

ASEAN CONSTRUCTORS FEDERATION

44th ACF Council Meeting (28 September 2017) Country Report - Myanmar



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1. Introduction

Myanmar	FACTS
Population	About 51 Million
National Land Area	About 680,000 sq-km
GDP Growth Rate	7%

Yangon	
Population	About 6 Million
National Land Area	About 10,200 sq-km
GDP Growth Rate	7%

2. Myanmar GDP Annual Growth Rates

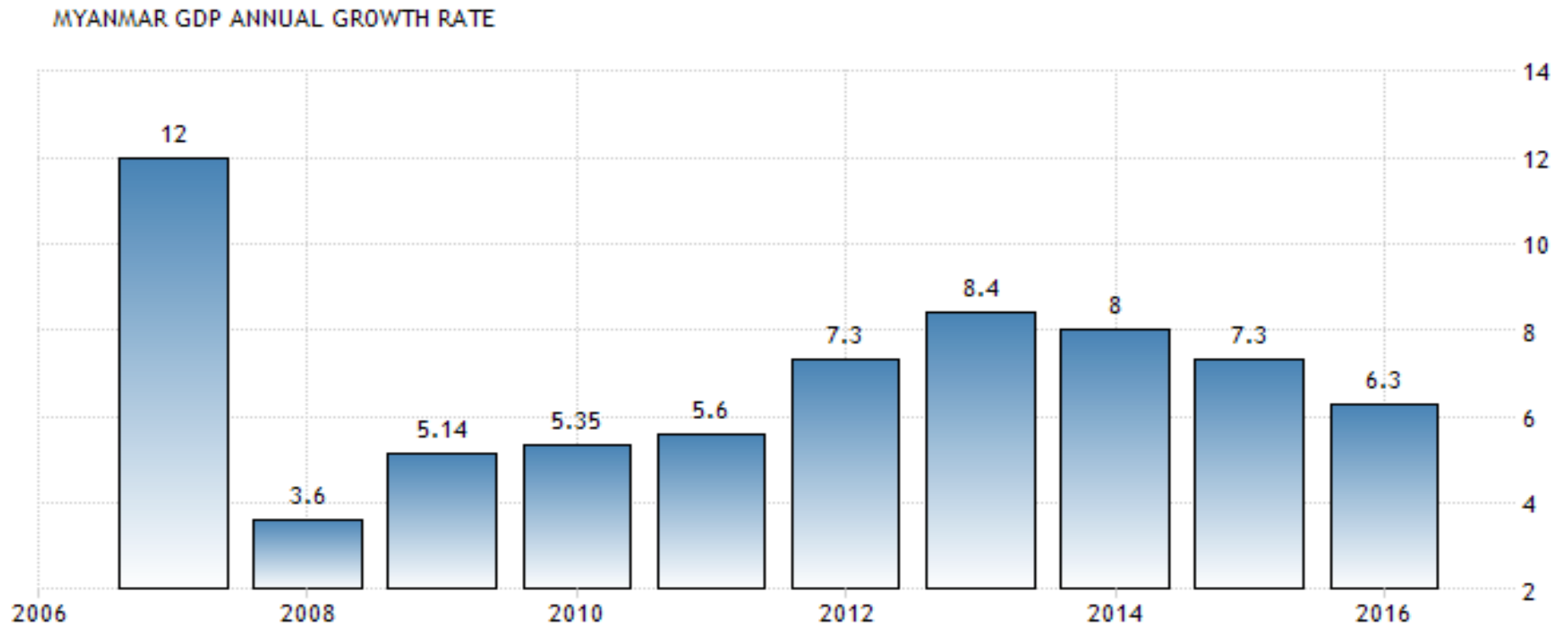
- Myanmar civilian led, reformist government has taken charge and the country has began to open up to foreign direct investment.
- Myanmar's economy is pretty diversified.
- The most important sector of the economy is services, which has been growing steadily in the last few years, and now account for over 38 percent of GDP.
- The share of agriculture has been declining, and now represents 36 percent of GDP.
- Finally, industry contributes the remaining 26 percent of GDP.

