

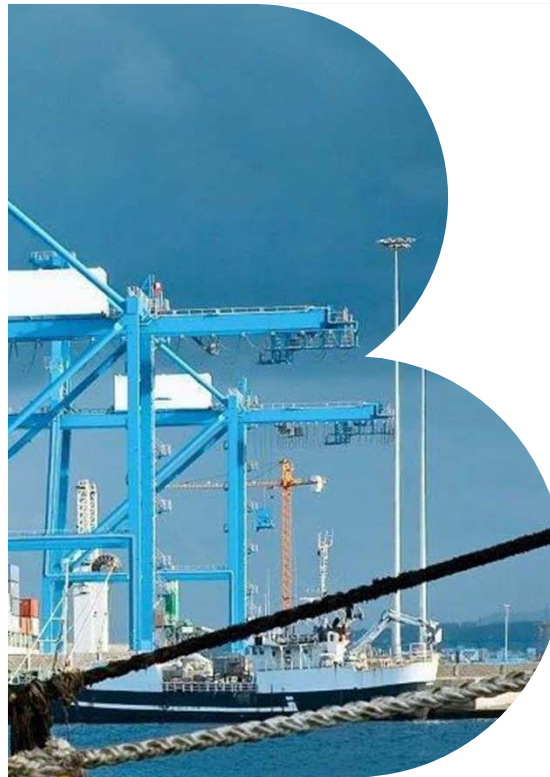


# Dawei Special Economic Zone (DSEZ)

Information Pack

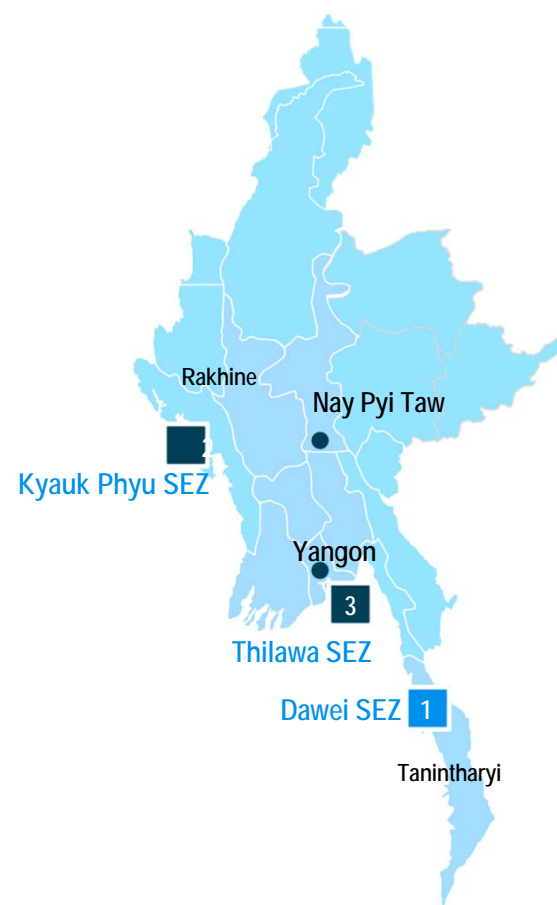
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## A. Overview of Dawei SEZ



## Introduction

# Dawei Special Economic Zone will be the largest of the 3 SEZs in Myanmar aiming to spur the country's overall economic development



1

## Dawei SEZ (~196 km<sup>2</sup>)

- > In its full-fledged long term design, Dawei SEZ includes a deep-sea port, industrial estate, power supply and other utilities
- > Strategic location for GMS<sup>1)</sup> Southern Economic Corridor and MIEC<sup>2)</sup>
- > Cross-border highway, possible rail and pipeline with Thailand

2

## Kyauk Phyu SEZ (~20 km<sup>2</sup>)

- > Petrochemical hub, with a deep-sea port, oil and gas terminal / pipeline linking with Kunming, China, container port and gas-turbine power plant
- > Planned industries include industrial, logistics, services, agricultural goods
- > Strategic location between India and China

3

## Thilawa SEZ (~24 km<sup>2</sup>)

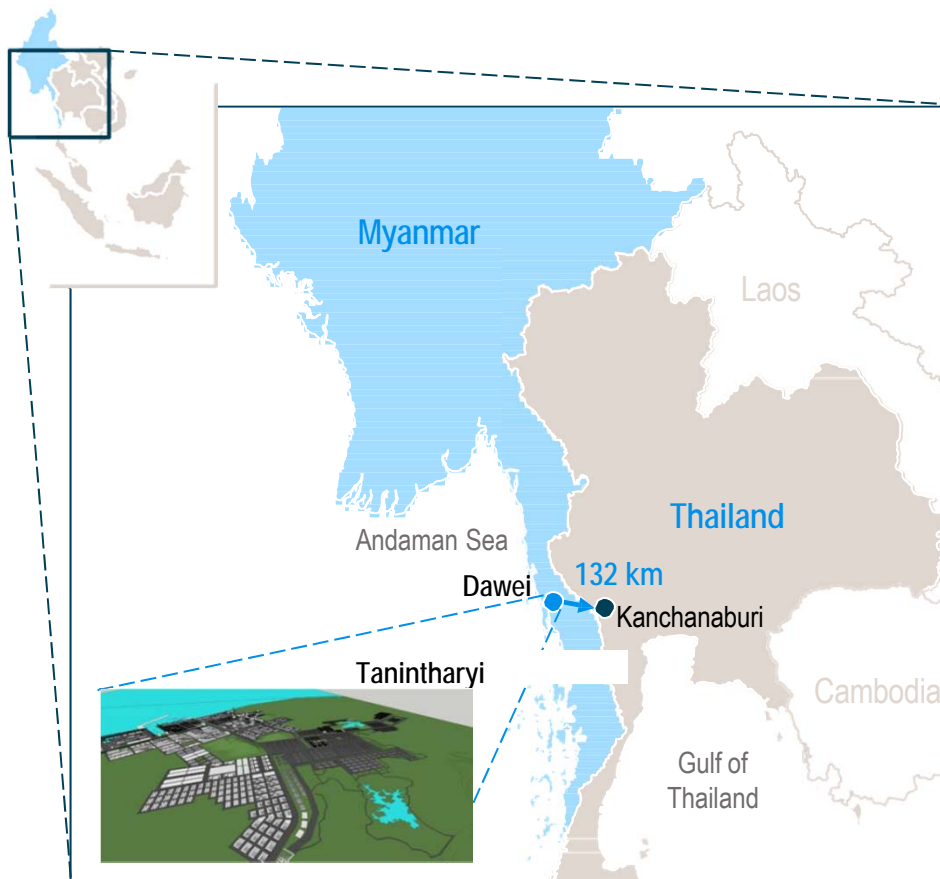
- > Sea port nearby and industrial estate
- > Planned industries include high-tech, textile, manufacturing and labor-intensive industries
- > Close proximity to Yangon

1) Greater Mekong Subregion; 2) Mekong-India Economic Corridor  
Source: Desktop research, Press clippings, Kyauk Phyu SEZ Management Committee

## Introduction

Dawei SEZ is located in Tanintharyi Region of Myanmar, adjacent to the Andaman Sea and near the Gulf of Thailand

## Dawei SEZ – Introduction



### Overview

- |                 |   |
|-----------------|---|
| <b>Size</b>     | <ul style="list-style-type: none"> <li>&gt; 196.5 km<sup>2</sup></li> <li>&gt; One of the largest SEZs in Asia</li> </ul>   |
| <b>Location</b> | <ul style="list-style-type: none"> <li>&gt; Located in Southeastern Myanmar, the Capital of Tanintharyi Region, which has 1.4 m population in 2014</li> <li>&gt; Strategically located adjacent to the Andaman Sea and near the Gulf of Thailand</li> </ul> |

### Distance to key locations

> Distance (km) from DSEZ to:	
132	Thai-Myanmar border (Ban Phu Nam Ron)
300	Bangkok (TH)
450	Eastern Seaboard (TH)
600	Yangon (MM)
1,050	Vung Tao (VN)
1,200	Chennai (IN)

## Vision

# Dawei SEZ's vision is to become "Myanmar Regionally-Integrated, World-Class and Export-Focused Special Economic Zone"

## Vision for Dawei SEZ

### Regionally-Integrated

- > Fostering Asian regional integration and completing GMS Southern Economic Corridor
- > Linking Southeast Asia to the West
- > Integrating with domestic gateways and SEZs

### Export-Focused

- > Focusing on serving the western markets (e.g. textile, fishery)
- > Completing the missing rapidly chain links of AEC (e.g. Steel, automotive, electrical & electronics)

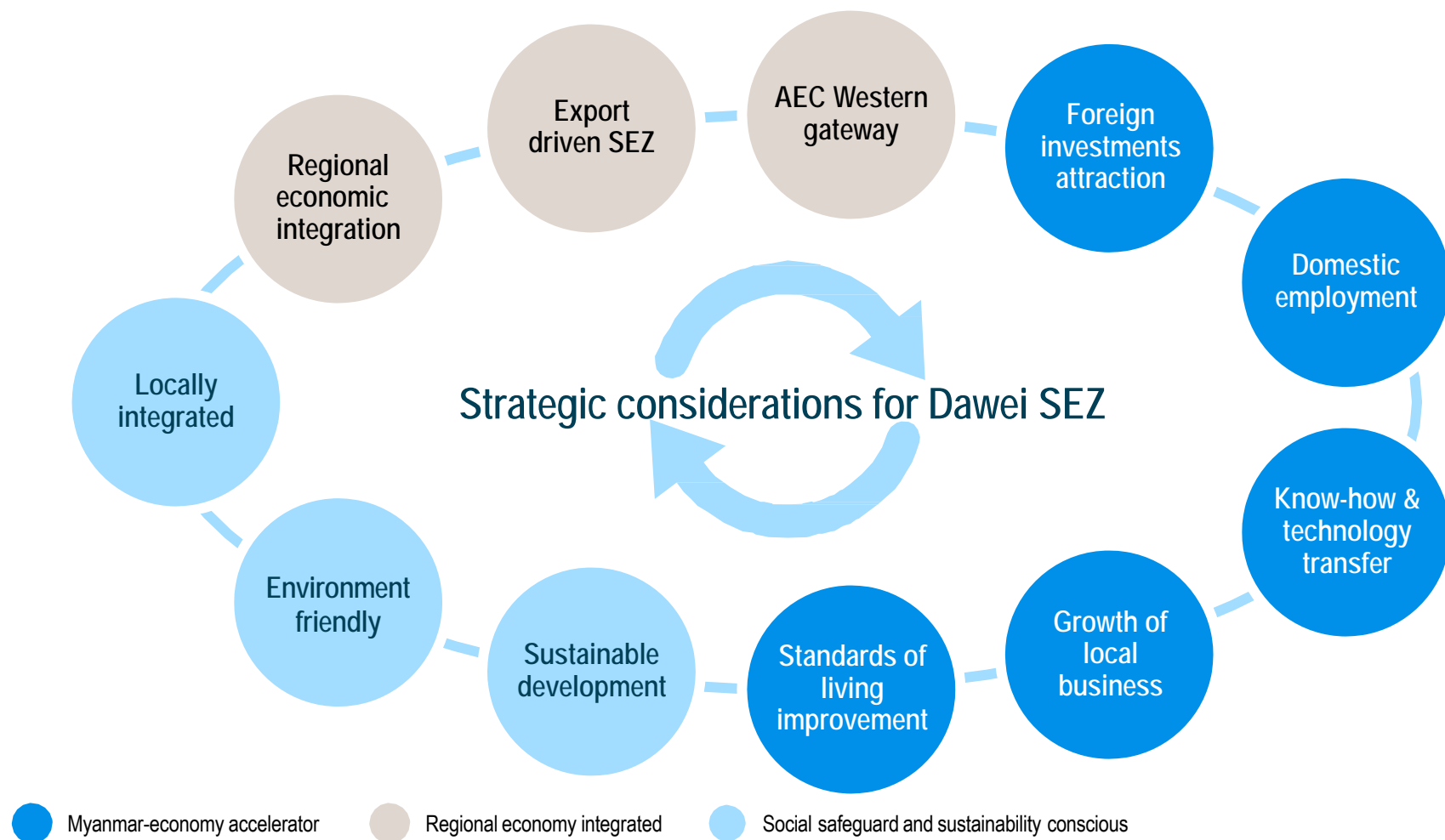
### World-Class

- > Deep-sea port competing with the largest ports in the region, the largest in Myanmar
- > Largest SEZ in size in Southeast Asia
- > Taking into account sustainability



