

# Rakhine State Economic Overview

## 1. Profile

**Location:** the western coast of Myanmar

**Shared borders:** Chin State to the north, Magway Region, Bago region and Ayeyarwady Region to the east, the Bay of Bengal to the west, and the Chittagone Division of Bangladesh to the northwest.

**Area:** 36,762 square kilometers

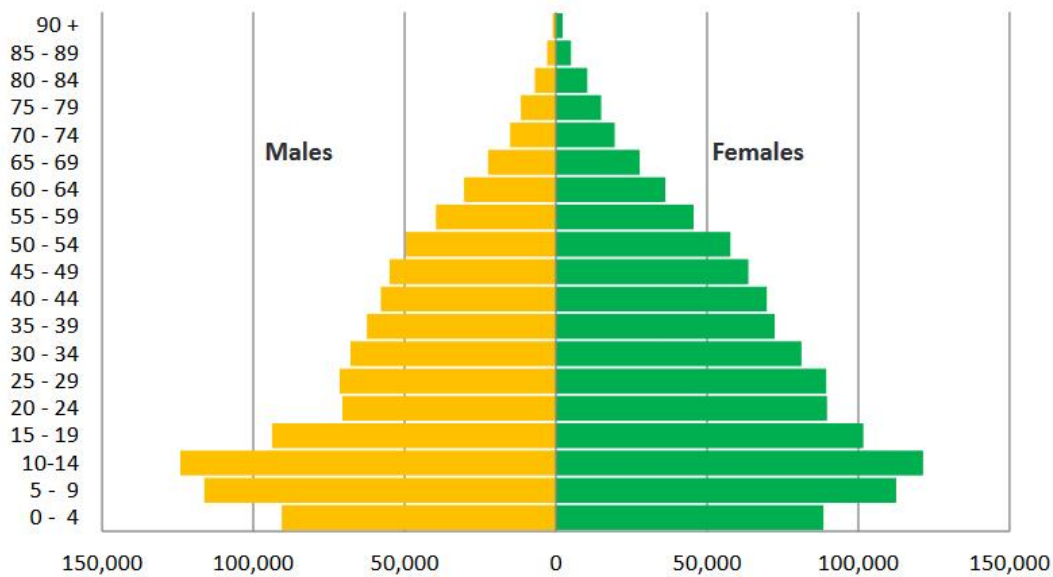
**Ethnicity:** the ethnic Rakhine (60%) make up the majority, followed by Rohingya Muslims (30%). A number of other ethnic such as Chin, Kaman, Mro, Chankma, Dainet, and Maramagri inhabit mainly in the hill regions of the state.

**Religion:** Theravada Buddhism (65%), Islam (30%), Hinduism, Christianity, and Other (5%).

**Population:** Myanmar Population and Housing Census (MPHC) 2014 showed that the total population for Rakhine State as of March 2014 was 3,188,807 persons including 1,526,402 were males and 1,662,405 were females. The total population of Rakhine State represented 6.2 percent of the total population of Myanmar.

**Population Density:** The Rakhine State's population density was 86.7 persons per square kilometer. It is higher than the Union level population density, which is 76 persons per square kilometer.

Figure 4: Population Pyramid, Rakhine State, 2014



## 2. Districts and Townships

Kyaukpyu District	Maungdaw District	Mrauk-U District	Sittwe District	Thandwe District
Ann Township	Buthidaung Township	Kyauktaw Township	Pauktaw Township	Thandwe Township
Kyaukpyu Township	Maungdaw Township	Minbya Township	Ponnagyun Township	Toungup Township
Manaung Township		Mrauk-U Township	Rathedaung Township	Gwa Township
Ramree Township		Myebon Township	Sittwe Township	Maei Sub-township
				Kyeintali Subtownship

