

Kayah State Economic Overview

Kayin State Profile:

Location: Eastern Myanmar

Shared borders: Shan State to the north
Mae Hong Son Province, Thailand to the east
Kayin State to the west and south

Area: 11,670 sq. kms (4,510 sq.miles)

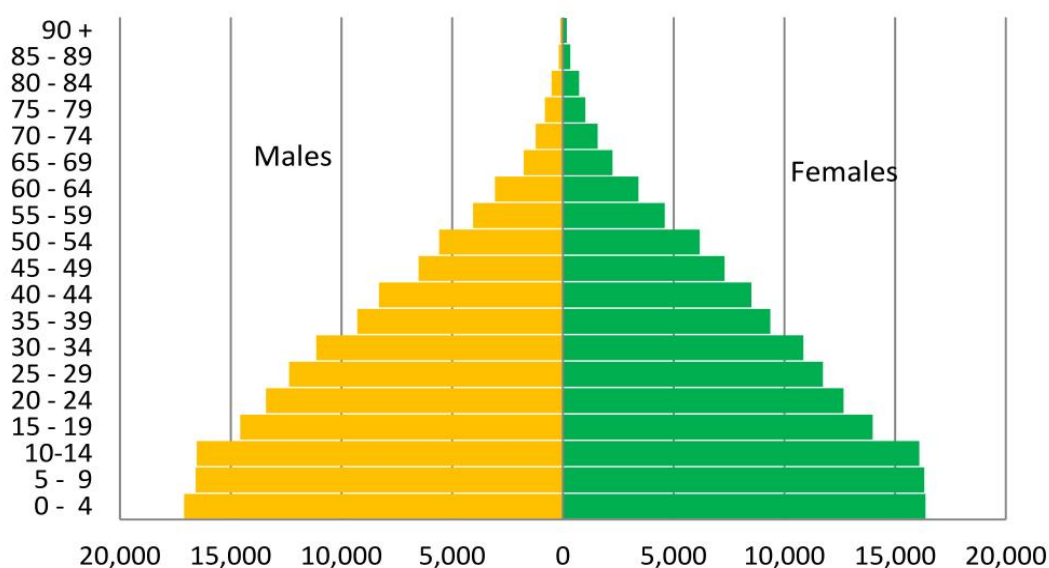
Ethnicity: Kayah State is formed of nine ethnic groups, including Kayah, Padaung (Kayan), Geba, Manumanaw, Yantale, Zayein, Geko, Yinbaw, and Pa Ye.

Population: 286,627 (Myanmar National Population and Housing Census 2014)

Population density: the population density of Kayah State is 24.4 persons per square kilometer. For the population in urban and rural areas, the census results showed that for every 100 persons, 75 persons lived in rural areas while 25 persons live in urban areas.