## Vision

Dawei SEZ development is driven by 11 strategic considerations as guiding principles to boost the leap-frog but sustainable growth



## Dawei SEZ will benefit local people and boost business opportunities

Foreign investments attraction	Easing of investment rules and regulations and strengthening of foreign investment benefits, supported by the Foreign Investment Law and Special Economic Zone Laws
Know-how & technology transfer	Development of manufacturing know-how and acceleration of technology-transfer to local employees and businesses from rising foreign investments
Growth of local business	Increase in demand of local supply chain and logistics service to assist emerging businesses and industries in Dawei SEZ
Domestic employment	Creation of jobs within the SEZ and among local businesses providing supply chains to the industries within the SEZ, including tourism
Standards of living improvement	Improvement of local infrastructure in the Dawei region and utility project such as highway and power supply

# The benefits of Dawei SEZ on Myanmar extend from macroeconomic level to the levels of local businesses and people



## Benefits to Myanmar people

- > Standards of living enhancement for the locals
- > Infrastructure improvement and better public facilities
- > Tremendous job creation and employment

## Benefits to Myanmar businesses

- > Great business prospects for local ventures from increased regional logistics connectivity
- > Joint venture potential between local and foreign companies
- > Improvement of industrial development
- > Vast business opportunity from huge FDI inflow

## Benefits to Myanmar Nation

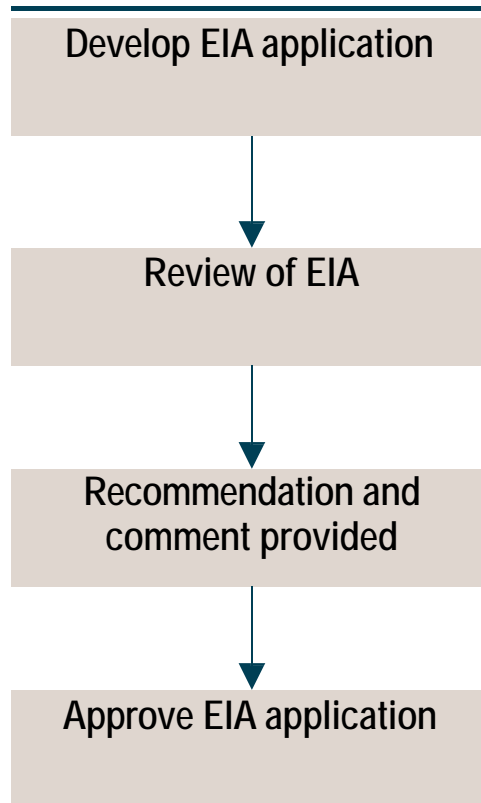
- > Economic growth
- > Expansion and diversification of economic activities from high-density Yangon area
- > Improvement of income distribution/Narrowing of the income gap
- > Incoming tax revenues for government
- > Improvement of national reputation and credibility

## Environmental safeguards

To manage environmental impact, EIAs will have to be conducted and approved by the government before construction work can begin (**All Reports were Approved by MONREC in 2018**)

Environmental Impact Assessment (EIA) as environment safeguard

## Key process



## Details

> Application must be developed by independent party

> Reviewing team formed by the Cabinet will review the application

> Review team will give comments to Minister of Environmental Conservation and Forestry

> Application is approved, an Environmental Compliance Certificate was delivered in 2018

- > The Environmental Conservation Law is already in place in Myanmar
- > The related rules were also promulgated in 2014



## Social safeguards

# Relocation and Compensation will occur in line with international practice

## Relocation and Compensation

Relocation and Compensation process for affected population will be...

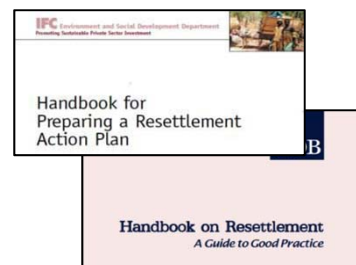
...led by experts

- > Experts appointed with **experience in similar scale projects of comparable scale**
- > **Independence emphasized** – experts cannot be affiliated with major developer



...based on Guidelines

- > **Plan designed** based on international standards (e.g., IFC)
- > **Implementation monitored** to ensure adherence to international standards



...involving communities

- > **Affected communities closely involved**
- > **Participatory approach**



...done transparently

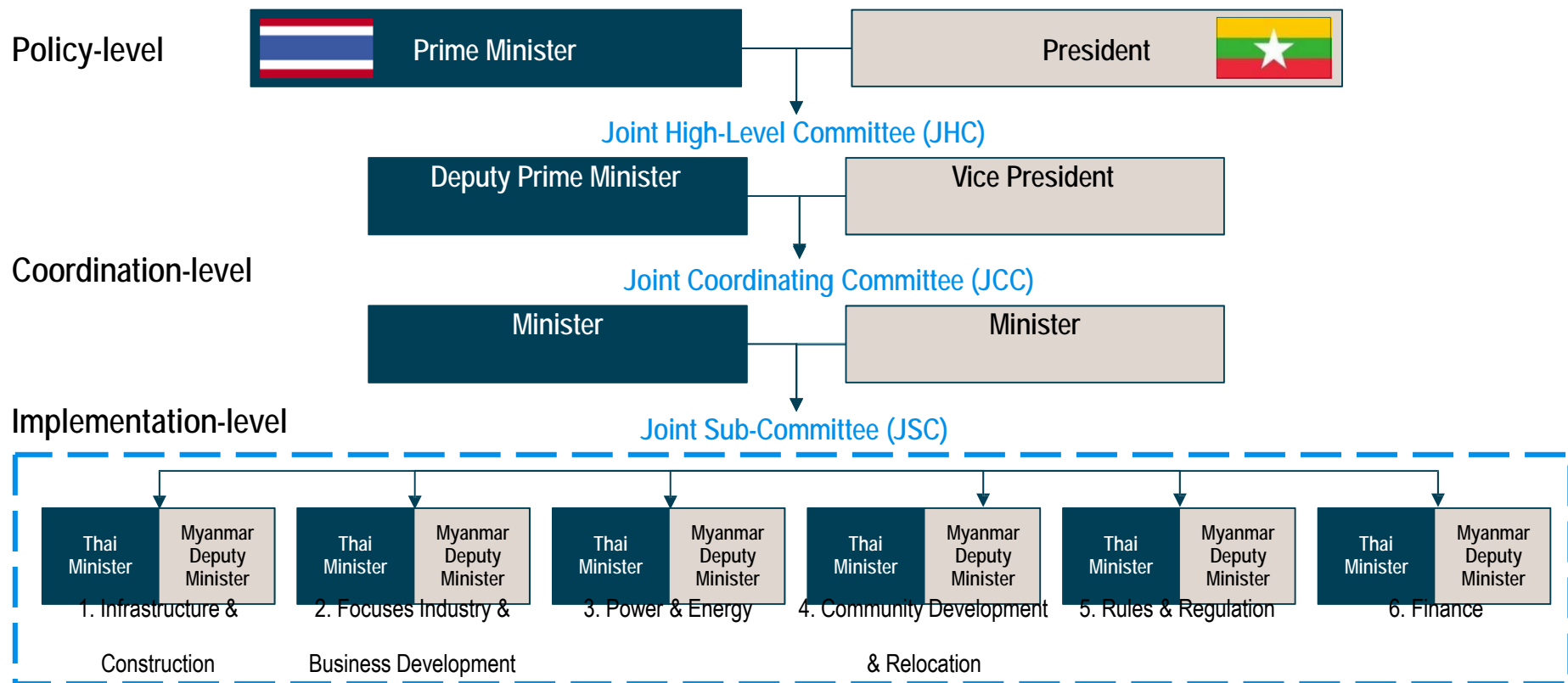
- > **Finalized plan to be made available** to the media, public and investors





## Dawei SEZ governance

With both countries expected to benefit, Dawei SEZ is receiving full support from both Thai and Myanmar governments at all levels

## Myanmar-Thailand collaboration structure for Dawei SEZ



# Joint Coordinating Committee structure **NOW**

 <b>Myanmar</b>	<b>Thailand</b> 
Union Minister of Commerce	Minister of Transport
DSEZ MC Chairman	Secretary-General of NESDB
Deputy Minister of Transport and Communications	Thai Ambassador to Myanmar
Deputy Minister of Planning and Finance	Director-General of Fiscal Policy Office (MOF)
Tanintharyi Region Minister of Planning and Finance	Representative from
Permanent Secretary of Natural Resources & Environmental Conservation	- Ministry of Foreign Affairs
Permanent Secretary of Labor Immigration and Population	- Ministry of Industry
Permanent Secretary of Commerce	- Ministry of Energy
Permanent Secretary of Social Welfare, Relief & Resettlement	- Ministry of Transport
Permanent Secretary of Electricity & Energy	
Permanent Secretary of Construction	
Director General of Union Attorney General Office	
Director General of Myanmar Trade Promotion Organization	Secretary-General of NESDB
Director General of International Organization and Economic Department, Ministry of Foreign Affairs	Director-General of East Asian Affairs (MOFA)

Co-Secretary

Co-Secretary

## Value propositions of Dawei SEZ

Government incentives, as well as Dawei's location and Myanmar's economy and resources will attract wide range of investors

## Value Proposition of Dawei SEZ

- A** Proximity to Eastern Seaboard & completion of SEC<sup>1)</sup> 
- B** Gateway to the West 
- C** Supply of local resources in hinterland 
- D** Competitive labor cost 
- E** Myanmar market growth 
- F** SEZ Legal framework, incl. fiscal incentives 
- G** Import duty exemption (GSP) 

Myanmar  
Regionally-Integrated,  
World-Class  
& Export-  
Focused SEZ

## Industries

**Cluster 1:**  
Steel & Automotive

**Cluster 2:**  
Labor driven (e.g. Textile/ Garments & Footwear, Electrical and electronics)

**Cluster 3:**  
Resources driven (e.g. Non-ferrous metals, Rubber, Wood products, Food processing, Edible oils)

**Cluster 4:**  
Petrochemical (e.g. Plastic products, Fertilizers, Pharmaceutical, Refinery, Chemicals)

1) GMS Southern Economic Corridor  
Source: Roland Berger

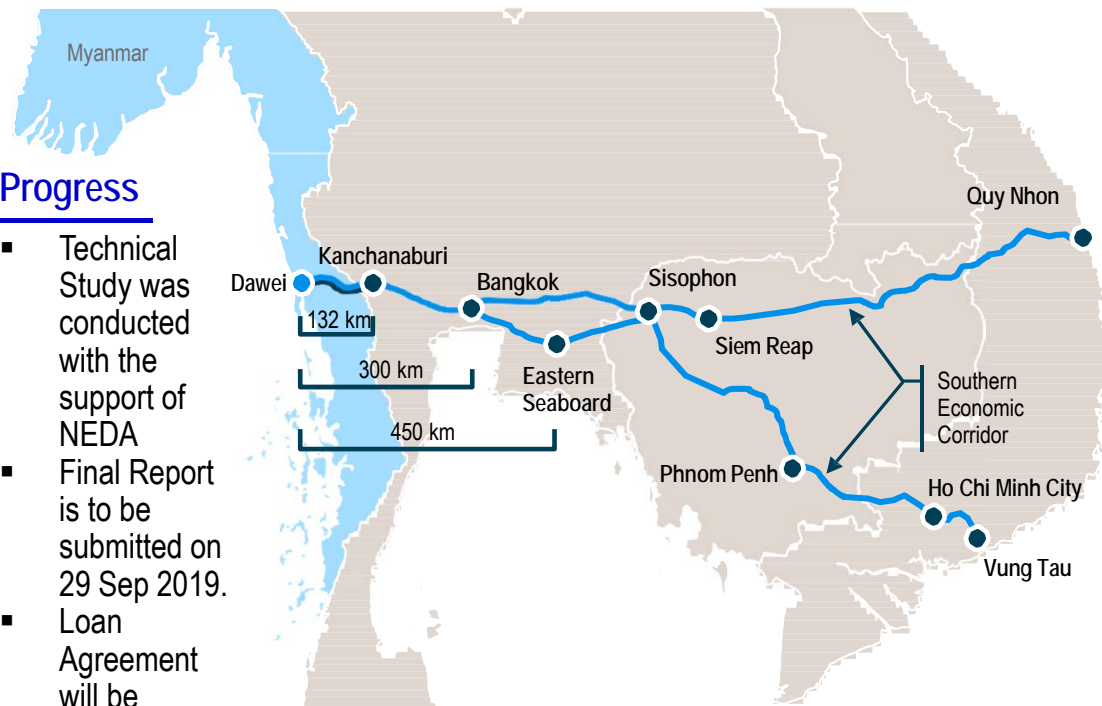
## Proximity to Eastern Seaboard and GMS Southern Economic Corridor

