

Kayin State Economy Overview

Kayin State Profile:

Location: Southern Myanmar

Shared borders: Mandalay Division and Shan State to the north

Kayah State and Thailand to the east

Bago Division and Mon State to the west

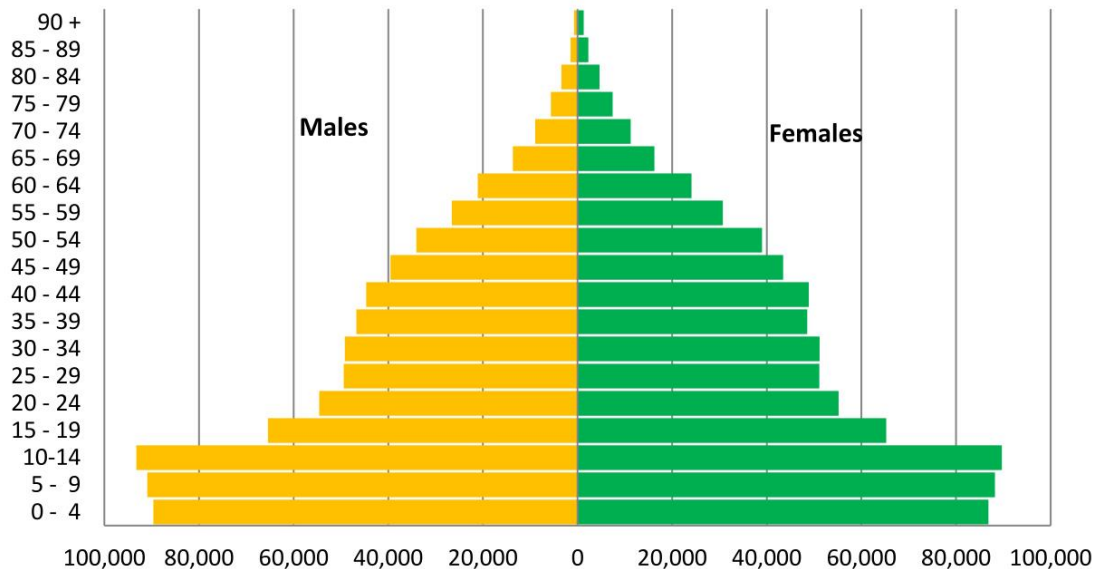
Area: 30,383 sq. km

Ethnicity: the area was previously known as Karen State, and is mainly inhabited by Karen ethnicities, which are also known as Sagaw Karen, Pwo Karen, Bwe Karen, Paku Karen, and other ethnicities, such as Mon, Shan, Burmese, and Pa-O.

Population: 1,504,079 (Myanmar National Population and Housing Census 2014)

Population density: 51.8 persons per square kilometer, which ranks 10th in state population density in Myanmar. For the population in urban and rural areas, the census results showed that for every 100 persons, 78 persons lived in rural areas while 22 persons live in urban areas.