Population Pyramid in Kayah State, 2014

Figure 4: Population Pyramid, 2014, Kayah State



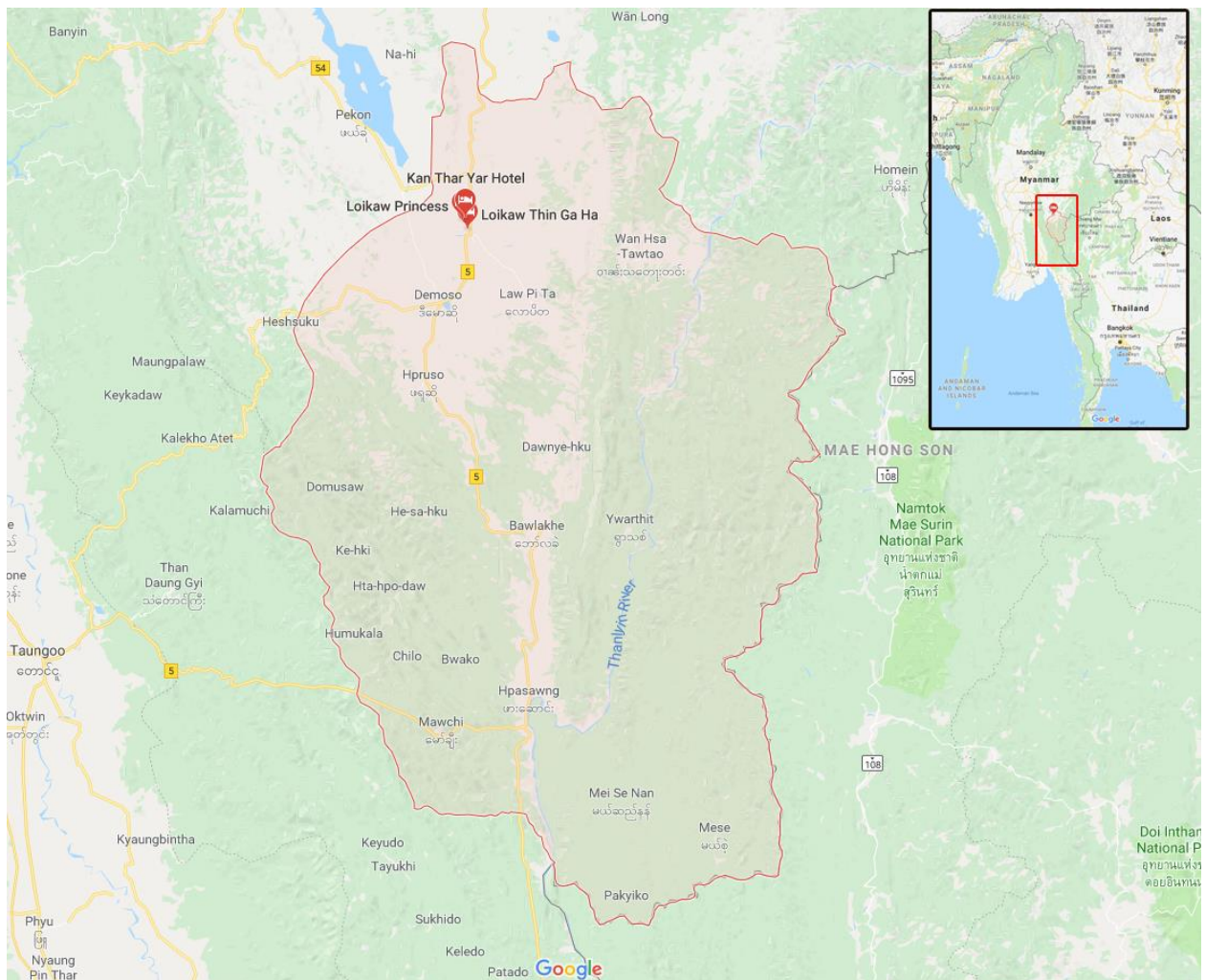
Geography

Kayah State is located in eastern Myanmar. It is divided into two districts called Loikaw and Bawlake, and seven townships with 106 wards and villages. The relief of Kayah State is mountainous, with the Dawna Range and the Karen Hills, also known as “Karenni-Karen” mountains separated by the Salween River which flows through Kayah State.

Transportation

There are many ways to access Kayah State either by road or air transportation. Yangon to Loikaw, Kayah State, will take 15 hours by road and an average of 50 minutes by air transportation. Road access and quality in Kayah State is a major challenge and improvements in road connections is important to promote better transportation links.

Map of Kayah State



Kayah State	
Loikaw District	Bawlakhe District
Loikaw Township	Bawlakhe Township
Phruso Township	Parsaung Township
Shardaw Township	Meisi Township
Dimawso Township	Twathit (Sub-Township)

Kayah State Government (April 2016 – Present)

No.	Name	Position/Ministry
1.	L Phaung Sho	Chief Minister
2.	Col. Myint Wai	Minister of Security and Border Affairs
3.	Khin Maung Phyu	Minister of Roads, Communications and Electricity
4.	Boss Ko	Minister of Agriculture, Livestock and Irrigation
5.	Dr. Aung Kyaw Htay	Minister of Municipal and Social Affairs
6.	T Yal	Minister of Natural Resources and Environment
7.	Maw Maw	Minister of Planning and Finance
8.	Hla Myo Swe	Minister of Bamar Ethnic Affairs
9.	Sai Kyaw Zan	State Advocate
10.	Aung Maung	State Auditor

Potential for Trade and Investment in Kayah State

Kayah state is famous for its natural resources and strategic location. It shares borders with Mae Hong Son Province, Thailand and thus has huge potential for Thai investment and cross border trade.

Kayah State is a primarily agriculture-based economy, producing crops such as rice, millet, maize, sesame, groundnut, garlic, and vegetables. Kayah farmers practice shifting agriculture. The land is famous for natural resources, which includes mineral products such as alabaster, tin, and tungsten. Kayah State also has valuable wood such as teak and pine.

Hydropower development is another potential area for investment. The hydroelectric power plant at Lawpita Falls outside Loikaw is able to supply over 20% of Myanmar's total electrical power. In addition, the tourism business has high potential in Kayah State due to its rugged mountains, streams, lakes and waterfalls. However, more investment is needed to boost the tourism businesses in the areas.

1. Tourism

Kayah State holds great potential for growth, especially for the cultural and eco-tourism business. It is endowed with pristine nature and cultural diversity, and tourism development would promote socio-economic development for the benefit of local communities and enterprises.

The International Trade Centre (ITC) implemented a pilot project in order to improve tourism services through a Training of Trainers (ToT) process in culture tourism products development. ITC worked with the Kayah State government and local communities to develop creative and community-based tours.

Kayah State government has a policy to promote a sustainable path for tourism development. According to Loikaw's Department of Hotels and Tourism, there were 17,000 local visitors and 6,400 foreign tourists from January to December 2016. Tourists visiting Kayah State dramatically increased in 2017: over 30,000 local tourists and more than 9,000 foreign tourists. The Ministry of Home Affairs has re-opened some restricted areas in Kayah State starting from January 2017 to attract more tourists in those areas. Therefore, there is huge potential for Thai investors to invest in a joint venture with local business in eco-resorts, and hotel equipment and supplies, such as textiles, pool equipment, bathroom supplies, and housekeeping facilities.