# Dawei SEZ completes GMS Southern Economic Corridor, connecting regional supply chain linkage through Thailand's Eastern Seaboard

## Road links to Thailand

### Progress

- Technical Study was conducted with the support of NEDA
- Final Report is to be submitted on 29 Sep 2019.
- Loan Agreement will be signed 3 or 4 months after receiving report



### Key highlights

- > Complete GMS Southern Economic Corridor establishing regional connectivity and creating land bridge from Dawei – Bangkok - Phnom Penh - Ho Chi Minh
- > Supply chain linkage with Thailand's Eastern Seaboard (ESB) allowing industrial expansion
- > Strong economic and political linkage to ASEAN
- > Opportunity to accept factories of labor intensive industries
- > New production base creating new areas for industrial expansion and increasing the regions' trade volume
- > Economic and social development: job creation, enhanced livelihood and basic infrastructure improvement

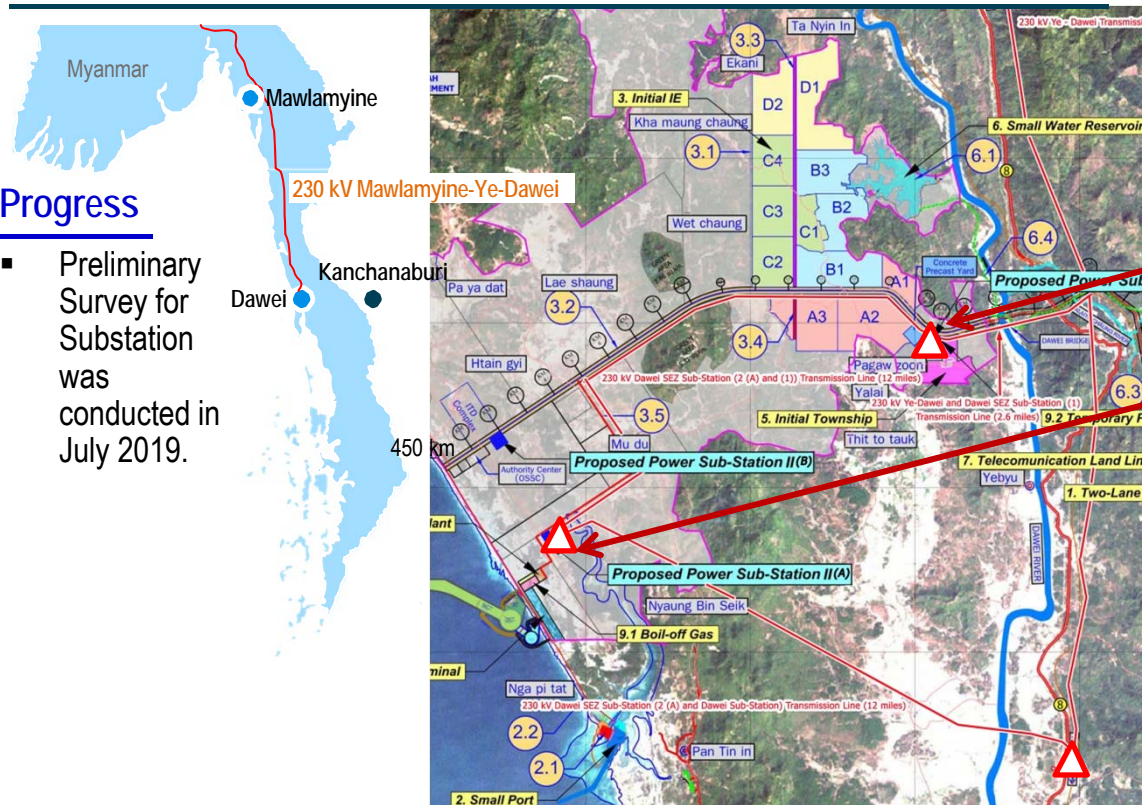
MOEE, Myanmar has been strenuously making its all of efforts to make electricity adequately available in a full strength available from the National Grid and also from nearby future power plants.

### Power Supply from Myanmar's National Grid

### Key highlights

#### Progress

- Preliminary Survey for Substation was conducted in July 2019.

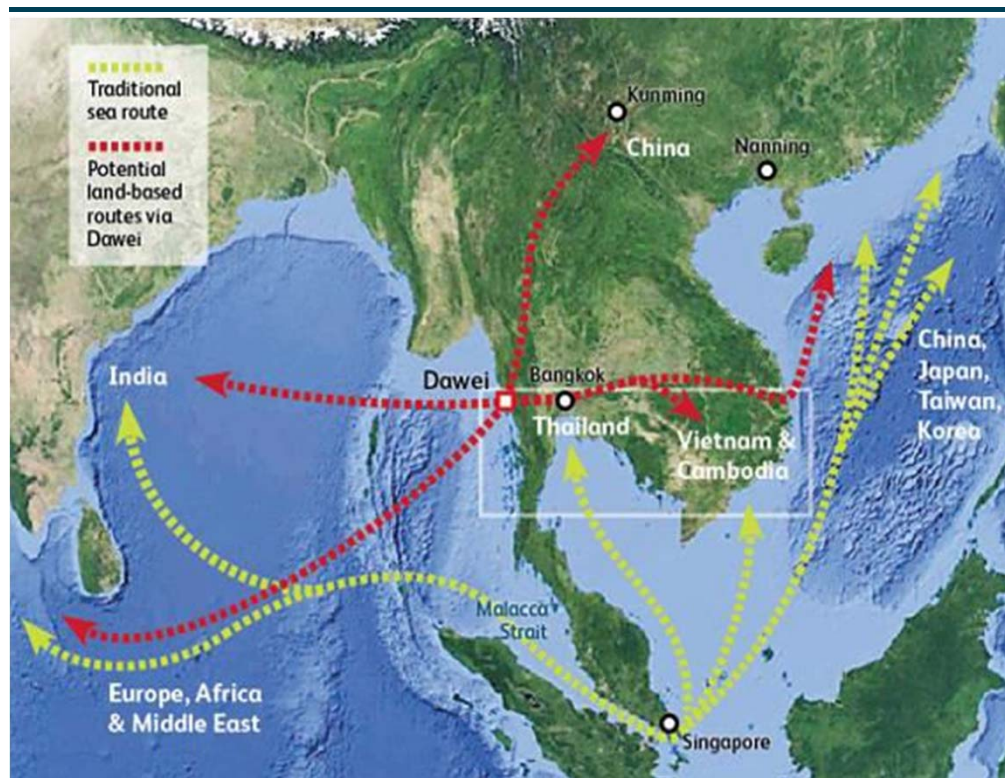


- > 230 kV Mawlamyine-Ye-Dawei was financed by ADB.
- To connect from ADB funded Transmission Line
- Initial Plan is one 230 /66/11 kV 150 MVA substation and 66/11 kV Distribution substations as requires
- Another 230 /66/11 kV 150 MVA substation for Heavy industries and Full Phase will be connected with a ring circuit with three sources.

## B Gateway to the West

# Dawei SEZ opens a new gateway to the West – linking India, Europe, Africa and Middle East with ASEAN & East Asia

### New gateway to the West



1) From 4,500 km via the Malacca Strait vs. 2,500 km via Dawei's deep-sea port; 2) Mekong-India Economic Corridor

Source: Globalasia, NESDB, Roland Berger

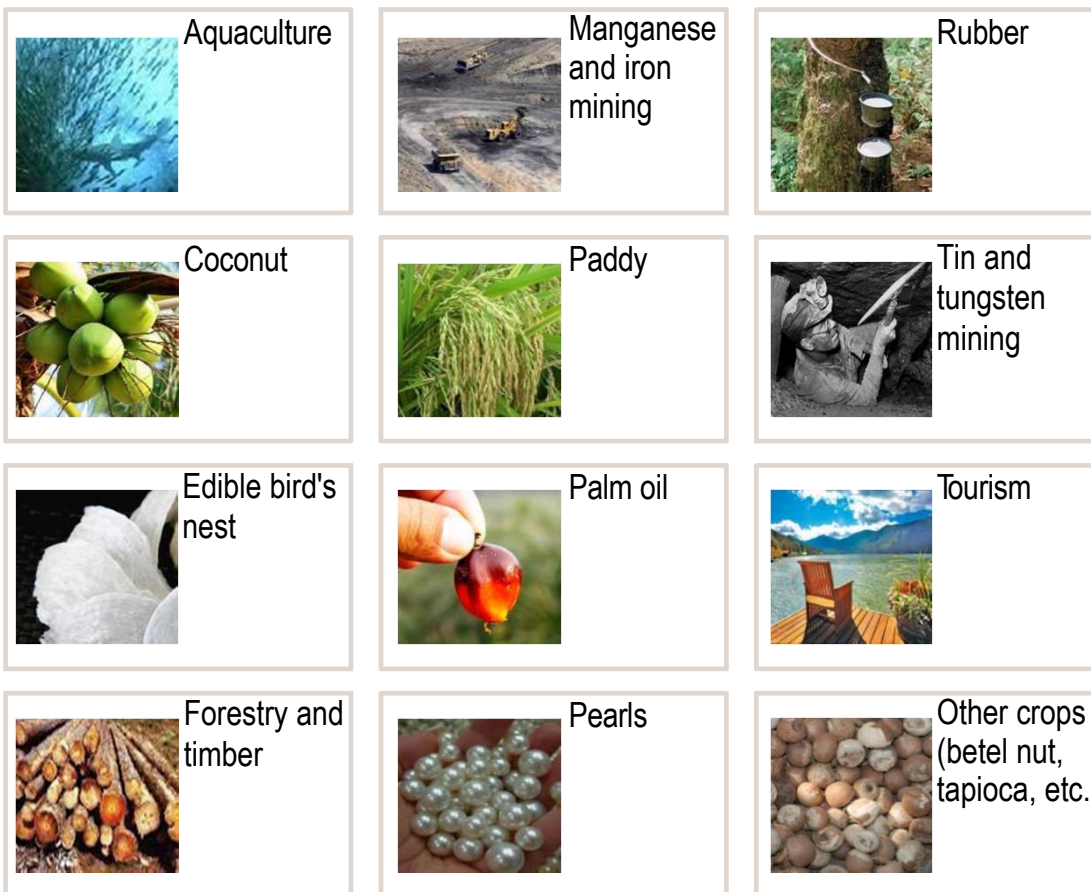
### Key highlights

- > Strategic location: New gateway to the West connecting Indian and Pacific Oceans linking between Southeast Asia and South Asia, the Middle East, Europe and Africa
- > Connecting GMS Southern Economic Corridor markets to the West: ~USD 120 bn total trade flow of Thailand, Cambodia, Vietnam to the Western markets
- > MIEC<sup>2)</sup> linkage: complete linkage to India via Chennai – Dawei's deep-sea port
- > Dawei SEZ will support Myanmar's regional development throughout the southern area as there are no big cities in the southern area except Dawei and Myeik

## C Local resources in Hinterland

Dawei SEZ can leverage supply of local resources in Tanintharyi region, such as aquaculture, rubber, timber and tin

### Key resource-based potential sectors in Tanintharyi



#### Fishery and aquaculture:

In Tanintharyi region, along the west coast, fishing beds can be found, serving as key areas for fishery and aquaculture location (1.1 m tons in 2010)

#### Forest:

38 k ha of forest area (4% of total forested area in Myanmar), primarily for hardwood

#### Rubber:

324 k ha of rubber plantation combining with Mon state, the largest rubber plantation area in Myanmar

