production and services** involving large capital;
- opening up of more **employment** opportunities;
- development of works that would **save energy** consumption; and
- **regional development**

FDI in Myanmar

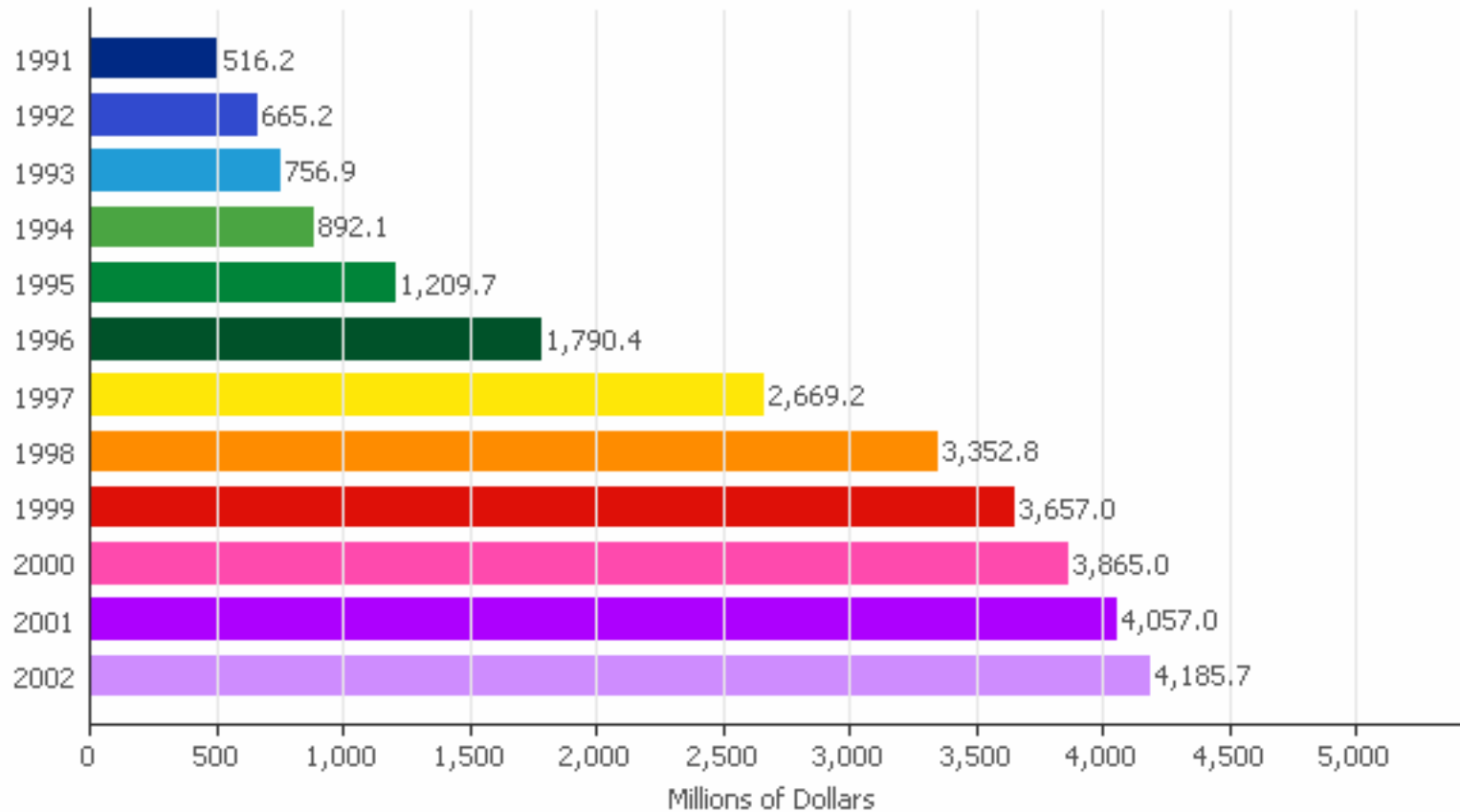
FDI inflows, 1993-2004



Source: World Investment Report 2005

FDI in Myanmar