2. Agriculture

Most farmers in Kayah State continue to rely on traditional farming methods, and have limited access to new technology and finance that could be used to improve their farming methods and yields. Lowland agriculture is mixed with highland agriculture. Some farmers in Kayah State have experience with high value crops such as tea and oranges. In addition to paddy, farmers in the area also grow millet, corn, green gram, soya bean, pigeon pea, rice bean, cow pea, lima bean, peanut, sesame, sunflower, castor oil plant, rubber, ricinus, bitter nut, chilli, potato, cardamom, coffee and coconut.

Due to crop diversification, there is huge potential for investors to invest in farm machinery and equipment, fertilizers, and high yield seeds. In the meantime, the Department of Agriculture staff indicated that the lack of financial access is the main obstacle for farmers to effectively improve farming techniques. Therefore, there are opportunities for financial institutions to invest in different types of loans for the agricultural sector via private-public partnership.

3. Mining

Kayah State is well-known for its natural resources. Mining is a major economic driver in the state, which has deposits of lead, antimony, tin, tungsten, and zinc. The local income is mostly from small-scale mining for tin and tungsten. In 2014, the Myanmar Investment Commission (MIC) permitted Myanmar Golden Bonanza Services Co., Ltd (China) to invest in a mineral dressing and separator plant, separate tin concentrate, wolfram concentrate and scheelite concentrate from mixed ore. Thus, there are opportunities for foreign investors to invest in small and medium enterprises through a joint venture with the government and local investors. There is also potential to invest in exploration, extraction and development of mineral production Kayah State.

4. Energy

With regard to electricity supply, the national and state grids primarily serve major towns. In contrast, the remote areas use locally-generated hydro or solar power. Lawpita Power Plant is located in Loikaw Township, which provides 20% of Myanmar's electricity from hydropower. Although Kayah State is home to the Lawpita Power Plant, it has achieved limited success in providing electricity to the local communities. Loikaw is the only township where on-grid power is the most common form of electricity. However, power shortages are common. Therefore, as Kayah State needs electricity to develop the state's economy, there is huge potential for Thai investors to invest in the development of small scale hydropower plants and off-grid solar energy.

5. Loikaw and Mae Hong Son Sister City

In order to boost tourism, trade and rural development projects, Kayah State and Mae Hong Son Province officials signed a Memorandum of Understanding (MOU) on 9 March 2017. In the MoU signing event, Kayah State Chief Minister L Phaung Sho stated that Kayah State has difficulties in developing land for the agricultural sector, which is the backbone of Myanmar. Therefore, together with Thailand, Kayah State will work closely to improve the agricultural sector.

In addition, in an attempt to strengthen friendship between the two countries, a temporary market was opened in Mese, a border town in Kayah State, at the end of April 2018. The temporary market is open twice a month in Mese and Khun Yuam in Mae Hong Son Province, Thailand on a rotation basis. The market does not allow restricted goods and offers local products, personal items, and foodstuff to be sold by local merchants from both countries.

6. Thailand-Myanmar Border Trade in Kayah State

Kayah State is also seeking permission to open the permanent border gate crossing between Mese and Khun Yuam in Mae Hong Son. The temporary border crossing gate is currently being operated. According to the Ministry of Commerce (MOC), Myanmar, the Mese border trade station showed the lowest border trade volume among others with Thailand.

In Million USD

No.	Station	2016-2017			2017-2018		
		Export	Import	Trade Volume	Export	Import	Trade Volume
1.	MESE	0.219	0.228	0.447	0.375	0.423	0.798

Source: Ministry of Commerce

7. Foreign Investment in Kayah State

According to the Directorate of Investment and Company Administration (DICA), the total foreign investment in Kayah State is US\$ 2.431 million from 1989 to 2018. There was no Thai investment in Kayah State, which has plenty of investment opportunities in agriculture, energy, tourism and mining sectors.

No.	Name	Location	Type of Investment	Form of Investment	MIC issue date
1.	Peng Xi Company Limited	Sa/Ka (28), Saik Kwin (3), Bagan Ward, Loikaw Township, Kayah State., Loikaw, Kayar	Service	Myanmar Investment Commission	16/10/2015
2.	Myanmar Golden Bonanza Services Co., Ltd. (China)	No 30,Loikaw-Lawpita Street KhaThaSa Factory ,Yaenikan Village Loikaw Township Kayah State	Mineral Dressing & Separator Plant; Separate Tin Concentrate, Wolfram Concentrate And Scheelite Concentrate From Mixed Ore	Myanmar Investment Commission	05/12/2014

Government agencies and private sector's contact details for further information:

Directorate Investment and Company Administration (DICA)

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Reference:

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