#### Palm oil:

147 k ha of Palm Oil in Tanintharyi region for oil palm

#### Tin/tungsten:

700 k ton deposits within 80 km from Dawei SEZ

#### Antimony:

160 k ton deposits within 160 km from Dawei SEZ

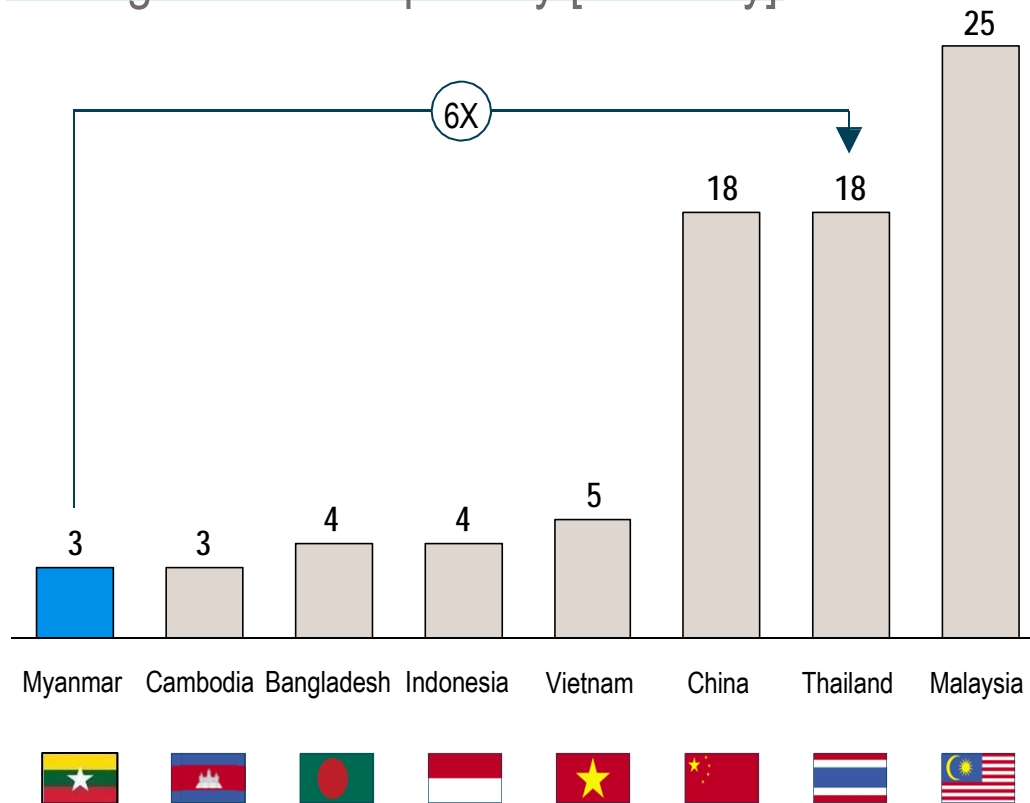
#### Offshore gas resources

are also prevalent in the region with new exploration potential

## D Competitive labor costs

Average labor cost in Myanmar is USD ~3/day, providing Dawei SEZ with an advantage to attract labor-intensive industries

Average labor cost per day [USD/day]



### Key highlights

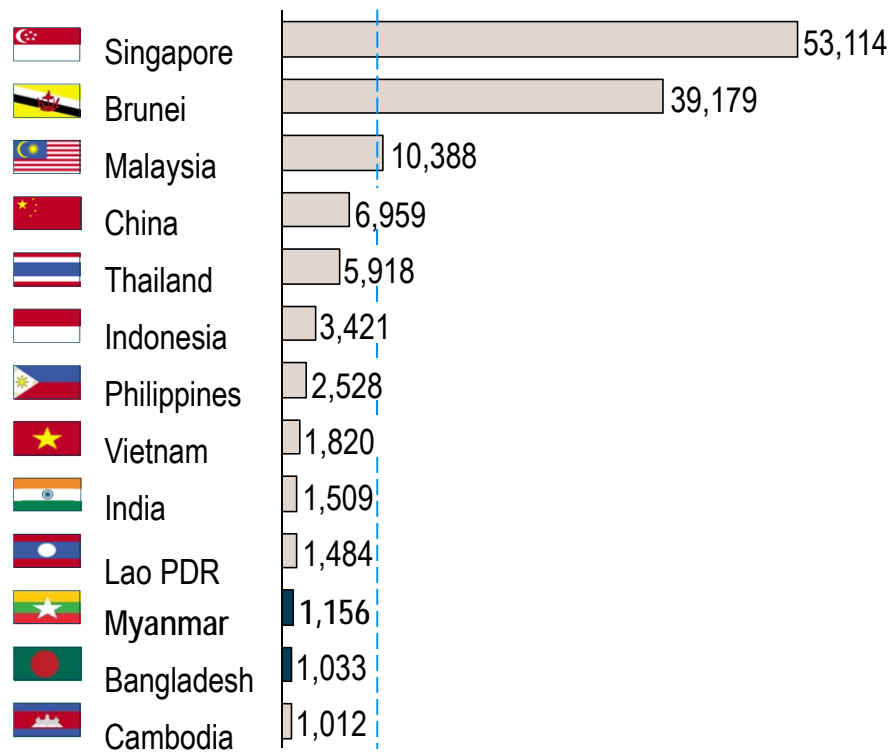
- > Labor costs on average in Myanmar are competitive
- > Labor costs in the Southern area in Myanmar already rose since the area is a supply base for overseas migrant workers, especially for Thailand
- > Consequently, Dawei might not enjoy the most competitive labor cost relatively, but is

Thailand and neighbouring countries

# Myanmar's economy is expected to boom, which will help elevate the country's GDP and GDP per capita

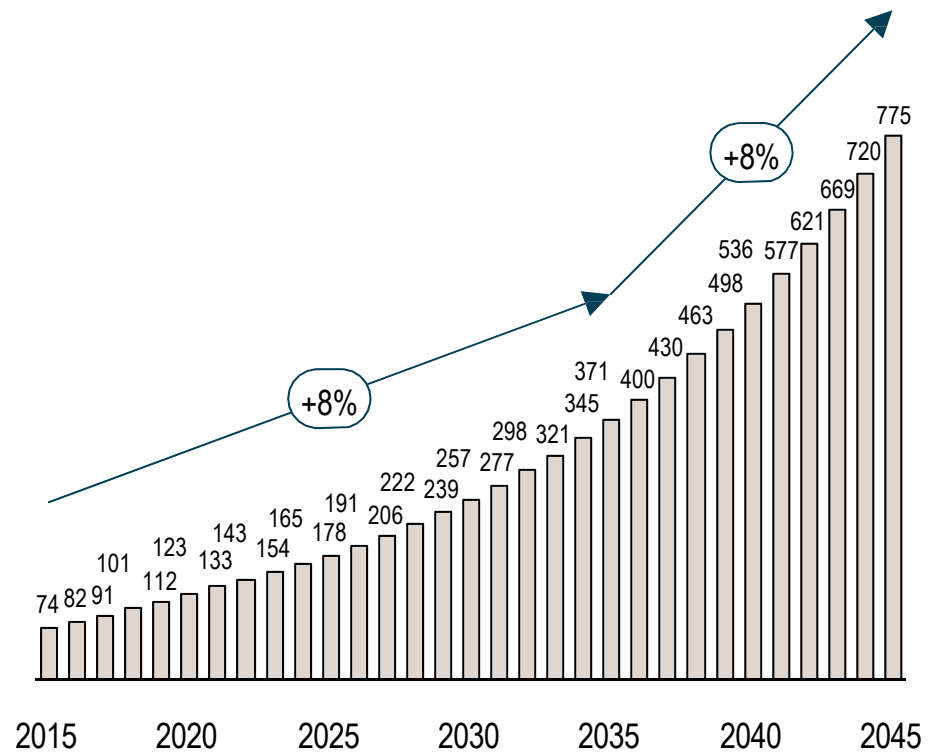
## Forecasted GDP growth

GDP per capita [USD, 2013]<sup>1)</sup>



1) ASEAN and neighboring countries

Forecasted GDP growth [bn USD, nominal]



# The SEZ Law provides significant tax privileges for investors and ensures the establishment of a One-stop Service Center

## SEZ Law (January 23, 2014) – Selection of key benefits for investors

### Income tax exemptions



- > In Free Zone (for export):
  - y-year exemption
  - 50% relief for next 5 years
  - 50% for next 5 years if profit reinvested within 1 year
- > In Promotion Zone (for sales within Myanmar):
  - 5-year exemption
  - 50% relief for next 5 years
  - 50% for next 5 years if profit reinvested within 1 year

### Commercial tax/VAT exemptions



- > In Free Zone: investor may be given exemption
- > In Promotion Zone: investor may be given exemption during specific period only

### Dividend pay-out



- > Investors may apply for income tax exemption for dividends based on profits accrued locally for which tax has been paid

### Import tax exemptions



- > In Free Zone:
  - Exemption on import of raw materials, machinery & spare parts, construction material and motor vehicles for construction purpose
  - Exemption on import of trading goods
- > In Promotion Zone:
  - 5-year exemption on import of raw materials, machinery & spare parts, construction material and motor vehicles for construction purpose
  - 50% relief for next 5 years

### One-stop Service-Center (OSSC)



- > One-stop-service-center to be set up for approval of investments, company registration, issue of entry visa, issue of certificate of origin, collection of taxes, approval of employment permits, permission for factory construction

### Asset protection



- > Assets, profits & other rights shall be recognized and protected
- > It is guaranteed that investment shall not be nationalized

The OSSC facilitates investments by having relevant entities under one roof and acting as one single window for dealing with investors

### The One-Stop Service Center facilitates investments by....

...combining all entities involved with business set-up under "one roof"

- > Directorate of Investments and Company Administration (DICA)
- > Department of Immigration and National Registration
- > Department of Customs
- > Internal Revenue Department
- > Trade Department
- > Environment Department
- > Labor Department
- > Central Bank of Myanmar

Reduces time needed to set up businesses  
as all procedures are done in Dawei
















...acting as one "single window" for dealing with investors' applications

- > Assign one **representative** for each investor
- > **Give information** and **answer queries**
- > Support the investors in **obtaining all the required documents**
- > Guide and support investors through the **online application program** on the DSEZ website
- > **Receive and check documents** received
- > Issue **approvals** required to start business
- > **Collaborate with investors** until approval is eventually granted

Eradicates needs for investors to deal  
with multiple entities separately










Based on GSP's classification, Myanmar is among the 3 ASEAN countries to enjoy EBA's duty-free and quota-free export to EU

### GSP schemes' classification by country

	GSP (General scheme)	Everything But Arms (EBA)	Graduated from GSP (Graduation date)
	 Indonesia	 Cambodia  Lao  Myanmar	 Brunei (1 January 2014)
	 Philippines		 Malaysia (1 January 2014)
	 Vietnam		 Singapore (1 May 1998)
			 Thailand (1 January 2015)
Other key markets	 India	 Bangladesh	 China (1 January 2015)

Under EBA scheme, Myanmar offers the most favorable tax benefits for most exports (except arms and ammunition) to EU markets...