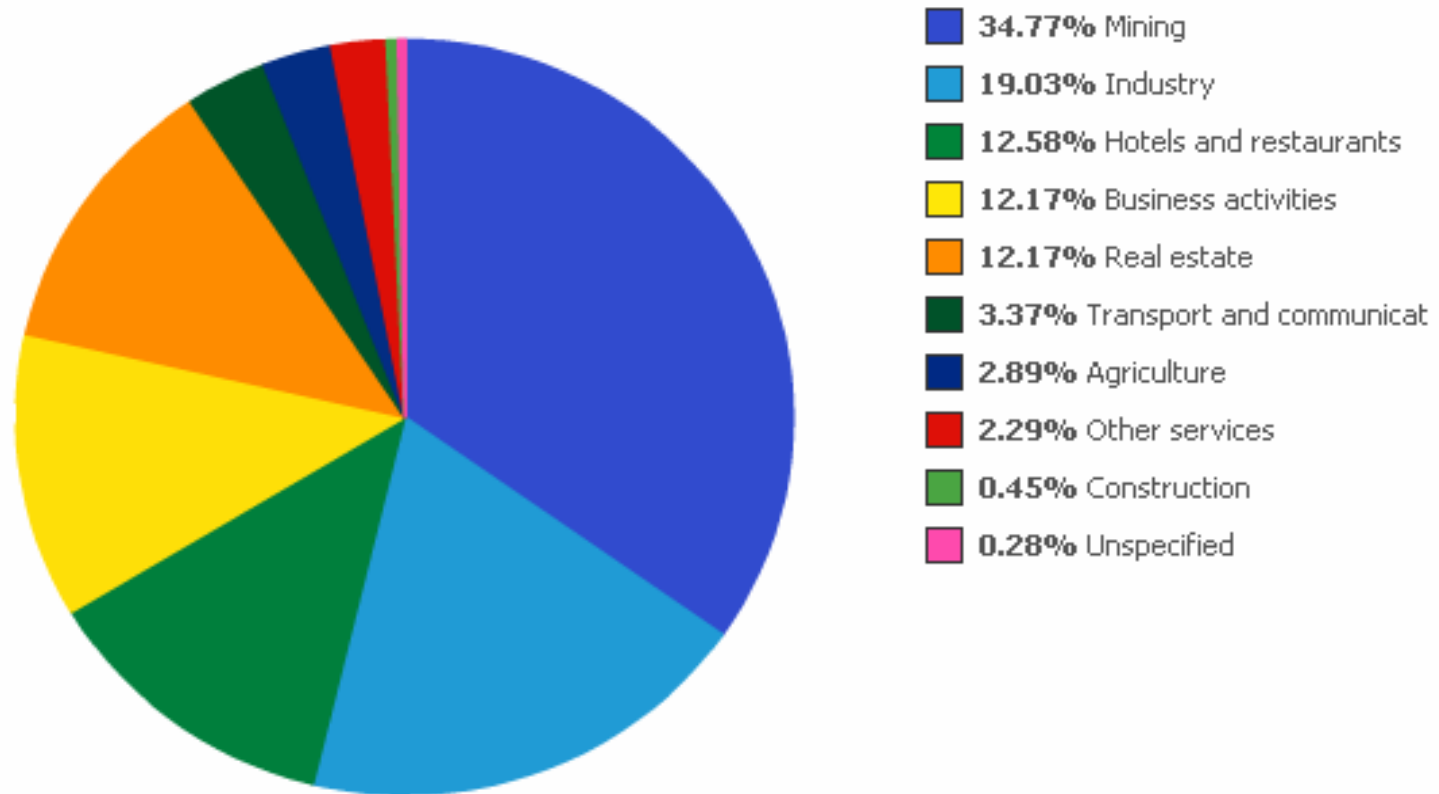
FDI Stock



Source: MIC

FDI in Myanmar

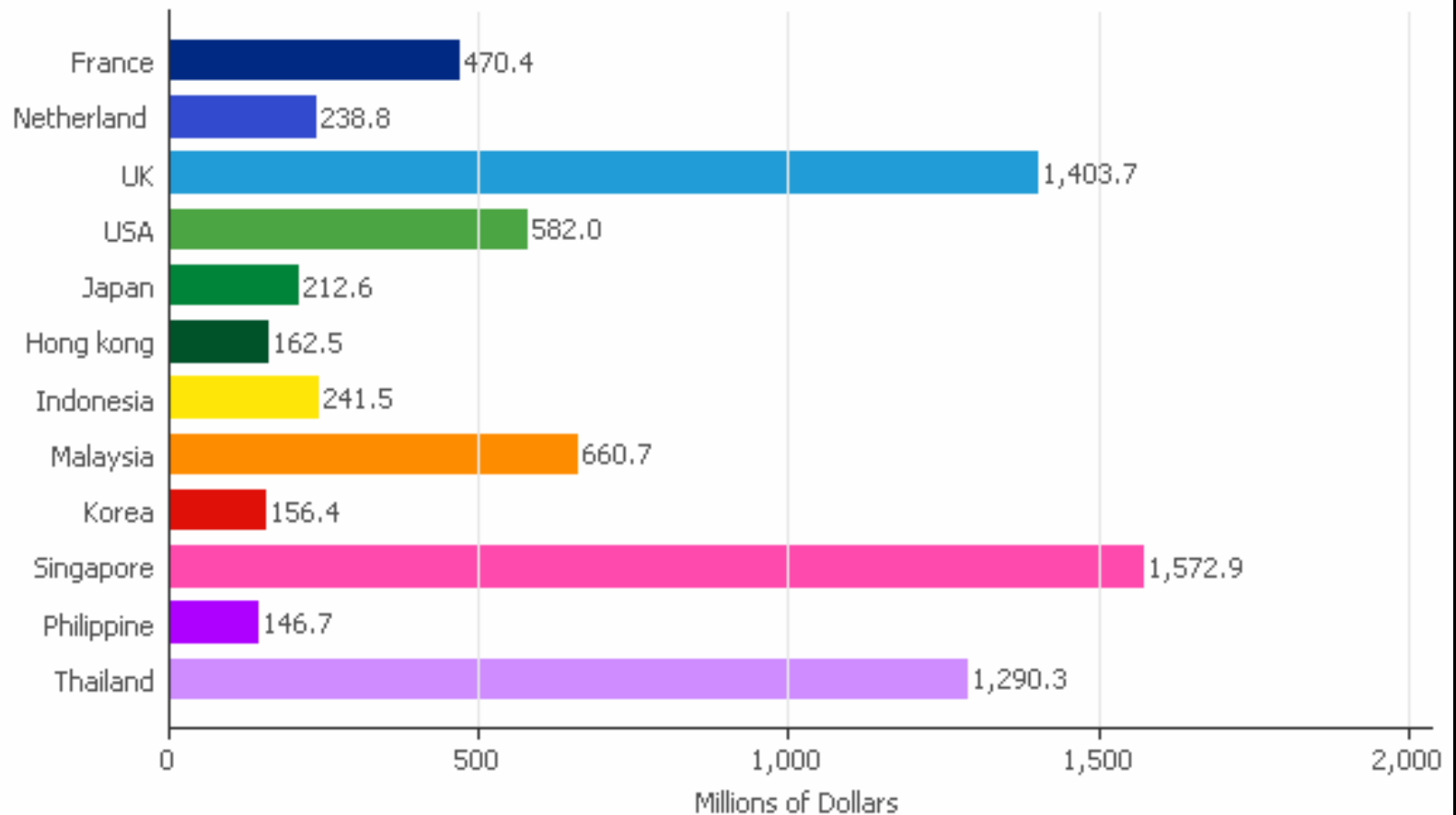
FDI stocks by industry (millions of dollars)