Myanmar GDP



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | WORLD BANK

Myanmar GDP Annual Growth Rate



SOURCE: [TRADINGECONOMICS.COM](http://tradingeconomics.com) | CENTRAL BANK OF MYANMAR

3. Overview of Myanmar Construction Industry

- The Myanmar construction industry has expanded tremendously over the last four years.
- We are seeing about \$4.2 billion worth of construction projects annually
- The business is growing by 8% each year

- We are trying to develop the financial sector to support the development of much-needed infrastructure, which will enable us to have electricity nationwide by 2030.
- Furthermore, the education gap poses a challenge, as it adds constraints to both the workforce and our ability to handle capacity.
- We also currently have weak economic diversification.
- Although this is improving, government revenue currently comes from a select few sectors, which makes the financing of large-scale infrastructure projects

4. KEY HIGHLIGHT FOR CONSTRUCTION INDUSTRY

Key Highlight A

- With an aim to support the government in establishing a regulatory framework to revamp economic growth, in March 2017 the ADB approved a new Country Partnership Strategy 2017–2021.
- This strategy aims to establish efficient connectivity among the rural and urban areas, and also address the rising demand for energy in the country.
- This is expected to drive investments in transport and energy infrastructure projects over the forecast period.

Key Highlight B

- With an aim to accelerate the flow of foreign direct investment (FDI), the government introduced a new investment law in March 2017.
- With effect from April 2017, the government eased restrictions on both domestic and foreign investments, thereby opening economic sectors to private investment.
- This is also expected to drive more FDI into construction projects in the coming years.

Key Highlight C

- In January 2016, the government announced plans to develop a deepwater port in the Kyaukpyu special economic zone.
- The project involves a total investment of **MMK6.6 trillion (US\$5.4 billion)** and includes the construction of **two terminals** and **ten 4.1km-long berths**.

Key Highlight D

- In 2014, the government, in partnership with the World Bank, launched the National Electrification Plan.
- This plan aims to provide an electricity connection to every household in the country by 2030.
- By 2020, the government plans to create 1.7 million new household electricity connections with investments worth MMK1.0 trillion (US\$700.0 million).

Key Highlight E

- Signed a framework agreement with **JGC Corporation, Changi Airports International and Yongnam Holding Ltd** to develop Hanthawaddy International Airport at Bago.
- With an estimated investment of MMK1.8 trillion (US\$1.5 billion), the new airport and its related infrastructure will be constructed on a 3,642.0ha area.

Hanthawaddy International Airport





5. Law and Regulation

1. Myanmar National Building Code 2016 approved by the government as the benchmark for all types of new buildings and civil infrastructure, and building material standards, such as cement, steel and sand, are issued by the **MOC**.
2. Zoning rules with building coverage ratios and floor area ratios for urban development by **YCDC**.



6. Regulatory Bodies

Ministry of Construction (MOC) and its Department of Human Settlement and Housing Development (DHSHD):

- responsible for overseeing affordable housing projects and infrastructures.

Ministry of Transportation and Communications :

- tasked with rolling out various projects under the NTMP (National Transport Master Plan)



6. Regulatory Bodies

Ministry of Planning and Finance :

- plays a role in policymaking, public finance and project planning.

Ministry of Commerce :

- sets import and export regulations for the sector, and to liberalize foreign trade in construction materials.

Ministry of Electric Power and Energy :

- oversees grid upgrades and power plant projects under the NEP.