### 3. Rakhine State Government (April 2016 – Present)

No.	Name	Portfolio
1.	Nyi Pu	Chief Minister
2.	Htein Lin, Col.	Minister of Security and Border Affairs
3.	Kyaw Aye Thein	Minister of Planning, Finance, Tax and Economy
4.	Kyaw Lwin	Minister of Agriculture, Livestock, Forestry and Mines
5.	Aung Kyaw Zan	Minister of Electricity, Industry and Transportation
6.	Win Myint	Minister of Municipal Affairs
7.	Dr. Chan Thar	Minister of Social Affairs
8.	Pon Bway	Minister of Chin Ethnic Affairs
9.	Kyaw Hla Tun	State Advocate
10.	Yin Hla	State Auditor

### 4. Geography

Rakhine state is a coastal region of western Myanmar which covering a total land area of 36,778 square kilometers. It is about 640 kilometer from north to south and is about 145 kilometer wide at its broadest. It comprises a long, narrow strip of land along the eastern coast of the Bay of Bengal and stretches from the Naff River on the border of the Chittagong Hills area in Bangladesh in the north to the Gwa River in the south.

### 5. Economic Overview

The population in Rakhine is largely dependent on agriculture and fishing. Rice is the dominant crop in the delta areas, where most of the population is concentrated. 85% of agricultural land under cultivation used for rice paddy cultivation. Other crops include fruits, chilies, dhani (thatch), and tobacco. The coastal fishing is located in the coastal lowland of Pauktaw, Myebon and Kyauk Phyu Townships. Capture fishing and fish/shrimp processing, and labour and trade related to these are the main livelihood activities.

Rakhine State is one of the least developed areas of Myanmar. The socio-economic situation has further deteriorated since the outbreak of inter-communal violence in 2012. However, Rakhine State is surrounded with rich culture and natural resources. It strategic location and beauty creates potential for tourism, agriculture, livestock and fishery investment in the area.



### 6. Tourism

The Rakhine Yoma mountain range, which rises to 3,063 meters (10,049 ft) at Victoria Peak, separate Rakhine State from central Myanmar. The Ngapali beach, which is scratching along the Bay of Bengal, is famous for its clean aqua blue water and the sandy beach shore. There are many luxury hotels for tourists and locals for accommodation. However, Due to the unfolding refugee crisis in northern Rakhine state, the tourism industry has suffered a big drop in tourists.

Maruk U, the ancient city of the Rakhine Dynasty is also a popular destination for tourists. Therefore, the hotel development is huge potential for foreign investment in Gwa, Thandwe, Kyauk Phyu, Sittwe, Mrauk U and Maung Daw.

## **7. Natural Resources**

Rakhine State is included one of the poorest states in Myanmar. However, Rakhine state is well-known as abundant supply of natural resources and favorable topography. Wood products, such as, timer, bamboo and fuel wood are extracted from the mountains. Although there has been yet unexplored potential for petroleum and natural gas production, small amounts of inferior-grade crude oil are produced from primitive, shallow, hand-dug wells. The modern technology on drilling oil and gas on high demand. As a result, the investment on oil and gas are potential for foreign investment.

### **Shwe Gas Project**

Shwe Gas Project is supported by Myanmar, China, and India and the construction is being developed by six companies included Daewoo International, Myanmar Oil and Gas Enterprise (MOGE), Oil and Natural Gas Corporation (ONGC) Videsh, Gas Authority of India (GAIL), Korean Gas Corporatio (KOGAS) and China National Petroleum Corporation (CNPC).

The first production of gas from Shwe Gas Project from Mya field for commercial production started in August 2013. The production was expected to reach 500 million cubic feet of gas a days and this cycle is expected to last until 2020. The gas will either be sold to China National United Oil Corporation (CNUOC) for 25 to 30 years, or used within Myanmar.

## **8. Agricultural and Livestock**

Rakhine state has a rich land for an agricultural and livestock zones. Kyauktaw township is one of the suitbale land for agricultural and livestock. Geographically, it is a flat plain area, where Kisapanadi River flows through the township and the weather is suitable for an agricultural zone and a livestock zones. The local and foreign investor are invited to do ground survey in Kyauktaw Township for implementing farming business such as fishing, fish and shrimp farming business.

Rakhine's agricultural products are mainly focus on exporting to Bangladesh and India market. Therefore, production and distribution of high yield seed, agricultural-machinery distribution, storage, processing and canning are high demand for foreign investment in order to create value-added on Rakhine's agricultural products.