Source: MIC

FDI in Myanmar

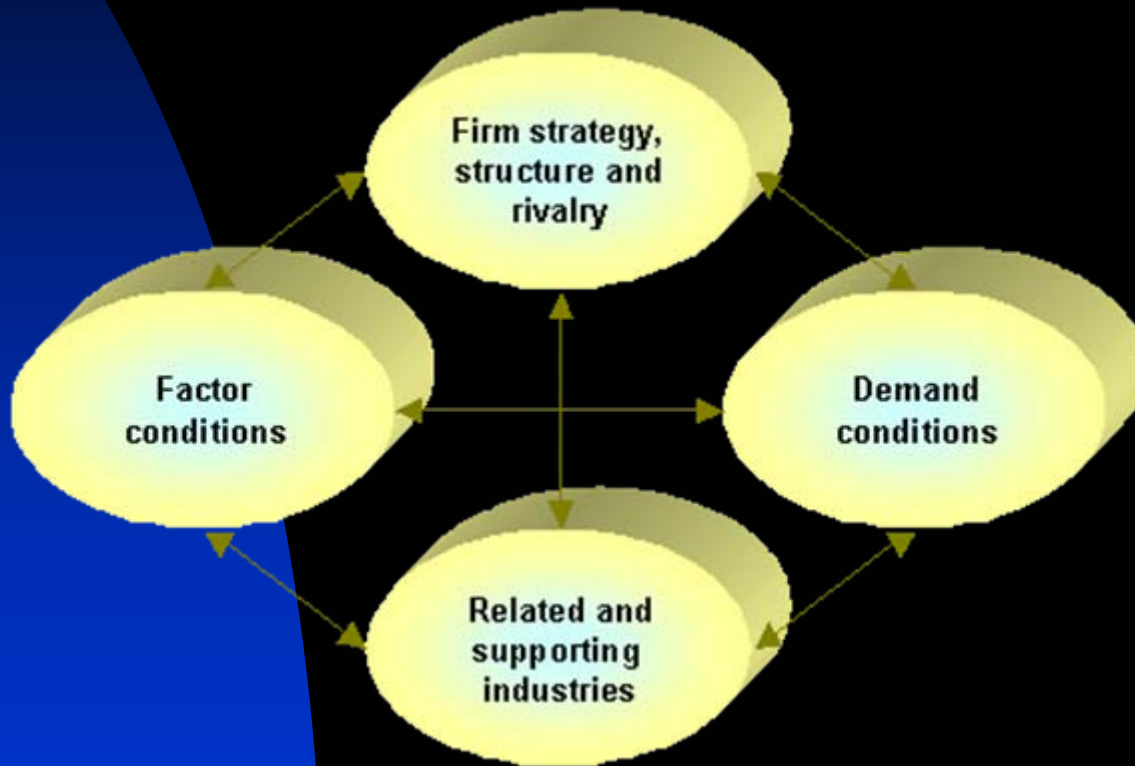
FDI Stocks by geographical origin (2002)