6. Regulatory Bodies 2

YCDC, MCDC, UMFCCL, **MCEA**, MEC, etc

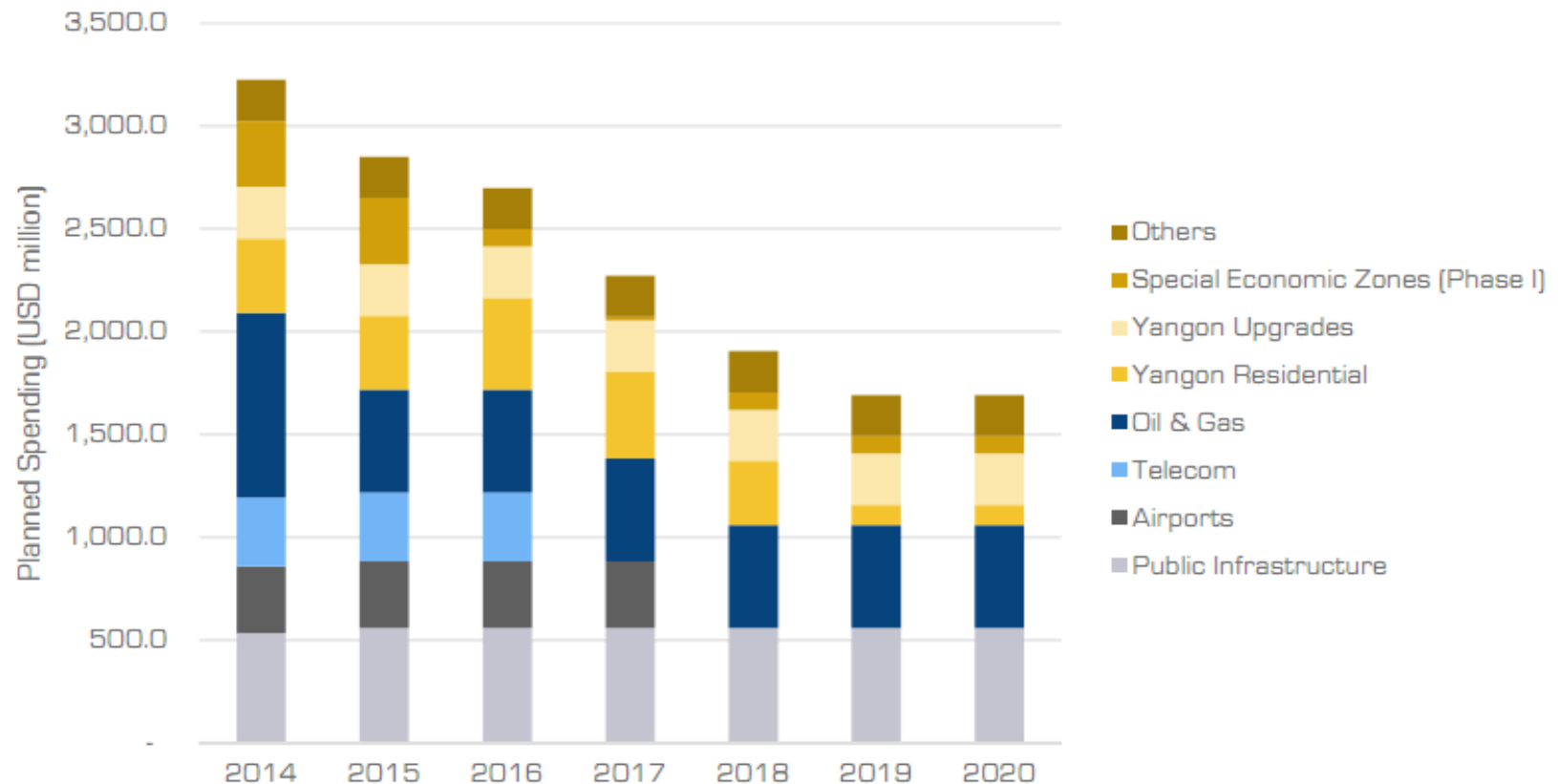
MCEA

- MCEA collaborate with the government to develop new construction policy and Projects.
- In 2015, MCEA forms a public company called **MCD** (Myanmar Construction Development Public Co., Ltd.)
- In 2017, **MCD** JV with Yangon region government to form **YMD** (Yangon Metropolitan Development Public Co., Ltd.)
- **YMD** will develop New Yangon town plan and infrastructure soon.