The Population Pyramid of Kayin State, 2014



Source: 2014 Myanmar Population and Housing Census

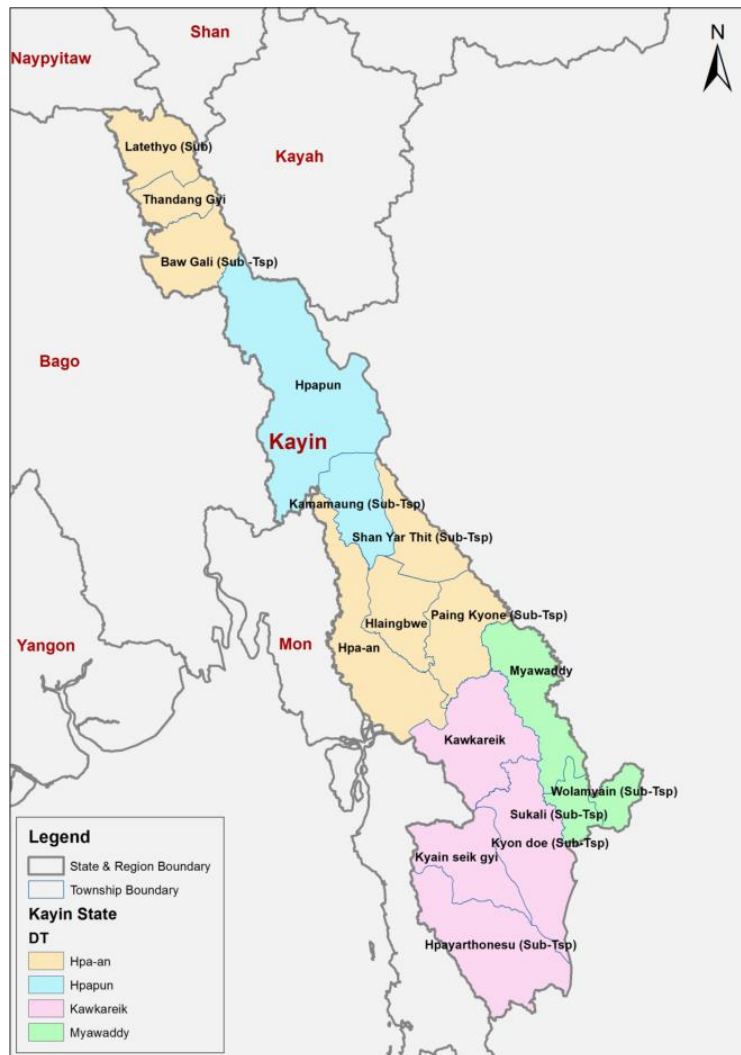
Geography

Kayin state is formed of 4 districts, 7 townships and 458 villages with 30,383 sq. km area of land. The lowland areas, especially in the west, practice rice farming. In the east, many areas are hilly and covered with forests, with people practicing upland farming. The rocky Dawna Mountain range runs along the length of Kayin state in the east, and the southern and western parts of Kayin state, particularly around Hpa-An area.

Air and Rail Transport

Kayin State lacks railway infrastructure. The main rail line is only linked to the closest town in Mon State. The airport in Hpa-An and Pha-pun are rarely used for domestic and international flights. However, the government plans to upgrade Hpa-An airport to receive flights from Thailand.

Map of Kayin State by District and Township



Source: 2014 Myanmar Population and Housing Census

Kayin State			
Hpa-An District	Myawaddy District	Kawkareik District	Hpapun District
1) Hpa-An Township 2) Hlaingbwe Township 3) Hpapun Township 4) Thandaunggyi	1) Myawaddy Township	1) Kawkareik Township 2) Kyainseikgyi	1) Hpapun Township

Kayin State Government

	Name	Position/Ministry
1.	Daw Nann Khin Htwe Myint	Chief Minister
2.	Brigadier General Aung Lwin	Ministry of Security and Border Affairs
3.	U Than Naing	Ministry of Finance and Municipalities
4.	U Saw Myint Oo	Ministry of Agriculture, Breeding and Irrigation
5.	U Soe Hlaing	Ministry of Environment, Forestry, and Mining
6.	U Saw Pyi Thar	Ministry of Transportation
7.	Dr. Tin Win Kyaw	Ministry of Social Affairs
8.	U Tayza Htut Hlaing Htwe	Ministry of National Race affairs (Burma)
9.	U Min Tin Win	Ministry of National Race Affairs (Mon)
10.	U Khun Myo Tint	Ministry of National Race Affairs (Pa O)
11.	U Saw Chit Myit Lay	Ministry of Legal Affairs
12.	U Min Shwe	Secretary of Kayin State

Potential for Investment and Trade

1. Tourism

The tourism business in Kayin State has been growing in the last couple of years and has high potential for eco-tourism and community-based projects. The capital Hpa-An is five hours drive from Yangon, with the tourist site Kyaikhteeyoe (or Golden Rock) on the way. Hpa-An is also just three hours drive from Myawaddy.

Kayin State is part of the East-West Economic Corridor (EWEC), and is thus considered as an important focal point for border trade and tourism between Thailand and Myanmar.

Investment in the hotel business of Kayin State, especially in the capital city of Hpa-An, has been increasing. However, existing hotels are insufficient in providing services for tourism-related activities. If accommodation and transportation in Kayin State are improved, community-based activities, such as boat tours, hiking tours, bike tours, rock climbing, visits to traditional villages, homestays, restaurants, and handicraft business are likely to grow.

2. Zwegabin Mountain Project

Zwegabin Mountain, which is 723 metres high, is one of the most attractive places in Kayin State. To get to the top of the mountain, it takes two hours walk on a big stairway. However, the top of the mountain offers an amazing view of the landscape of Kayin State.