EU's tariff comparisons for each short listed industry – Myanmar vs. key markets (1/2)

	GSP Scheme				EBA Scheme (quota free)	
	 India	 China	 Thailand	 Vietnam	 Bangladesh	 Myanmar
1 Plastic products <sup>1)</sup>	0%	6.5%	6.5%	0%	0%	0%
2 Textile, garment & footwear <sup>2)</sup>	10%	12%	12%	10%	0%	0%
3 Automotive <sup>3)</sup>	6.5%	10%	10%	6.5%	0%	0%
 4 Steel <sup>4)</sup>	0%	0%	0%	0%	0%	0%
5 Fertilizers <sup>5)</sup>	6.5%	6.5%	6.5%	6.5%	0%	0%
6 Cement <sup>6)</sup>	0%	1.7%	1.7%	0%	0%	0%
 7 Non-ferrous metal <sup>7)</sup>	0%	0%	0%	0%	0%	0%
 8 Pharmaceuticals <sup>8)</sup>	0%	0%	0%	0%	0%	0%

1) Packing of goods; 2) Women blouses and shirts 3) Motor vehicles; 4) Rolled iron; 5) Urea fertilizer; 6) Portland cement; 7) Tin bars, rods, profiles and wire;  
8) Penicillins or derivatives thereof

...therefore, industrial clusters reside in Dawei SEZ will be able to take advantage of the GSP benefits
















### EU's tariff comparisons for each short listed industry – Myanmar vs. key markets (2/2)

		GSP Scheme				EBA Scheme (quota free)	
		 India	 China	 Thailand	 Vietnam	 Bangladesh	 Myanmar
	9 Electrical & Electronics <sup>1)</sup>	0%	0%	0%	0%	0%	0%
	10 Rubber based products <sup>2)</sup>	0%	4.5%	4.5%	0%	0%	0%
	12 Food processing <sup>4)</sup>	4.9%	14%	14%	4.9%	0%	0%
	13 Edible oils <sup>5)</sup>	0%	0%	0%	0%	0%	0%
	14 Oil and Gas <sup>6)</sup>	0%	0%	0%	0%	0%	0%
	15 Chemicals <sup>7)</sup>	0%	6.5%	6.5%	0%	0%	0%

1) Electronic integrated circuits; 2) New pneumatic tires; 3) Bamboo plywood, veneered panels ; 4) Canned Brisling/Sprats; 5) Crude palm oil; 6) Natural gas condensates;  
7) Polyester resin 8) import control under CITES

## In addition to EU's GSP, Myanmar receives preferential tariff treatment in North America: Canada and USA (under consideration)

### Import tariff treatment by industry in Canada [%]

Industry	MFN <sup>16)</sup>	GPT <sup>17)</sup>	LDCT <sup>18)</sup>
 Plastic products <sup>1)</sup>	6.5%	3%	0%
 Textile, garment & footwear <sup>2)</sup>	18%	n.a.	0%
 Automotive <sup>3)</sup>	6.1%	6%	0%
 Steel <sup>4)</sup>	0%	0%	0%
 Fertilizers <sup>5)</sup>	0%	0%	0%
 Cement <sup>6)</sup>	0%	0%	0%
 Non-ferrous metal <sup>7)</sup>	3%	0%	0%
 Pharmaceuticals <sup>8)</sup>	0%	0%	0%
 Electrical & Electronics <sup>9)</sup>	0%	0%	0%
 Rubber based products <sup>10)</sup>	7%	7%	0%
 Wood based products <sup>11)</sup>	9.5%	6%	0%
 Food processing <sup>12)</sup>	0%	0%	0%
 Edible oils <sup>13)</sup>	6%	0%	0%
 Oil and Gas <sup>14)</sup>	12.5%	0%	0%
 Chemicals <sup>15)</sup>	6.5%	0%	0%

### Canada

> Canada has **recently restored GPT and LDCT** systems for Myanmar in **April 2015**

> Based on current trading patterns, it is estimated that **annual custom duties forgone by Canada** and the benefits Myanmar would get is approximately **USD 240,000**

### USA

> USA has been **considering to restore GSP** program (applicable to up to 5,000 products)

1) Packing of goods; 2) Women blouses and shirts; 3) Motor vehicles (golf cars); 4) Iron and steel; 5) Urea fertilizer; 6) Portland cement; 7) Other articles of tin, profiles and wire;  
8) Penicillins or derivatives thereof; 9) Television cameras; 10) New pneumatic tires; 11) Wooden furniture used in bedroom and kitchen; 12) Frozen fillets of fish; 13) Crude palm oil;  
14) Propane (in containers); 15) Disinfectants; 16) Most-Favored-Nation tariff for most countries; 17) General Preferential Tariff (GSP equivalent) enjoyed by certain



# In Asia, Myanmar benefits from ASEAN Free Trade Agreements and also receives preferential tariff treatments from Japan and S. Korea

## Main import tariff benefits in Asia

### Benefits from ASEAN Free Trade Agreements

- > Myanmar's exports currently enjoys **0-5% import tariff for over 99% of products traded within ASEAN** under the Common Effective Preferential Tariff (CEPT)
- > Myanmar also enjoys **special import tariff rates with the following countries** as per the ASEAN Free Trade Agreements with each dialogue partner:



ASEAN-Japan Free Trade Agreement



ASEAN-Republic of Korea Free Trade Agreement



ASEAN-China Free Trade Agreement



ASEAN-India Free Trade Agreement



ASEAN-Australia & New Zealand Free Trade Agreement



### Benefits from other preferential tariff treatments



#### Japan

- > Myanmar enjoys **preferential tariff treatment under Japan' GSP scheme** which offers rates below MFN<sup>1)</sup> and WTO bound tariffs
- > Myanmar also **receives special treatment for additional products that do not belong under GSP scheme**



#### South Korea

- > Myanmar enjoys **duty-free and quota-free tariff for over 85 percents of Myanmar's exporting commodities** such as agricultural products, marine products, garments, industrial products, pharmaceuticals and chemical products

1) Most-Favored-Nation Tariff for most countries

## B. Development of Dawei SEZ




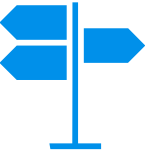


## B.1 Development of Dawei SEZ – Overview



## Different development Phases

Development will be done simultaneously; the Initial Phase differs from the Full Phase in size, industries, infrastructure and developer

## Major differences between Initial Phase and Full Phase Development

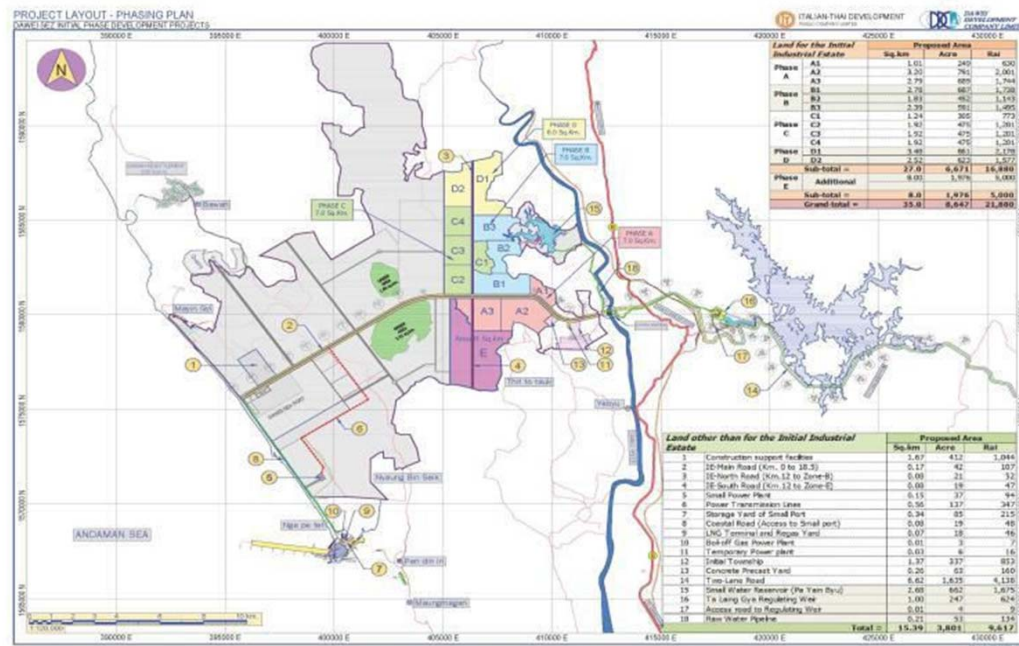
		Initial Phase (ITD)	Full Phase
A	 <b>Size</b>	Up to 35 km <sup>2</sup>	196.5 km <sup>2</sup>
B	 <b>Focus industries</b>	Light and medium manufacturing, labor-intensive in nature	Heavy manufacturing, scale and infrastructure-dependent in nature (e.g. Steel, Oil & Gas, Petrochemical)
C	 <b>Supporting infrastructure</b>	Set-up and development of infrastructure	Addition, upgrade and enlargement of infrastructure
D	 <b>Developer</b>	To be done by consortium of Thai companies led by ITD <sup>1)</sup>	Tendering (t.b.c)

1) Italian-Thai Development PCL, a leading Thailand-based construction company

## Size and objectives

35 km<sup>2</sup> is allocated for Initial Phase development, while the Full Phase development will cover 196.5 km<sup>2</sup>

## Size- Initial Phase vs. Full Phase



## I Initial Phase development

Total Industrial Estate land size: Up to 35 km<sup>2</sup> (colored zone)

Objectives: Start construction of the initial development as soon as possible to generate *jobs & economic growth by 2020*

## II Full Phase development

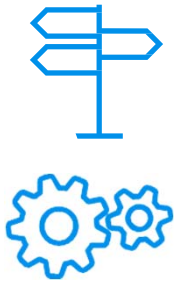
Total SEZ land size: 196.5 km<sup>2</sup>

Objectives: Catalyze the economic development of Republic of the Union of Myanmar

## Priority industries

The Initial Phase will focus on light and labor-intensive industries;  
heavy manufacturing will be the focus of the Full Phase

## Focus industries- Initial Phase vs. Full Phase

Focus industries<sup>1)</sup>

## Initial Phase

- > Light and medium manufacturing
  - Labor-intensive
  - Resource-intensive
  - Moderate infrastructure-dependence



## Full Phase

- > Heavy manufacturing
  - Capital-intensive
  - Significant scale and infrastructure-dependence



1) Focus industries here refer to industries emerging with growing influx of investments in each Phase. For instance, light and medium manufacturing will continue to grow in the Full Phase, but the emergence and rapid influx of investments in heavy manufacturing means heavy manufacturing is the focus industry for Full Phase

## Supporting infrastructure

More infrastructure will be developed in the Full Phase to support growing scale of the SEZ and increase in variety of industries

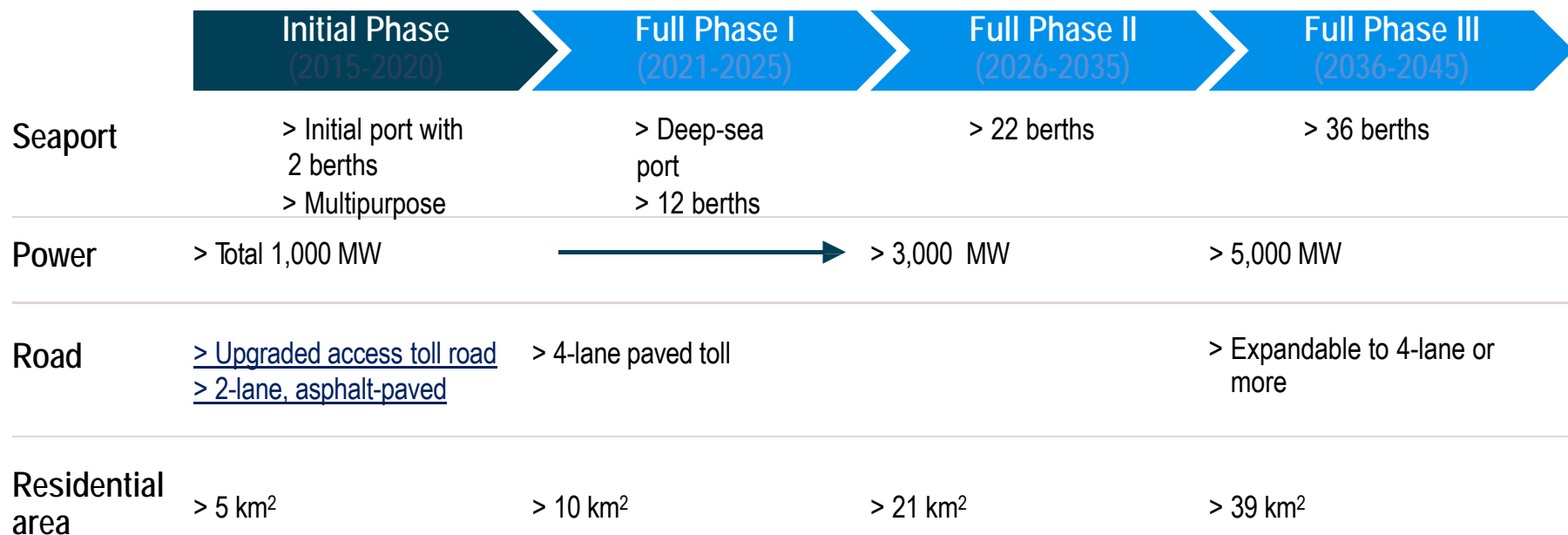
## Supporting infrastructure- Initial Phase vs. Full Phase



## Supporting infrastructure

Infrastructure developed in the Initial Phase will be upgraded and enlarged in the Full Phase to support growth of heavy industries