7. Construction Material Price (Kyats) in Yangon (2016-2017)

No	Description		Unit	2016 Oct	2017 Sept
1	Ready Mixed	Grade 30	M ³	85,000	100,000
2	Cement	50 kg/Bag	1000kg	110,000	110,000
3	Sand	0.5-4mm	M ³	5,300	7,000
4	River Shingle	5-20mm	M ³	19,500	25,000
5	Deformed bar	10mmØ	1000kg	430,000	57,000
		- 25mm Ø		- 450,000	- 600,000
6	Brick	9"x4½ "x3"	1 unit	110	110
7	Galvanize Sheet	0.4 - 2mm	Sheet	780	830

8.Planned Construction Projects



Source: NCRA Estimates

Infrastructure Development

1. National Transport Master Plan (NTMP)

- a) building highways,
- b) upgrading the dilapidated railway system,
- c) new port and airport projects.

2. National Electrification Programme (NEP).

3. JICA proposed Urban Transportation Strategic Action Plan

Urban Development 2

Government staffs' Housing

- Early 2017, Ministry of Planning and Finance and MCEA planned Government staffs' Housing projects @ Yangon, Mandalay and Naypyidaw.
- Myanmar President “U Htin Kyaw” supported ground breaking ceremony of these projects on 21st July 2017 at Naypyitaw.
- MCEA is going to build more than 2000 **rental housings** and **pensioner housings** in Yangon that would be available under a hire-purchase system.



နိုင်ငံ့ဝန်ထမ်းအိမ်ရာစီမံကိန်း
“ပန္နက်တော်တင် မင်္ဂလာအခမ်းအနား”

၂၀၁၃ ခုနှစ်၊ ဇူလိုင်လ (၂၁) ရက် (သောကြာနေ့) ဘဏ္ဍာရေးဝန်ကြီးရုံး၊ နေပြည်တော်







Myanmar's economic growth at **8.4%** and **8.3%** respectively



Real estate sector raked in about **US\$345 million**



Ministry of Construction announced to build **more than one million** houses

The construction industry:

A major growth driver of Myanmar's economy.

Investors attraction:

Looks to capitalize on economic liberalization and a major public infrastructure program.

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Endeavour no.3 Circular roads

ROAD NETWORK & HIGHWAY NETWORK



Asian Highway Routes

4 Routes in Myanmar : 2907 kms
AH1, AH2 , AH3 , AH14



ASEAN Highway Routes

- 23 Routes , Length 36,000 kms
- 7 Routes in Myanmar : 4528 kms
AH1, AH2 , AH3 , AH14 . AH111 , AH112 , AH123