To attract more tourists, the Zwegabin Myay Development Company and Chit Lin Myaing Toyota Company signed an agreement on 12 January 2017 to invest 12 million USD in a cable car on Zwegabin Mountain. Zwegabin Myay Development Company is owned by a Zwegabin Temple monk, U Kawi Daza, and the Chit Lin Myaing Toyota Company is owned by Colonel Saw Chi Thu.

3. Industrial Zones

Kayin State is located on the Thailand- Myanmar border. There are three designated industrial zones in Kayin State, in Hpa-An, Myawaddy and the Three Pagodas Pass. Myawaddy Township is well-known as the main Thai- Myanmar border crossing trade zone.

The Kayin State Government has a policy to develop Hpa-An Industrial Zone, and to invite domestic and foreign investors to the industrial zone. However, the Kayin State Chamber of Commerce and Industry reported that between 2010 – 2016 only two foreign firms expressed interest to invest. Those two foreign firms from Thailand and Japan are engaged in a joint-venture with local entrepreneurs to establish garment and wool enterprises.

3.1 Hpa-An Industrial Zone

Hpa-An Industrial Zone is located in the east of Hpa-An City, 7 miles from the capital city of Kayin State. The project was established in 2011 by Thanlwin Ayar Company Limited to create job opportunities for the local people.

The size of Hpa-An Industrial Zone is 969 acres and it is divided into 4 sections:

- Zone 1 consists of 59 plots (300 x 300 foot), 134.49 acres
- Zone 2 consists of 191 plots (300 x 300 foot), 470. 31 acres
- Zone 3 consists of 69 plots (220 x 220 foot), 90.81 acres
- Zone 4 consists of 324 plots (80 x 80 foot), 60.36 acres

Thus, the total number of plots in Hpa-An Industrial Zone amounts to 634 plots on 799.95 acres of land.

Hpa-An Industrial Zone invites investment in agriculture, consumer goods, transportation, and mining. The zone is complete and in operation, and aims to promote both domestic investment and foreign direct investment (FDI). In order to attract investment, businessmen emphasize that the industrial zone has to meet international standards by providing water supply, electricity, and water treatment.

According to government data, there are now 40 registered factories in Hpa-An Industrial Zone investing in the manufacture of soft drinks, garments, furniture, consumer goods, minerals, and bicycles. However, only a few factories are operational.

3.2 Hpa-An Industrial Zone Power Supply

There is a 11 kV power cable from Hlaingbwe to Hpa-An, and the installation of a new 66 kV power cable to increase energy supply to Hpa-An Industrial Zone. There are also nine 315 kVA transformers installed to ensure adequate electricity supply.

4. Myawaddy Industrial Zone

The zone has a special purpose mechanism to manage its operations and has provided basic infrastructure according to international standards. In order to promote trade along the Thai-Myanmar border, the zone provides incentives in the form of a duty free zone (DFZ), whereby investors do not have to pay import tax when they transport goods through, and store goods in the DFZ. However, they will be charged sales tax upon the delivery of goods.

The zone is expected to be complete in 2017.

4.1 Logistics

Myawaddy Industrial Zone is located between Yangon and Bangkok. The major advantage of the industrial zone is access to the Asian Highway, which means ease of transport for raw material and goods between the industrial zone and ports for trading.

In the future, the Asian Highway, or the East-West Economic Corridor, will better connect Myanmar to Thailand, and further on to Laos and Vietnam. It will serve as the main road that passes through Hpa-An and Myawaddy.

4.2 Cross Border Trade in Myawaddy

Myawaddy plays a significant role in cross border trading with Thailand, in comparison to the other three border trading zones in Tachilek, Kawthaung, and Myeik. According to the Ministry of Commerce of Myanmar, the total volume of imports and exports increased by 174.393 million USD from the 2015-2016 fiscal year to the 2016-2017 fiscal year.