## **9. Kyauk Phyu Special Economic Zone (KPSEZ)**

KPSEZ is situated in Kyauk Phyu Township, Kyauk Phyu District in Rakhine State, at the west coast of Myanmar. It is a key area for national economic development and is positioned the centre of three economically vibrant and dynamic market – China, India and ASEAN. There are 3 projects invitation for Expression of Interest (EOI), namely Deep Sea Port, Industrial Park, and Integrated Residential Area.

According from Myanmar Special Economic Zone Law 2014, the provision, in Chapter VIII, Section 29, described the wide range of permitted types of investment business for the investors. Those include: 1) manufacturing finished products from raw material, processing goods, warehousing, transportation and providing services; 2) transporting and importing raw materials, packaging materials, machinery instruments and equipment, and fuel oils to be used in the investment business from the domestic or overseas to the Special Economic Zone; 3) trading the manufactured products from the investment business to the domestic and overseas in accordance with the stipulations; 4) establishing and operating the offices for investment business and overseas service works at the stipulated place in the Special Economic Zone with the permission of the Management Committee; and 5) carrying out other economic business which are not prohibited by the State with the permission of the Management Committee. In addition, they will be also opportunity of tax exception and reliefs for investor accordance with section 32.

Therefore, Kyauk Phyu is well endowed with a natural deep sea harbor and abundant natural resources in oil and gas, marine resources as well as unique scenic landscapes. It also has sufficient land and ample labour for industrial development and the expansion of residential areas.

A Singapore-based consortium led by CPG Consultants has been assigned the development of the master plan for Kyauk Phyu Special Economic Zone (KPSEZ), in close cooperation with the Bid Evaluation and Awarding Committee of KPSEZ.

One the works on Kyauk Phyu Special Economic Zone are implemented, about 200,000 jobs for locals will become available. It also will become driving force to develop the trade and economy of the entire Rakhine State.

## **10. Border Trade Situation**

Rakhine State is linked with the entire country by road in order for the unhindered flow of commodities. The total trade volume in Rakhine state is reach US\$ 29.144 million in 2017-2018 fiscal year and US\$ 263.19 million up to September 2018-2019 . However, the import is Maung Daw border station, conflicts areas, is zero. Therefore, we clearly see the border trade situation in Sittwe is increasing while the trade value in Maung Daw, northern Rakhine state is decreased. (Annex I). Rakhine State export products are agricultural project, foodstuff, fresh and dried fish.

## **11. Foreign Direct Investment**

Although western investment in the region is slowing down as the result of Rakhine crisis, foreign investment of existing enterprises in Rakhine is accounted over US\$ 1 billion. Starting from 2000 to 2015 fiscal years, the Directorate Investment and Company Administration data showed that the foreign investment of existing enterprises in Rakhine State on Oil and Gas sector accounted US\$ 10,213.983 million, US\$ 18.147 million on Mining sector and US\$ 9.253 on other sectors such as development of landfill reclamation.

Therefore, unfolding refugee crisis in northern Rakhine state fails to attract foreign investment in other sector such as agricultural, fishing, tourism and etc. The detail of foreign investment of existing enterprises in Rakhine State, see the annex II.

## 12. Conclusion

Due to its strategic locations and rich resource, Rakhine state has huge potential in various sector such as oil and gas, mining, fishing, hotel and tourism and agricultural sectors. But, the Rakhine state conflict is danger to all of Myanmar, and it could lead to a long term conflict which the nation would lose in term of international reputation and depressed foreign direct investment in the region. Therefore, Rakhine State urged for the local and foreign investment to solve the unfolding refugee crisis in northern Rakhine State. Once investment and job creation develop in the region, Rakhine state would be improved not only socio-economic condition of the people, it will also support the economic development of the whole country.

Contact details for further information related government agencies and private sector in Rakhine State:

### **Directorate Investment and Company Administration (DICA)**

#### **Sittwe Branch, Rakhine State**

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Sittwe Township, Rakhine State.