## Supporting infrastructure- Preliminary infrastructure development plan




1) Figure presented is as of year 1, 6, 11, 21 and included basic infrastructure and utilities such as road

## Developer

The Initial Phase development is done by ITD-led consortium while the Full Phase developers will be determined by DSEZ MC

### Developer overview – Initial Phase vs. Full Phase

Phase	Developers	Next steps
I Initial Phase	ITD-led consortium 	<ul style="list-style-type: none"> <li>&gt; Fulfillment of all condition precedents by -----</li> <li>&gt; Construction of concession projects to commence afterward</li> </ul>
II Full Phase	The allocation of various infrastructure project tenders	<ul style="list-style-type: none"> <li>&gt; Selected tender projects are expected after Master Plan study and more detailed studies are conducted</li> </ul>

1) Special Purpose Vehicle co-owned by the Myanmar government and other investors (foreign governments, private companies etc.). Preliminary plan is to have SPV2 in charge of granting concessions for individual development projects  
 Source: ITD, Framework Agreement

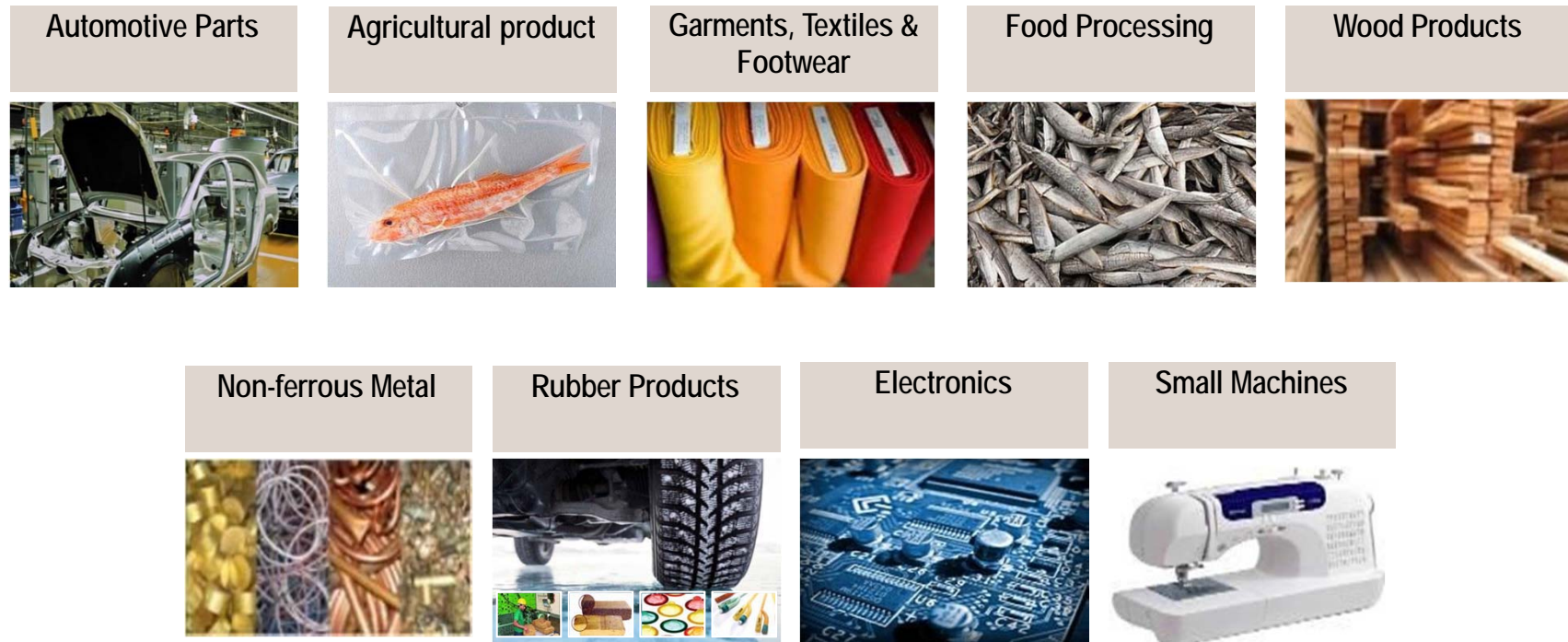
## B.2 Details on Initial Phase Development



## Initial Phase – Expected industries

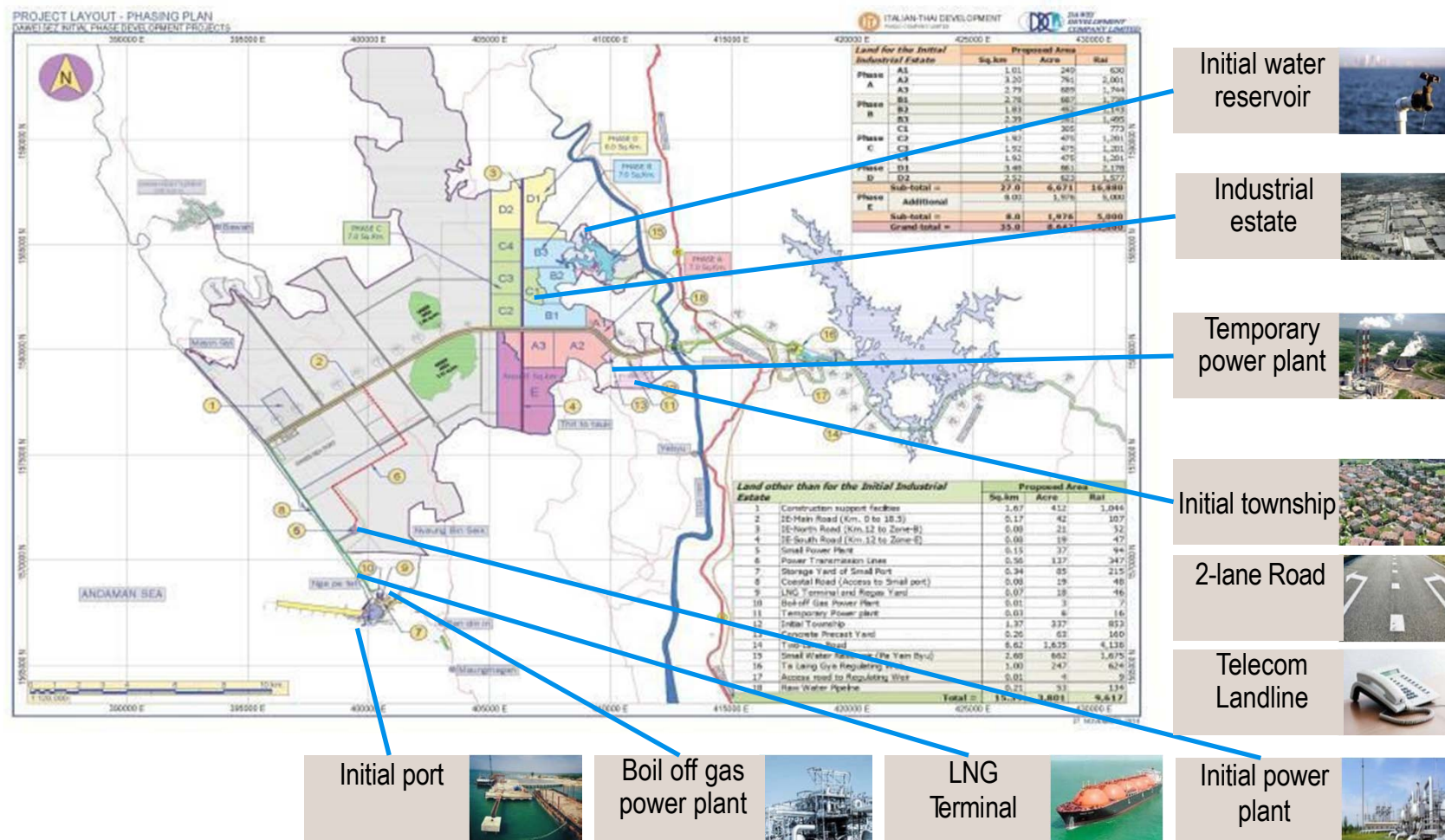
Light and medium industries will be the focus of the Initial Phase to quickly spur the development and create jobs

### Initial Phase: Expected industries











## Initial Phase – Infrastructure

The concession projects are located within Dawei SEZ or next to Dawei SEZ (defined as Dawei SEZ-related infrastructures)



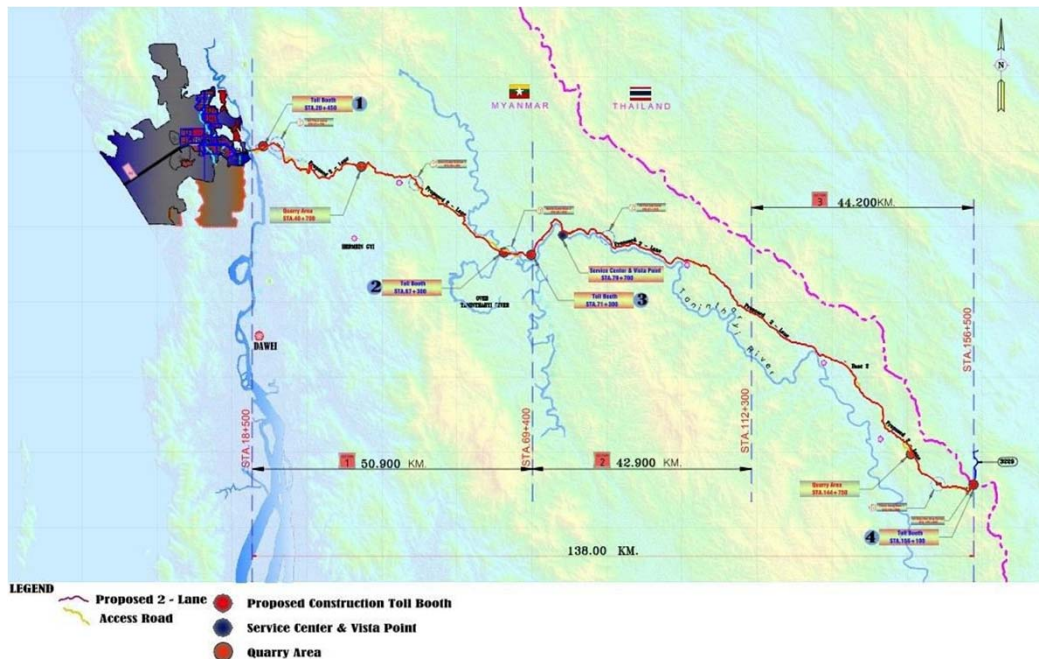
# Infrastructure in the Initial Phase will be extensively developed to support the industrial estate

Initial project	Overview
<b>1</b> 2-lane road 	<ul style="list-style-type: none"> <li>&gt; 138 km of 2-lane asphalt road: 3.5 m width per traffic lane &amp; 1 m pave shoulder per lane</li> <li>&gt; In line with Class 4 – 2-lane Design Standard of Highways Department of Thailand</li> <li>&gt; 4 Toll Booths; Administration and Rescue Buildings; Service Centre &amp; Vista Point (<a href="#">On Going</a>)</li> </ul>
<b>2</b> Initial port 	<ul style="list-style-type: none"> <li>&gt; Initial Port with 2 berths</li> <li>&gt; For up to 400 TEUs Multipurpose vessels for the first berth &amp; for up to 1,600 TEUs feeder Vessels for the second berth</li> </ul>
<b>3</b> Industrial estate 	<ul style="list-style-type: none"> <li>&gt; 27 km<sup>2</sup> Industrial Estate to be developed over 8 years (4 phases, with conditions)</li> <li>&gt; Full-range facilities: road networks, drainage, lighting, water system, power distribution, waste water treatment system, solid waste system, fire fighting and other amenities</li> </ul>
<b>4</b> Temporary & boil-off gas power plant 	<ul style="list-style-type: none"> <li>&gt; Up to 15 units of 1 MW containerized gas generators and associated electrical equipment</li> <li>&gt; Boil-off gas power plant will be also included, consisting of Boil-off gas pipeline; metering station; and 7 units (6 operating and 1 standby) of 2.5 MW containerized gas generators</li> </ul>
<b>5</b> Initial power plant 	<ul style="list-style-type: none"> <li>&gt; 450 MW Combined Cycle Gas Turbine</li> <li>&gt; 3 of 100 MW gas turbine generators with one back-up gas turbine generator &amp; one 150 MW steam-turbine generator and condenser</li> </ul>
<b>6</b> Initial township 	<ul style="list-style-type: none"> <li>&gt; Residential area for workers up to approx. 126,000 population</li> <li>&gt; 5-storey workforce apartments, 8-storey service apartments and 3-storey retail shops</li> </ul>
<b>7</b> Initial water reservoir 	<ul style="list-style-type: none"> <li>&gt; Initial Water Reservoir: Pa Yin Byu water reservoir and Ta Laing Gya regulating weir</li> <li>&gt; with storage facilities and a water treatment plant</li> </ul>
<b>8</b> Telecom landline 	<ul style="list-style-type: none"> <li>&gt; Telephone, High Speed Telecommunication Network and Value-Added Services</li> <li>&gt; To be provided in DSEZ</li> </ul>

