

Central Bank Law passed on 11 July

As part of continuing financial and regulatory reforms, President Thein Sein signed Myanmar's new Central Bank Law on 11 July.

Under this new legislation, the Central Bank of Myanmar ("CBM") has been given greater independence and will no longer be a part of the Ministry of Finance. The primary objectives of the new law are to provide stability to the financial markets and monetary supply, control prices and inflation, regulate foreign exchange, and by doing so, encourage further trade and investment. The CBM will be given a one-year transition period to facilitate the changes.

The law prescribes that the Board of Directors of the CBM shall have nine independent members to be appointed by the President and approved by the Parliament, including one Governor, three deputies, and five financial and economic experts, none of whom may be parliamentarians or members of any political party. CBM capitalization will be 300 billion Myanmar Kyats (approximately US\$300 million), to be backed by government securities and a general reserve expected to match total capitalization at any given time. The government is set as the sole shareholder of the bank, with 100 billion Myanmar Kyats (US\$100 million) in paid-up capital, and may increase the capitalization as it sees fit. The Board is required to submit an annual budget and semi-annual reports on the financial system to the government and to publish quarterly general reports to the public. Quarterly internal audits and an annual external audit by the government are also required.

As set out in the law, the duties of the CBM include formulating and implementing monetary policy, issuing domestic currency, managing foreign exchange and interest rates, supervising and regulating financial institutions, maintaining government reserve funds, and acting as banker to the government and other financial institutions.

Seminar on 'Real Estate in Myanmar' at the UMFCCI

Kelvin Chia Yangon Ltd sponsored a seminar on "Real Estate in Myanmar" at the UMFCCI

The biggest question that loomed over audience and speakers throughout and after the seminar was, "What could be done with skyrocketing real estate prices in Myanmar?" As our presenters and international media have noted in unison, current apartment prices in downtown Yangon is either comparable or higher than those of downtown New York City. Land price around major cities in Myanmar is much higher than internationally acceptable price for real estate projects to have a reasonable return of investment.

Solutions proposed and discussed by our speakers were (1) to encourage development projects by providing incentives and privileges, (2) to put heavier taxes and other restrictive measures on land transactions in order to reduce speculative land banking, and (3) to saturate the market with fresh supply of government-owned land to bring down prices.

We continue to observe regulation changes and business trends closely in this important sector and expect that passing of the Condominium Law and the National Building Code will shed further clarity on foreign real estate ownership and catalyze development projects that will help Myanmar pass the current growth bottleneck.