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### **Rakhine State Chambers of Commerce and Industry**

Room No. (1/2), Top floor of Myoma Market, Sittwe Township, Rakhine State.

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Chairman - U Tin Aung Oo (09 8500210, 09 260992323)

Secretary - U Aung Aung

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### **Export-Import border trade Situation in Rakhine State (Annex I)**

N o.	Station	2016-2017			2017-2018			2018 -2019 (up to December)		
		Export	Import	Trade Volume	Export	Import	Trade Volume	Export	Import	Trade Volume
1.	Sittwe	4.465	0.184	4.649	13.763	1.053	14.816	3.262	6.495	9.757
2	Maung Daw	5.918	0.027	5.945	14.328	0.00	14.328	1.936	0.019	1.955

Source: Ministry of Commerce

## Foreign Investment of Existing Enterprises in Rakhine State (Annex II)

### Oil and Gas Sector

Sr. No	Permitted Date	Company Name	Country	Type of Business	Amount (US\$ million)	Location
1.	26-6-2000	Daewoo International Corporation, Korea Gas Corporation (KOGAS), ONGC Videsh Ltd., Gail (India) Ltd.,	India, Korea	Oil and Gas Exploration and Production	156.60	Rakhine Offshore Block (A-1)
2	16-2-2004	Daewoo International Corporation (Korea), ONGC Videsh Ltd. (OVL), Gail (India) Ltd., (GAIL), Korea Gas Corporation (KOGAS)	India, Korea	Exploration and Production Petroleum	32.30	Rakhine Offshore Block (A-3)
3	3-5-2005	ESSAR Exploration and Production South East Asia Limited (EEPSEAL)	Republic of Mauritius	Exploration and Production of Oil & Gas	22.25	Rakhine Offshore Block (A-2)
4	5-5-2005	ESSAR Exploration and Production South East Asia Limited (EEPSEAL)	Republic of Mauritius	Exploration and Production of Crude Oil & Natural Gas	8.325	Rakhine Offshore Block L
5	19-11-2006	GAIL (India) Ltd., and Silver Wave Energy Pte., Ltd	Singapore	Exploration and Production of Crude Oil & Natural Gas	47.50	Rakhine Offshore Block (A-7)
6	24-12-2006	MPRL E&P Pte., Ltd.	British Virgin Island	Crude Oil & Natural Gas Exploration and Production	32.53	Rakhine Offshore Block (A-6)
7	10-1-2007	CNPC International Ltd	Cayman Island	Crude Oil & Natural Gas Exploration and Production	45.00	Rakhine Offshore Deep Water Area Block (AD-1)
8	10-1-2007	CNPC International Ltd	Cayman Island	Crude Oil & Natural Gas Exploration and Production	46.00	Rakhine Offshore Deep Water Areas Block (AD-6)

9	10-1-2007	CNPC International Ltd	Cayman Island	Crude Oil & Natural Gas Exploration and Production	46.00	Rakhine Offshore Deep Water Area Block (AD-8)
10	19-2-2007	Daewoo International Corporation	Republic of Korea	Crude Oil & Natural Gas Exploration and Production	37.00	Rakhine Offshore Deep Water Area Block (AD-7)
11	9-4-2007	ONGC Videsh Limited	India	Crude Oil & Natural Gas Exploration and Production	45.00	Rakhine Offshore Deep Water Area Block (AD-2)
12	9-4-2007	ONGC Videsh Limited	India	Crude Oil & Natural Gas Exploration and Production	46.00	Rakhine Offshore Deep Water Aras Block (AD-3)
13	9-4-2007	ONGC Widesh Limited	India	Crude Oil & Natural Gas Exploration and Production	46.00	Rakhine Offshore Deep Water Aras Block (AD-9)
14	28-5-2010	South East Asia Gas Pipeline Co., Ltd.	Hong Kong	Natural Gas Transportation by Pipeline	2146.00	Kyauk Phyu to Myanmar-China Border
15	16-6-2010	South East Asia Crude Oil Pipeline Co., Ltd.	Hong Kong	Crude Oil Transportation by Pipeline	2251.70	Kyauk Phyu to Myanmar-China Border
16	29-7-2010	Daewoo International Corporation, ONGC Videsh Ltd., Gail (India) Ltd., Korea Gas Corporation	Korea, India	Exploration Appraisal, Development and Sales of Natural Gas	1975.401	Rakhine Offshore Block (A-1 & A-3)
17	29-7-2010	Daewoo International Corporation, ONGC Videsh Ltd., Korea Gas Corporation	Korea, India	Construction and Transpiration of Offshore Natural Gas Pipeline System	443.087	Rakhine Offshore Block (A-1 & A-3)
18	10-12-2014	Ophir Myanmar (Block AD-3) Limited & Parami Energy Development Company Limited (AD-3)		Exploration & Production of Crude Oil and Natural Gas	258.45	Rakhine Offshore (Deep water) Block (AD-3)
19	31-12-2014	Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas	Singapore	Exploration & Production of Crude Oil and Natural Gas	380.620	Rakhine Offshore (Deep water) Block (AD-9)