## 2-lane road

The existing road connecting Dawei SEZ to the Thai border will be upgraded to a 2-lane asphalt road with the Financial Support of NEDA

## 2-lane road – Overview



Route for 2-lane road

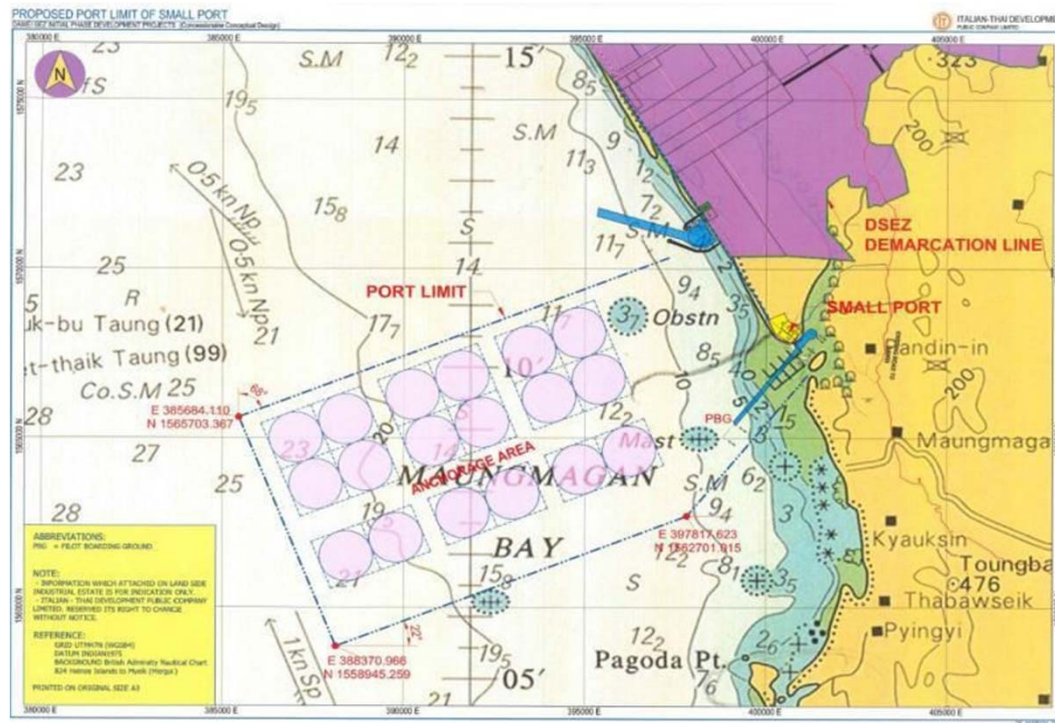
## Key characteristics

- > Existing road upgraded to 2-lane asphalt road;  
length of 138 km
- > 2 directions with minimum width of 3.5 m per traffic lane
- > Minimum shoulder width per lane of 1m for rolling/mountain and 1.5 m for level terrain
- > In line with Design Standard of Highways Department of Thailand, Class 4
- > Maximum gradient:
  - 4% (level terrain)
  - 8% (rolling terrain)
  - 12% (mountainous terrain), with climbing lane if gradient >10%
- > 4 toll booths
- > Administration & rescue buildings
- > Service centre & vista point

## Initial port

The Initial port will consist of two berths catering for multipurpose vessels < 400 TEUs and feeder vessels < 1,600s TEUs respectively

## Initial port – Overview



Proposed port limits

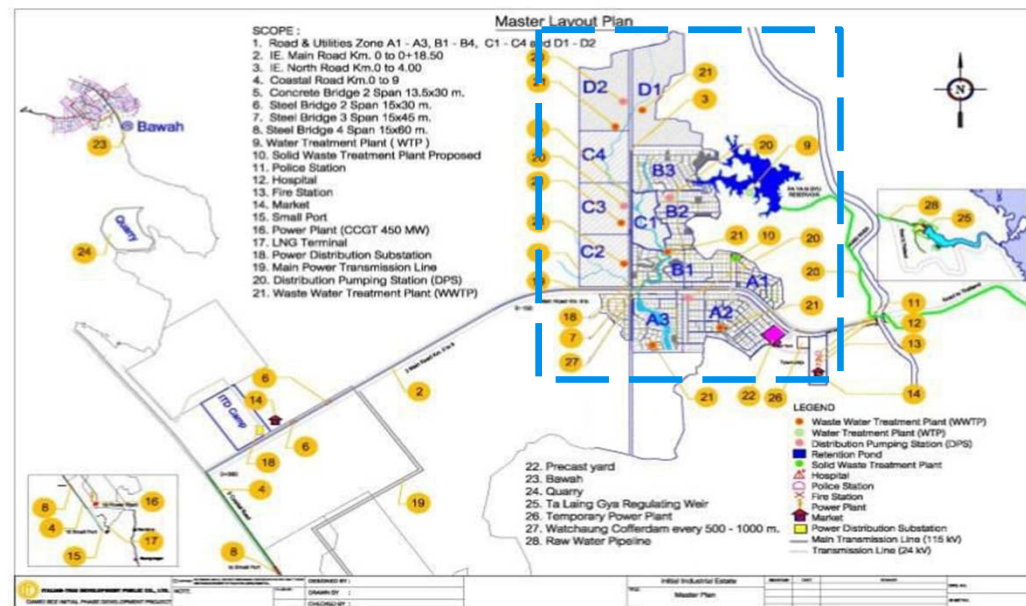
## Key characteristics

- > 2 berths
- > Approach channel, basin, breakwaters, shore protection, reinforced concrete jetty structure (i.e. platform, dolphin and trestle)
- > Storage yard and other facilities, machinery, and equipment related to its operation
- > Coastal road link to Main Road leading to the initial industrial estate

## Industrial estate

27 km<sup>2</sup> of industrial estate land will be developed over 8 years with full range facilities and utilities to support its operations

## Initial industrial estate – Overview



Project layout of initial industrial estate

## Key characteristics

> 27 km<sup>2</sup> industrial estate land developed over 8 years:

- Phase A: 2019-2020
- Phase B: 2021-2022
- Phase C: 2023-2024
- Phase D: 2025-2026

> Road networks, drainage system, lighting system, water distribution system<sup>1)</sup>, power transmission and distribution, waste water collection and treatment system, solid waste system (e.g., sanitary landfills), firefighting and other amenities

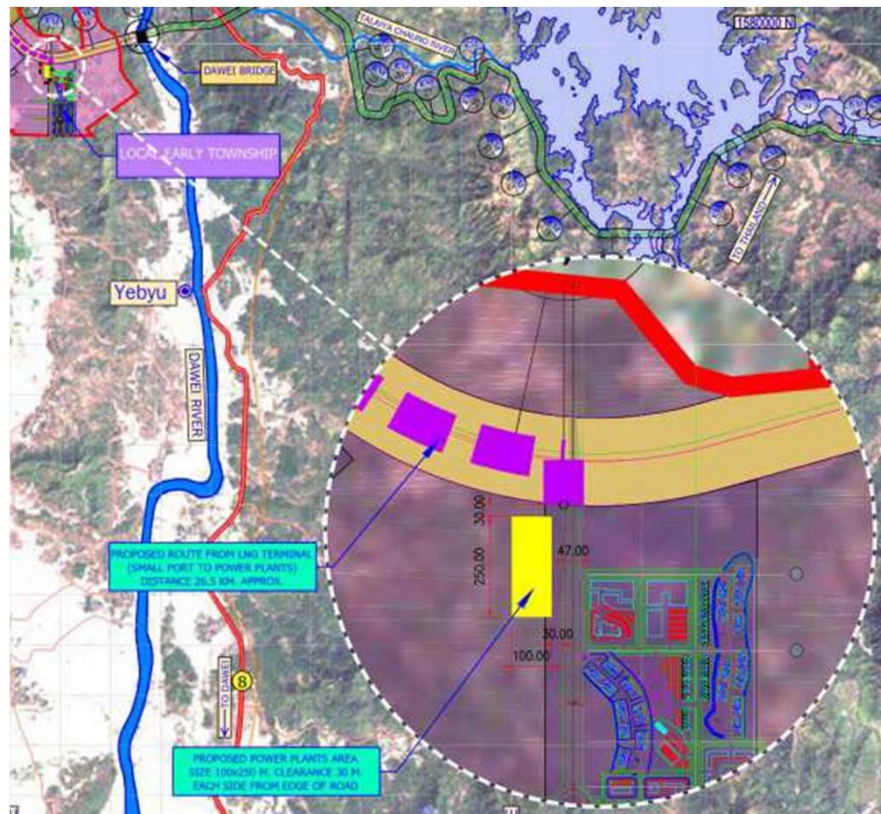
> Additional 8 km<sup>2</sup> of industrial estate land can be provided to ITD in return for full cancellation of reimbursement of ITD's previous investments

1) Includes distribution pumping stations for each, storage and associated transmission and distribution piping

## Temporary and boil-off gas power plant

A temporary power plant will supply electricity in DSEZ before the completion of the LNG terminal supplying the Initial power plant

### Temporary power plant – Overview



Location of temporary power plant

### Key characteristics

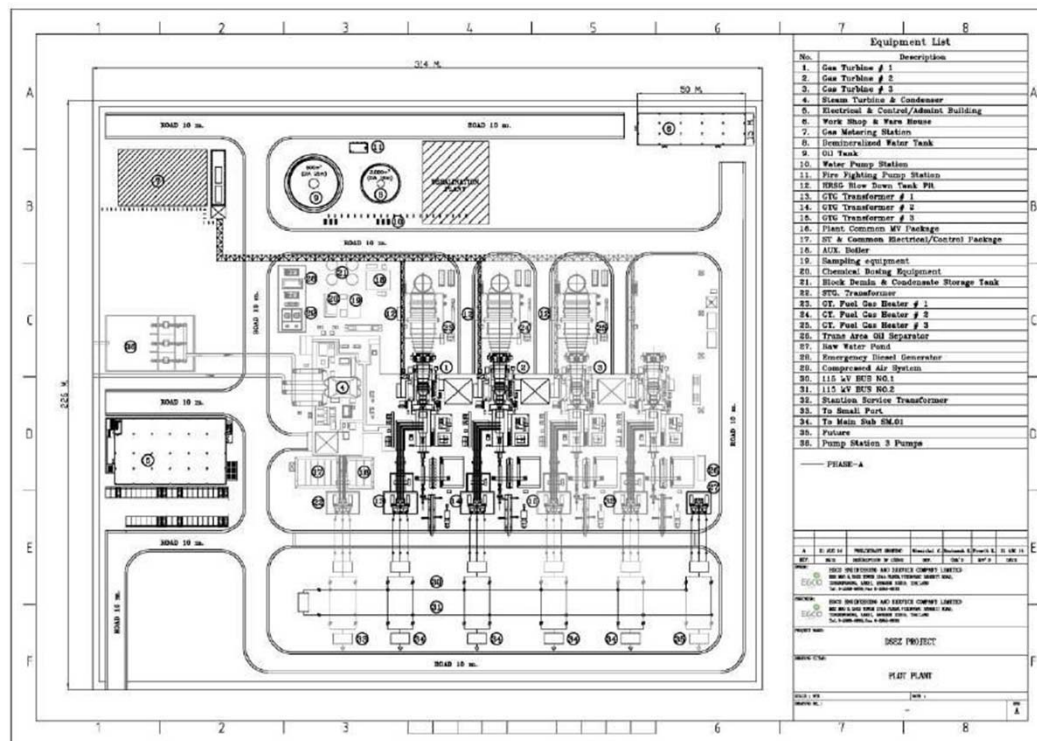
- > Temporary power plant:
  - Multiple units of 1 MW containerized gas generator (up to max. 15 units)
  - Gas distribution station facility<sup>1)</sup>
  - Units of containerized gas generators added as demand rises
  - Associated electrical equipment
- > Boil-off gas power plant consisting of:
  - Boil-off gas pipeline
  - Metering station
  - 7 units (6 operating, 1 standby) x 2.5 MW containerized gas generators