Source: MIC

National Advantage

Porter Diamond's Model



Demand Conditions

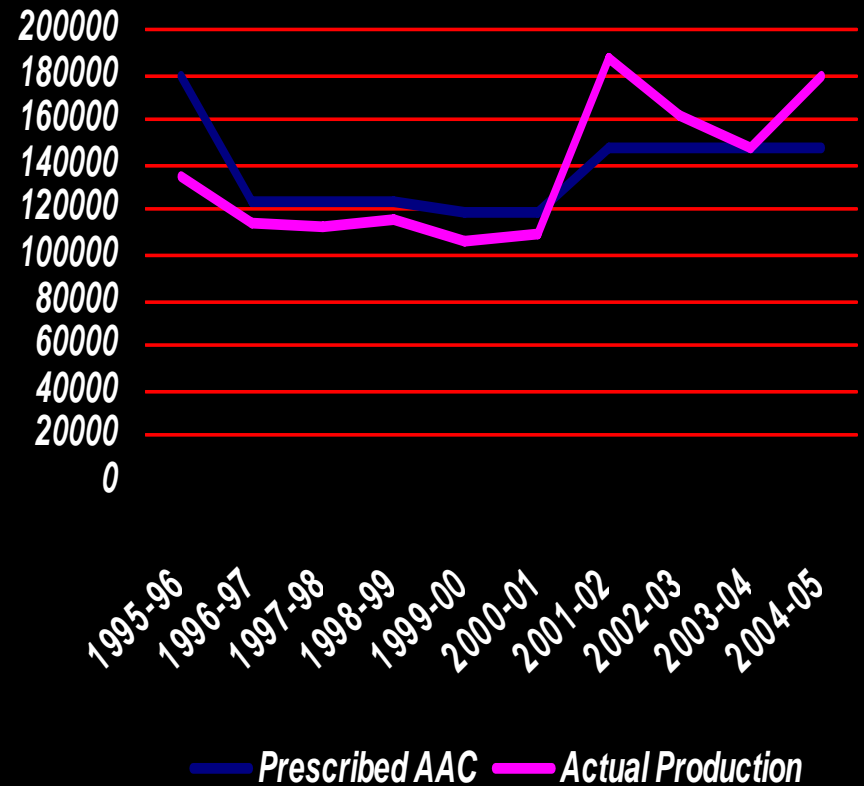
Source : Tropical Timber Market Report

<i>Log Prices (natural forests)</i>		<i>€ Avg per Hoppus Ton</i>			
<i>Teak Logs, FOB</i>		<i>(traded volume)</i>			
<i>Veneer Quality</i>	<i>Jan</i>	<i>Feb</i>	<i>April</i>	<i>May</i>	<i>Jun</i>
2nd Quality	4,303	4,332	4,593	4,622	4,734
	(12 tons)	(10 tons)	(11 tons)	(11 tons)	(17 tons)
3rd Quality	4,173	4,150	4,295	4,364	4,391
	(13 tons)	(12 tons)	(17 tons)	(17 tons)	(19 tons)
4th Quality	3,704	3,778	3,979	4,190	4,207
	(86 tons)	(86 tons)	(68 tons)	(68 tons)	(75 tons)
Sawing Quality					
Grade 1 (SG-1)	2,614	2,594	2,461	2,836	2,797
	(305 tons)	(293 tons)	(353 tons)	(353 tons)	(290 tons)
Grade 2 (SG-2)	1,722	1,880	2,016	2,094	2,290
	(471 tons)	(482 tons)	(433 tons)	(433 tons)	(543 tons)
Grade 3 (SG-3)	-	-	-	-	1,512
	(-)	(-)			(69 tons)
Grade 4 (SG-4)	1,411	1,457	1,687	1,661	1,841
	(411 tons)	(442 tons)	(367 tons)	(367 tons)	(355 tons)
Grade 5 (SG-5) Assorted	1,039	1,193	1,325	1,350	1,352
	(326 tons)	(148 tons)	(353 tons)	(353 tons)	(511 tons)
Grade 6 (SG-6) Domestic	926	922	979	979	1069
	(179 tons)	(303 tons)	(302 tons)	(302 tons)	(438)

Factor Conditions

<i>Year</i>	<i>Prescribed AAC</i>	<i>Actual Production</i>
1995-96	178750	135229
1996-97	124213	114682
1997-98	124213	112109
1998-99	124213	116644
1999-00	118548	106461
2000-01	118548	109896
2001-02	147300	187806
2002-03	147300	162578
2003-04	147300	148186
2004-05	147300	178740

Production of Teak Trees



Source: Forest Department

Related Supporting Industries

EXPORTS

(Kyats in million)

