

Myanmar's Response To COVID-19 and Expectations for 2020

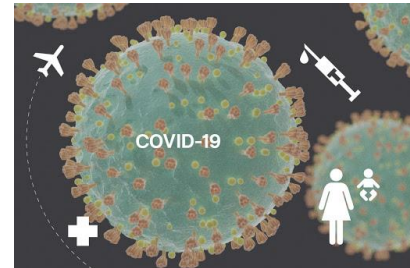
Every country has implemented prevention measures to contain the virus and minimize the economic impact of the deadly Corona virus, 'COVID-19'. Myanmar confirmed its first case on 23rd March 2020, followed by the first death on 31st March 2020. As of 28th April, Myanmar confirmed 149 cases and tested more than 7,215 people.

The Myanmar government announced quarantine measures for its citizens, banned all inbound international passenger flights from 30th March through 30th April and suspended entry visas and restricted land border crossings.

Government departments issued various directives. The Myanmar Investment Commission (MIC) suspended applications for the importation of machinery and equipment, raw materials, appointment of foreign technicians and others related activities for companies. The Directorate of Investment and Company Administration (DICA) encouraged investors to submit any applications via its online system only. The Ministry of Education ordered a lockdown on its offices. The Department of Transportation suspended buses routes. Myanmar's capital, Nay Pyi Taw, has reduced its staff by half.

On 6th April, the National-Level Central Committee on Prevention, Control and Treatment of Coronavirus Disease, 2019, led by Daw Aung San Suu Kyi, issued a press release stating that it would basic food to persons without a basic income, starting from 10th April, and eliminate charges of up to 150 units of electricity.

The outbreak of COVID-19 has gravely impacted people's health and devastated national economies around the world. While attending to urgent healthcare matters, the Myanmar government must overcome the immediate economic crisis, stabilize its economy and create growth for the longer term.



Toward this effort, on 29th March the government announced that that the most vulnerable sectors - CMP (garment and manufacturing) and hotel and tourism businesses, as well as small and medium-sized enterprises (SMEs) owned by local businesspeople could apply for loans from the newly established COVID-19 fund. The fund is 100 billion kyats (about US\$72 million), which is to be disbursed to qualifying persons with an interest rate of 1% for a loan period of one year. In addition, the Myanmar Investment Commission (MIC) announced that it will issue emergency loans to approximately 400 small businesses that have suffered financial losses due to COVID-19.

Many analysts believe that the global economy will suffer for at least several more months. Myanmar's recovery, regardless of any proactive measures, is likely to require support from China, its biggest ally, and from neighbouring countries.

As with many of other countries, Myanmar needs to improve its basic infrastructures, including electrical systems, roads, railways, highway, public transportation and other utilities. To finance these activities, the government will need to consider numerous fundraising efforts, embolden relationships with its trading partners, strengthen investment regulations and reduce burdensome red tape to speed up investments. Accordingly, there will be opportunities to explore.

Where there is chaos, there is opportunity. Myanmar seems poised for this inflection point, as recently shown by the Central Bank of Myanmar's issuance of a foreign bank licenses and approval of equity participation in a domestic bank in Myanmar. It will be incumbent of the current government to take swift action as the elections are looming in September. The next six months presents an opportunity for the government to showcase it capabilities.

Decha & Co (Myanmar) Ltd.

22 (C), Lane of Kabaraye Pagoda Road,
Ko Min Ko Chin Ward, Bahan Township,
Yangon 11201 Myanmar

Tel. (+95) 94-5523-7324

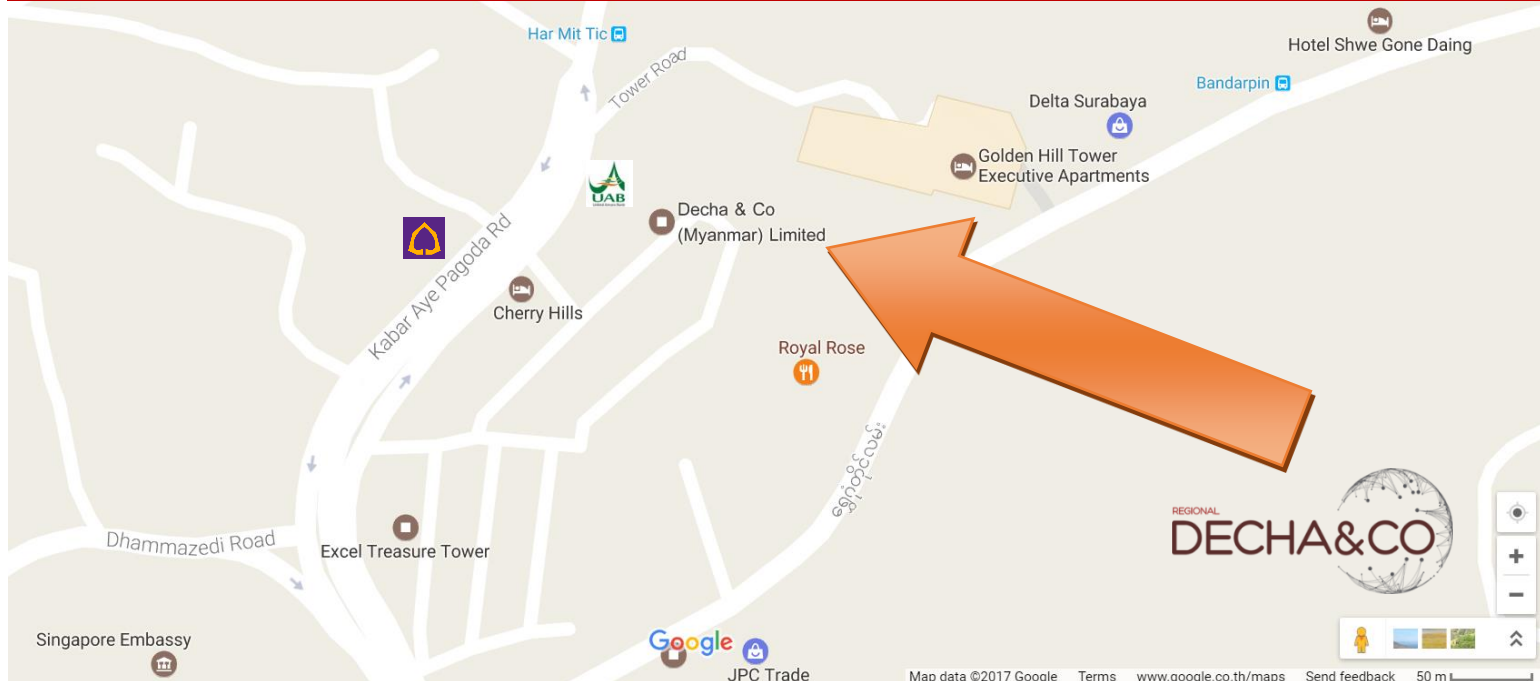
Tel. (+95) 94-5523-7325

Tel. (+95) 97-6152-7123

Fax. (+95) 1-552-845

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