		Asia Pte. Ltd. (AD-9)				
20	31-12-2014	Shell Myanmar Energy Pte. Ltd & MOECO Oil & Gas Asia Offshore Pte. Ltd. (MD-11)	Singapore	Exploration & Production of Crude Oil and Natural Gas	377.620	Rakhine Offshore (Deep Water) Block (AD-11)
21	10-2-2015	Unocal Myanmar Offshore Co., Ltd. & Royal Marine Engineering Co., Ltd	United Kingdom	Exploration & Production of Crude Oil and Natural Gas	277.850	Rakhine Offshore (Shallow water) Block (AD-5)
22	10-2-2015	Statoil Myanmar Private Limited & Conocophillips Myanmar E&P Pte. Ltd	Singapore	Exploration & Production of Crude Oil and Natural Gas	323.650	Rakhine Offshore (Deep water) Block (AD-10)
23	19-3-2015	BG Exploration & Production Myanmar Pte. Ltd & Woodside Energy (Myanmar) Pte. Ltd. & Myanmar Petroleum Exploration & Production Company Limited. (A-4)	Singapore	Exploration & Production of Crude Oil and Natural Gas	297.300	Rakhine Offshore (Shallow water) Block (AD-4)
24	19-3-2015	BG Exploration & Production Myanmar Pte. Ltd & Woodside Energy (Myanmar) Pte. Ltd. (AD-2)	Singapore	Exploration & Production of Crude Oil and Natural Gas	284.00	Rakhine Offshore (Deep water) Block (AD-2)
25	19-3-2015	Woodside Energy (Myanmar) Pte. Ltd. & BG Exploration & Production Myanmar Pte., Ltd & Production Company Limited. (A-7)	Singapore	Exploration & Production of Crude Oil and Natural Gas	297.700	Rakhine Offshore (Shallow water) Block (AD-7)
26	19-3-2015	Woodside Energy (Myanmar) Pte. Ltd. & BG exploration & Production	Singapore	Exploration & Production of Crude Oil and Natural Gas	290.100	Rakhine Offshore (Deep water) Block (AD-5)



		Myanmar Pte. Ltd (AD-5)				
		<b>Total</b>			<b>10213.983</b>	

### Mining Sector

Sr. No	Permitted Date	Company Name	Country	Type of Business	Amount (US\$ million)	Location
1.	12-3-2012	Myanmar Simco Song Da Joint Stock Co., Ltd	Viet Nam	Large Scale Production and marketing of Marble (Decorative Stone)	18. 147	Nay PuTaung Deposit, Taungup T/S, Rakhine State.
		<b>Total</b>			<b>18.147</b>	

### Other Service Sector

Sr. No	Permitted Date	Company Name	Country	Type of Business	Amount (US\$ million)	Location
1.	26-3-2016	BXT International Co., Ltd	Korea	Development of Landfill Reclamation	9.253	7000 Feet Along Kissapanadi River Stretching from the Jetty of Ministry of Energy to the Jetty of Myoma Market, Sittwe Township, Sittwe District, Rakhine State.
		<b>Total</b>			<b>9.253</b>	