Sr No.	Discription	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
1	2	3	4	5	6	7	8	9	10	11
1	Teak Logs	781.425	729.880	609.428	557.344	972.677	948.475	930.128	835.375	1126.794
2	Teak Conversion	121.595	124.711	88.146	82.846	66.235	104.386	122.078	100.595	98.700
3	Hardwood Logs	101.191	96.349	122.107	107.696	180.658	254.927	264.591	320.44	411.407
4	Hardwood Conversion	1.025	1.143	1.350	0.155	0.404	-	-	-	-
5	Plywood	0.272	3.572	5.209	0.126	3.703	15.522	15.819	24.831	13.428
6	Veneer	0.474	0.697	-	0.047	3.161	1.403	1.069	0.572	1.766
7	Furniture	0.336	0.149	2.434	0.448	7.572	6.166	6.682	6.09	6.81
8	Flooring	6.039	8.975	1.612	1.912	9.092	14.888	19.224	15.206	25.858
9	Finger Joint	7.608	8.740	7.459	2.080	5.614	5.966	6.249	4.964	12.278
10	Others	124.261	221.947	183.952	313.564	0.894	1.428	0.390	-	-
11	Moulding	-	1.642	2.472	1.842	3.213	2.072	4.225	2.595	1.708
12	S4S (Four Sides Planed) -	-	-	-	-	-	-	1.182	7.342	3.989
	Total	1144.226	1197.805	1024.169	1068.060	1253.223	1355.233	1371.637	1318.010	1702.738

Source: Forest Department

8/21/2007

MINISTRY OF FORESTRY,
MYANMAR

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Related Supporting Industries

<i>Wood based Industry</i>			
<i>State/Division</i>	<i>Saw Mill</i>	<i>SMEs</i>	<i>Total</i>
<i>Kachin</i>	1	179	180
<i>Kayah</i>	1	34	35
<i>Kayin</i>	2	90	92
<i>Chin</i>	0	1	1
<i>Sagaing</i>	16	307	323
<i>Tanintharyi</i>	0	169	169
<i>Bago</i>	37	332	369
<i>Magwe</i>	13	137	150
<i>Mandalay</i>	17	552	569
<i>Mon</i>	2	238	240
<i>Rakhine</i>	3	137	140
<i>Yangon</i>	92	790	882
<i>Shan</i>	15	210	225
<i>Ayarwaddy</i>	13	228	241
	212	3404	3616

<i>Distribution of Scandling for Domestic Use</i>		
<i>Year</i>	<i>Teak(H ton)</i>	<i>Hardwood(H ton)</i>
2002	4457	170917
2003	4659	180176
2004	4989	176551
2005	4715	191525
2006	3348	157336

Source: Myanmar Timber Enterprise

The Strategy, Structure And Rivalry Of Firms

Forest Industry, Marketing And Trade:

■ *Objectives*

- -To promote efficient harvesting and **sustainable utilization** of all forms of forest produce;
- -To upgrade and diversify appropriate **wood-based industries** with determined capacities commensurate with the resource flow to achieve high level of efficiency and to minimize waste of forest resources;
- -To promote the export of **value-added forest products** and encourage use of under utilized species;
- -To ensure that domestic requirement of all forms of processed timber is adequately met through **domestic processing**;
- -To secure a sizable share of **overseas wood product market** through aggressive marketing including promotional measures;
- -To develop and exploit the potential of **non-wood forest products** for meeting local needs and for providing small Scale rural forest-based industries for providing employment and off farm income to the rural population

Government's Role

The State-owned Economic Enterprises Law(1989)
Foreign Investment Law(1990)
Myanmar Citizen Investment Law(1994)