Million USD										
No.	Station	(1 Apr 2016 to 10 Mar 2017)			(1 Apr 2015 to 10 Mar 2016)			Increase/Decrease		
		Export	Import	Trade Volume	Export	Import	Trade volume	Export	Import	Trade volume
1.	Tachileik	13.349	58.623	71.972	9.302	57.096	66.398	4.047	1.527	5.574
2.	Myawaddy	54.935	790.523	845.458	40.117	630.948	671.065	14.818	159.575	174.393
3.	Kawthaung	59.671	58.004	117.675	41.039	79.547	120.586	18.632	-21.543	-2.991
4.	Myeik	142.797	45.332	118.129	131.075	27.308	158.383	11.722	18.024	29.746

Source: Ministry of Commerce

5. Agricultural Products

Kayin State's main agricultural products are forest products, rubber, betel, fruit trees, cardamom, and coffee. Resources include tin, tungsten and timber. It is also hoped that minerals will be one

of the main products after the ceasefire agreement between the government and the Karen National Union (KNU).

Government data indicates that most of the population of Kayin State relies on agricultural products, with 75% of the population in the agricultural industry. Season fruits like durian, avocado, cucumber, tomato, carrots and mangosteen are also available in Kyaukgyi area, Kayin State.

5.1. Rubber

The government plans to produce rubber from 5,000 acres of land, with 2,500 acres of land now ready to be harvested in the Thar Ma Nya area of Hpa-An.

5.2 Rice and Maize

According to a Special Report by the Food and Agriculture Organization of the United Nations World Food Programme, during their crop and food security assessment mission to Myanmar in 2015, the paddy planted areas of Kayin State amount to 260,000 hectares, and the total production is 962,000 tonnes. In addition, the maize planted areas in Kayin state, as of 2015, is 21,000 hectares and the total production is 95,000 tonnes.

5.3 Cardamom

Cardamom is the dominant cash crop in Thandaung region. An estimated 65-70% of farmers grow cardamom, and it is estimated that each farmer owns 1 – 30 acres of land to grow cardamom. So far, China, South Korea, and Japan have visited the cardamom growing areas, and expressed interest in buying cardamom seeds.

5.4 Coffee

Coffee is another dominant crop in Thandaung region, where the climate and terrain are suitable for coffee production. Due to the decline in coffee price, coffee production in Kayin State has decreased. Nevertheless, there are two families producing roasted coffee for local distribution, under the Thanduang Coffee Brand.

6. Hydropower Plants

6.1 Hutgyi Hydropower Project

The government plans to build the Hutgyi Dam to generate 1,360 MW, of which 90% will be sold to EGAT and 10% used within Myanmar. The project is a joint venture between Sinohydro (China), which holds 50.50%, EGATI, which holds 36.50%, Department of Hydropower Planning, Myanmar, holds 10%, and International Group Of Entrepreneurs Company, China, holds 3% of the stocks. The project is located on the southern Thanlwin River, Hpa-An, Kayin State, and is currently pending further progress.

Local and Foreign Investment in Kayin State (2015-2017)

The following table lists the permitted enterprises in Kayin State by the Myanmar Investment Commission (MIC).

No.	Name	Location	Type of Investment	Form of Investment	MIC issue date
1.	Mahar Hpa-An Production Company Limited	Kayin State, Hpa-An Township, Hpa-An Industrial Zone	Manufacturing of underwear on Cutting Making Packing (CMP) basis	Myanmar Citizens Investment	28-10-2016
2.	Nyi Naung Oo Co., Ltd.	Outside Myawaddy Reserve Area (201 acres), 7 miles from Myawaddy Township, North of Myawaddy-Thinkan Nyinaung Highway, Kayin State	Transmission and sale of electricity to Myawaddy Economic Zone and villages inside the zone	Myanmar Citizen Investment	19-8-2016
3.	Myanmar Ease Net Company Limited	Yangon, Mandalay, Naypyidaw International Airports and Myawaddy, Kawthaung, Htee Khee, Tachileik land border checkpoints	Online e-Visa system	Myanmar Citizens Investment	19-8-2016
4.	Fulltex Co., Ltd.	Kayin State, Hpa-an Township, Hpa-an Industrial Zone (1)	Manufacturing of sweaters and knitted wears on CMP basis	Wholly Foreign Owned Investment	18-5-2015
5.	Nyi Naung Oo Co., Ltd.	Area (201 acres), North Asia Road , near Myawaddy Border Trade Zone, Myawaddy , Kayin State.	Economic Zone	Myanmar Investment	20-3-2015
6.	Snow Diamond Co.,Ltd	No.(N-165), (0.42 Acre), Kyar In Taung Block, Block	Hotel	Myanmar Investment	16-1-2015

		No.1180), 9- Quarter, Hpa-An Township, Kayin State.			
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Source: Directorate of Investment and Company Administration (DICA)

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