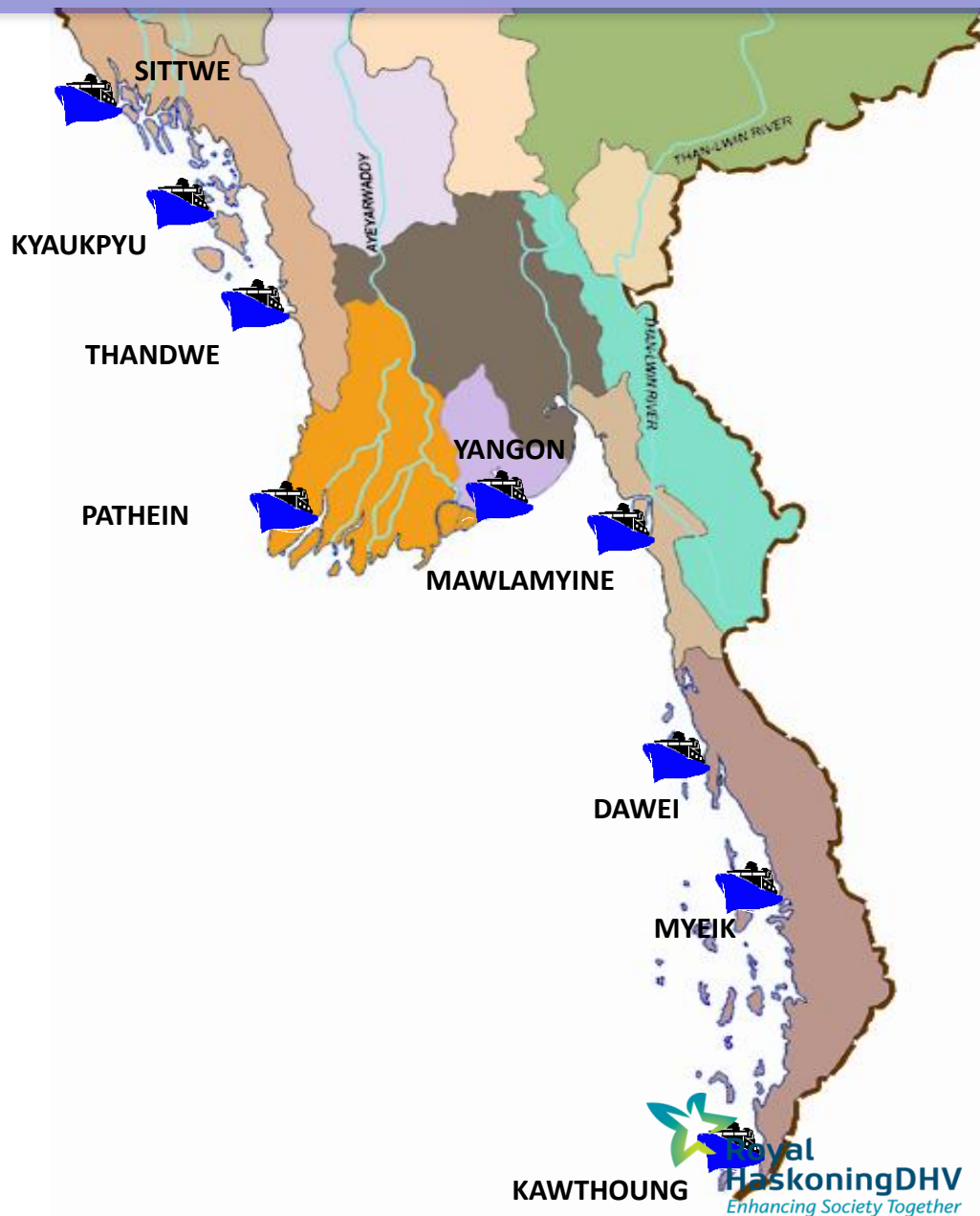
Proposed Projects in Myanmar Railways



Sr.	Project Name
1	Yangon Mandalay Rail Line Modernization Work (616.8 km)
2	Yangon City Urban Rail Line Modernization and Rehabilitation Works (124.5 km)
3	Repowering of Locomotives
4	Mandalay-Myitkyina Track and Signaling Upgrading Project (552km)
5	Bago-Dawei Track Upgrading Project (507 km)
6	Tamu-kalay-Segyi-Monywa-Mandalay Rail Line Project (500.22 km)
7	Purchasing of 300 nos. of New Passenger Coaches
8	Yangon-Pyay Track Upgrading Project (259km)
9	Up grading of Railway Technical Training Center
10	National Railways Strategic Plan

Myanmar Ports

Port	Region/State
Yangon	Yangon
Sittwe Kyaukpyu Thandwe	Rakhine
Patheingyi	Ayeyarwady
Mawlamyine	Mon
Dawei Myeik Kawthoung	Tanintharyi



GMS East – West Economic Corridor in Myanmar



9. Conclusion

- Improving regulations in the construction sector, and ensuring that these are enforced, is critical though needs to be managed carefully.
- Better regulations could improve urban planning, the quality of construction, environmental sustainability, and the welfare of urban dwellers.
- Ensuring a phased approach that is predictable and transparent is critical to avoid problem, which may be difficult for the economy to recover from given the importance of the construction sector.

Thank you for your attention !