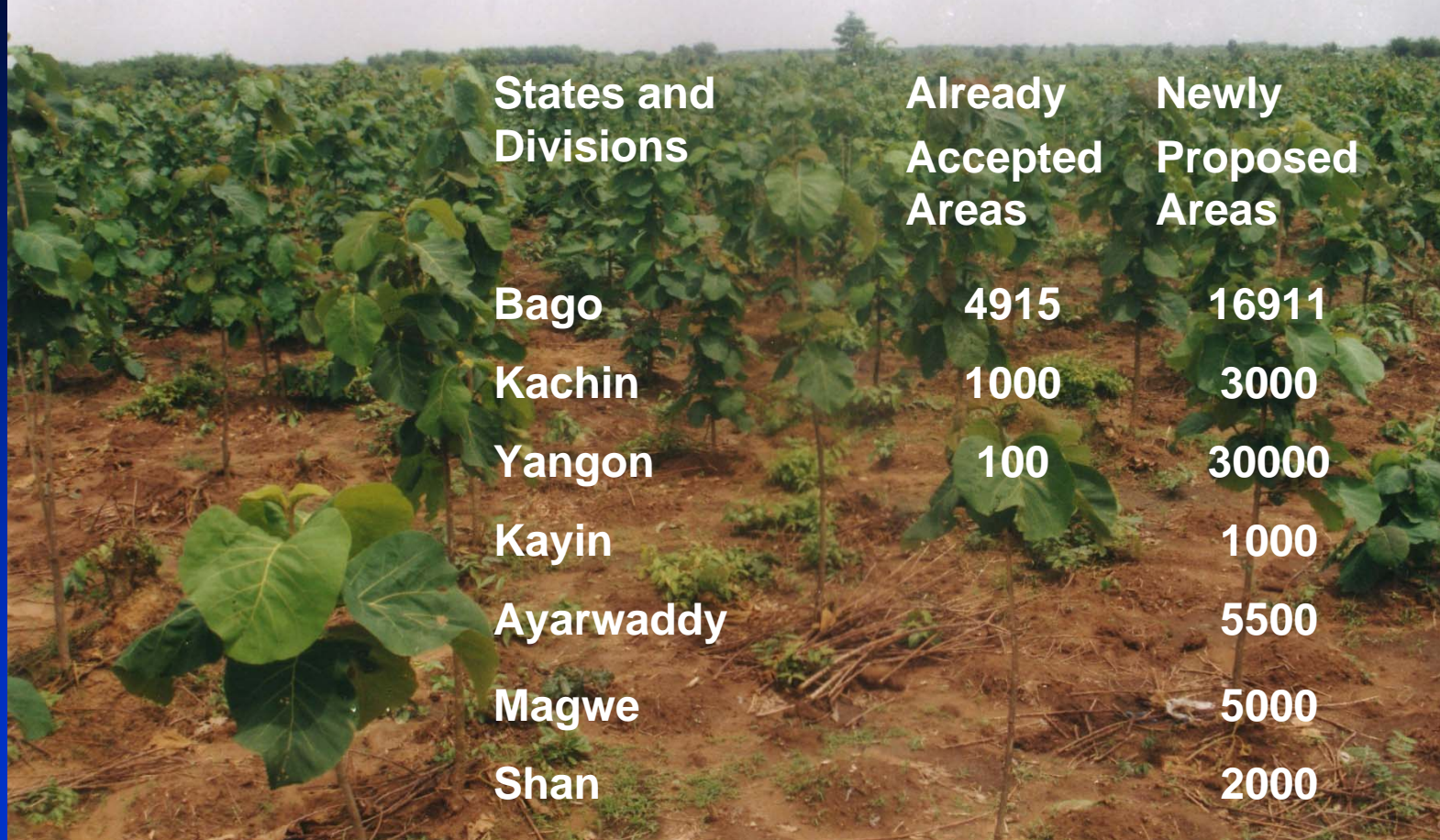
- Forms of Investment
- Minimum Capital Requirement
- tax holiday
- Tax exemption and relief
- Guarantees
- Rights to Transfer of Foreign Currency

Government's Role

- Myanmar Special Economic Zone Law (Draft)
- Myanmar Special Economic Zone
 - ◆ Thilawa
 - ◆ Mawlamyine
 - ◆ Myawaddy
 - ◆ Pha Ann
 - ◆ Kyauk Phyu
 - ◆ Yadanarbon ICT park

Government's Role

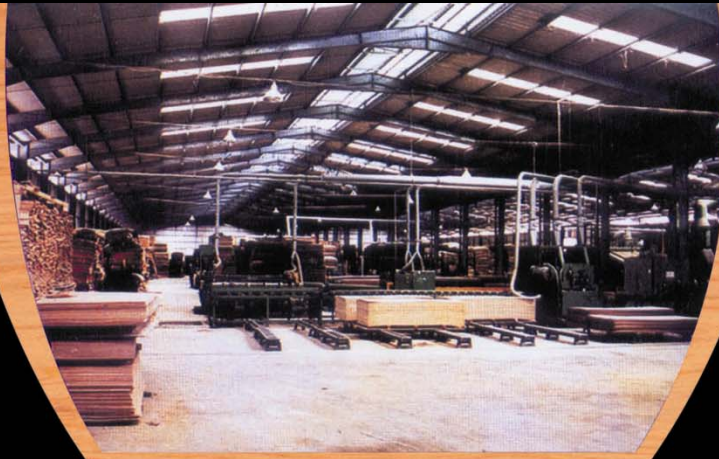
Establish Private Owned Teak Plantation



States and Divisions	Already Accepted Areas	Newly Proposed Areas
Bago	4915	16911
Kachin	1000	3000
Yangon	100	30000
Kayin		1000
Ayarwaddy		5500
Magwe		5000
Shan		2000

Current Situation on Wood base Industry

<i>Seri al</i>	<i>Name of Company</i>	<i>Remarks</i>
1	Myanmar Korea Timber International Limited(MKTI)	JV Company
2	Scansia Myanmar Co.Ltd	JV Company
3	Chin Su (Myanmar) Co.Ltd	100% Investment Company
4	Yangon Wood IndustryLtd.(YWIL)	100% Investment Company
5	Sanfoco Wood Industry Ltd.(SWIL)	100% Investment Company
6	SK Wood Industry Ltd	100% Investment Company
7	Myanmar Yunan Wood Industry Ltd	100% Investment Company
8	Myanmar Tokiwa Corporation Ltd	100% Investment Company
9	Taw-win Family Co.Ltd	100% Investment Company
10	Myeik Plywood Co.Ltd	100% Investment Company
11	Wood Land Co.Ltd	100% Investment Company
12	United Home Center Co.Ltd	JV Company
13	Myotaw Furniture Co. Ltd	JV Company
14	Htoo Trading Co.Ltd	100% Investment Company
15	Vantage Co.Ltd	100% Investment Company
16	Myanmar Peltier Bois Co.Ltd	100% Investment Company
17	Pyi-Phyo-Tun Co.Ltd	100% Investment Company
18	Momentum Production EnterpriseLtd	100% Investment Company
19	Tin Win Htun Production Co.Ltd	100% Investment Company



CHIN SU MYANMAR

COMPANY LIMITED



ADDRESS : CHIN SU PLYWOOD FACTORY
BLOCK 6, INDUSTRIAL ZONE, 17 QUARTER,
OAKTHAR MYOTHIT, BAGO

TEL : 95-52-22242, 22246, 22240

FAX : 95-52-22241, 22249

EMAIL : espywood@mptmail.net.mm



Current Situation on Wood base Industry

No	Particular	Company Profile	
1	Name of Enterprise	Chin Su (Myanmar) Co.Ltd	Myanmar Korea Timber Industry
2	Foreign Investment Permit No. and Date	No.105/94(6.6.94)	No.44/91(13.6.91)
3	Type of business	Manufacturing(Woodbased)	Manufacturing(Woodbased)
4	Company Address	No.1(B)304(9) Mile,Pyay Rd,Yangon	Yangon /Mandalay Rd, Swa
5	Factory Address	17Q/Industrial Zone,Bago	Yangon /Mandalay Rd, Swa
6	Authorized Capital	50 M	20 M
7	Paid up Capital(Million Kyat)	41.2	6
8	Production(2006-2007) CuM	7,837.54	29,874.00
9	Export(Million USD)	1.2	9.17
		Source: Myanmar Timber Enterprise	
10	Local Sale(Million Kyat)	406.48	1,252.00

Other Forestry Investment Opportunities

- Ecotourism
- NWFP
- CDM
- Agar wood
- Private Owned Forest Plantation
- Renewable Energy Plants

Conclusion

- By the national economic objective, one can foresee the provisions for private sector - both local and foreign to play a vital role in the development process in Forest Industry.
- It is an open invitation to every nation of goodwill, be it far or near, everyone to make good use of the lucrative investment opportunities and advantages that Myanmar offers today.

Thank You