1) Includes multiple units of 40 m<sup>3</sup> LNG storage tank, transfer pumps and ambient air vaporizer, and associated control and safety systems

## Initial power plant

A 450 MW combined cycle gas turbine power plant built in phases will cater to the electricity needs of the DSEZ

## Initial power plant – Overview



General plant layout of Initial power plant

## Key characteristics

- > 450 MW gross capacity consisting of:
  - 3 x 100 MW (gas turbine)
  - 1 x 150 MW (steam turbine)
- > 1 x 100 MW (gas turbine) for backup during maintenance period
- > Primary fuel: Imported LNG
- > Secondary fuel : Diesel oil
- > Offtake – initial industrial estate
- > Phased commercial operations subject to the grant of industrial estate land
- > Design can be amended upon mutual agreement with DSEZ MC, in order to reduce electricity costs

## Initial township

The initial township will cater to the residential needs of the labor workforce

### Initial township – Overview



Snapshots of initial township conceptual plans

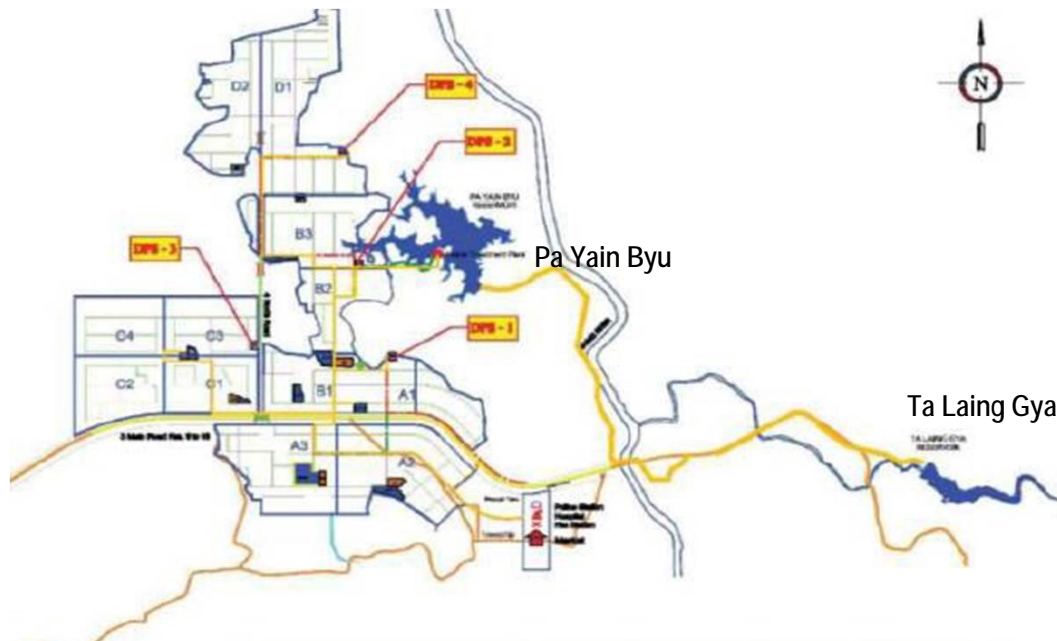
### Key characteristics

- > Local township targeting labor workforce
- > For ~126,000 population capacity
- > 5-storey workforce apartments, 8-storey service apartments and 3-storey retail shops
- > Full scale facilities to international living standards

## Initial water reservoir

The Initial water reservoir encompasses reservoir storage facilities and a water treatment plant to convert raw water to treated water

## Initial water reservoir – Overview



Conceptual plan for Initial water reservoir

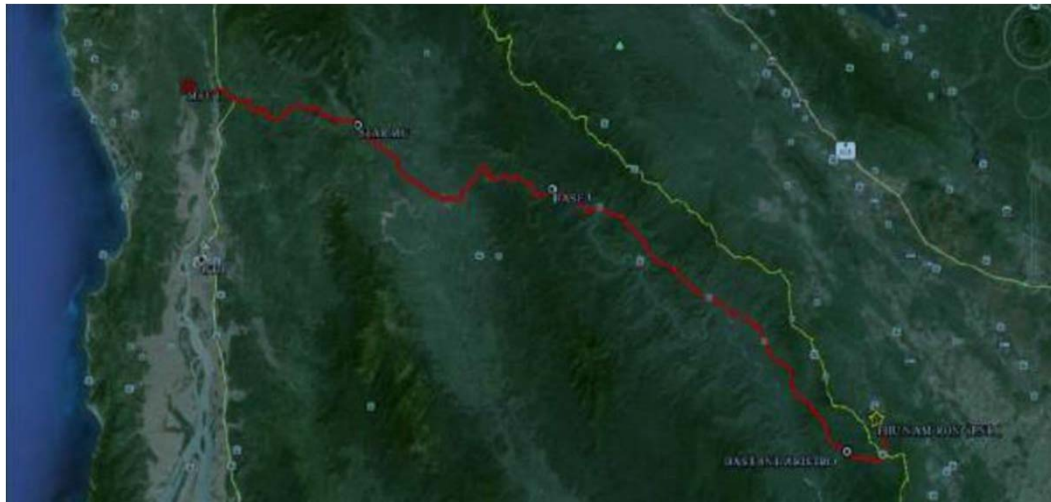
## Key characteristics

- > Consists of two raw water supply areas:
  - Pa Yin Byu water reservoir: Sufficient only for Phase A of initial industrial estate (2016-2017)
  - Ta Laing Gya: Initial regulating weir would be built to supply raw water through pipeline connection to feed Pa Yin Byu water reservoir and maintain storage volume to cater for water demand from 2018 onwards
- > Associated raw water piping from reservoir to water treatment plant

## Telecom landline

Telephone, high speed communication, telecommunication network and value added services will be provided in DSEZ

## Telecom landline – Overview



International internet gateway to Phu Nam Ron

### Key characteristics

- > Permanent international telecommunications gateway connection via optical fiber cable along carriageway road corridor to Phu Nam Ron
- > Local inter-city telecommunications/ backup for international gateway via MPT Dawei Exchange
- > Services provided include:
  - Telephone services<sup>1)</sup>
  - High speed communication services<sup>2)</sup>
  - Telecommunication network services<sup>3)</sup>
  - Value added services<sup>4)</sup>

1) Fixed line telephone service utility FTTx and AoIP 2) Internet, intranet, wifi, wimax etc. 3) Mobile telephone, CCTV, traffic control, multimedia etc. 4) Cable TV, P2P video conference, point to multipoint video conference

Source: Roland Berger

## Initial Phase – Governance

The DSEZ MC is in charged of granting concessions to developers; a consortium of Thai companies led by ITD has been selected

## Initial Phase governance

	Core responsibility	Characteristics
DSEZ Management Committee	<ul style="list-style-type: none"> <li>&gt; Supervision and policy setting</li> <li>&gt; Grants concessions to developers</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Defined by law</li> <li>&gt; Chaired by Chairman</li> <li>&gt; Empowered through SEZ Law</li> </ul>
Consortium of Thai companies	<ul style="list-style-type: none"> <li>&gt; Master developer under the direction of the MC</li> <li>&gt; Managing, coordinating and making decision in concession projects</li> </ul>	<ul style="list-style-type: none"> <li>ITD for all projects except temporary power plant</li> <li>Rojana for all except LNG terminal, power plant and telecom</li> <li>LNG+ for LNG terminal and boil-off gas power plant</li> <li>EGCO for power plant</li> </ul>

The relationship between the DSEZ Management Committee and the Consortium of Thai Companies is governed by Concession Agreements, whose scope is limited to Initial Phase development only

## Initial Phase – Progress

After successful negotiations, Concession Agreements for Initial Phase development were signed on August 5, 2015

Signing of the Initial Phase concession projects



- > All Initial Phase concession projects, except the LNG terminal, were signed on August 5
- > Between the concessionaires (ITD, LNG+ and Rojana) and the Dawei SEZ Management Committee
- > The Concession Agreements are legally binding, with clear obligations and rights for each party

Investors wishing to open businesses in Dawei SEZ should e-mail us and one representative will be assigned to each investor

Next steps for interested investors

1. Reach out to [ho-npt@daweisezmc.com](mailto:ho-npt@daweisezmc.com) to reserve the land with the Developer

- Obtain any more information on DSEZ and the application process
- Provide information on company's profile and details of investments (e.g. size of land required)
- Reserve land with the Developer

2. Be connected with a representative from our One-stop Service Center, who will be the key contact person in charge of facilitating business set-up in Dawei SEZ. The representative will collaborate closely with the investor throughout the entire process of setting up the business, including:

- Facilitating application for Investment Approval from the DSEZ MC
- Explaining all procedures required for setting up businesses in DSEZ, after an Investment Approval is obtained
- Outlining key application forms and documents that need to be submitted
- Guiding the investors through online application platform on DSEZ website
- Receiving any application forms and documents

## B.3 Details on Full Phase Development



## Full Phase – Expected industries

The Full Phase will cover wider range of industries from light to heavy manufacturing

## Full Phase: Expected industries

Automotive Parts	Agricultural Products	Garments, Textile & Footwear	Automotive (assembly)	Edible Oils	Pharmaceuticals
					
Food Processing	Wood Products	Non-ferrous Metal	Steel	Chemicals	Refinery
					
Rubber Products	Electronics	Small Machines	Fertilizer	Plastics	Cement
					

## Full Phase – Expected industries

Four major clusters consist of key priority industries to be developed in DSEZ are namely, Auto and Steel, Labor driven industries...

## Priority sectors and key drivers for investments (1/3)

## Cluster 1: Automotive and steel

## Automotive



- > Booming domestic demand with car ownership expected to increase to ~25% by 2045,
- > Location is close to Thailand, allowing export of car parts to assembly plants in Thailand
- > DSEZ can supply local needs for after-sales car parts market, and the local car assembly once the market is more mature

## Steel



- > Booming domestic demand
- > Opportunity for steel export to Thailand to support the country's substantial steel import needs for construction and automotive
- > Deep-sea port to handle imported raw materials, and highway / rail to transport finished products to Thailand

## Cluster 2: Labor-driven industries

## Textile, garment, footwear



- > Competitive labor cost leveraged
- > Myanmar's GSP status, e.g. EU import tariff for textile: Myanmar 0% vs. Vietnam 10%
- > One the targeted, prioritized sectors for Myanmar National Export Strategy

## Electrical and electronics



- > Growing domestic demand for E&E consumptions
- > Myanmar's GSP status e.g. EU import tariff for video camera: Myanmar 0% vs. Thailand 4.9%
- > Low cost position potentially laying path to be main regional production base

## Full Phase – Expected industries

# ...Resources-driven industries (non-ferrous metals, rubber, wood and food processing products)...

## Priority sectors and key drivers for investments (2/3)

### Cluster 3: Resources-driven industries

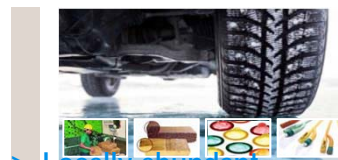
#### Non-ferrous metals



- > Abundant natural resources in and around DSEZ e.g. tin, tungsten, zinc, manganese, antimony

- > Booming domestic consumption driven by growth of E&E and textile industries
- > Potential to export to China, especially tin

#### Rubber-based goods



- > Locally abundant natural resources with Tanintharyi and nearby Mon states producing over 53% of Myanmar's

rubber

- > Myanmar's GSP status e.g. EU import tariff for pneumatic tire : Myanmar 0% vs. Thailand 4.5% tariff

#### Wood-based goods



- > Abundant forest supply, primarily teak with Tanintharyi ranked 4th in state with forested area, covering

- > 8% (38,000 km<sup>2</sup>) Government's ban of raw timber export enhances local downstream wood processing industry

#### Food processing



- > Abundance of fish, shrimp, crops and livestock supply available in Tanintharyi region

- > Myanmar's GSP status e.g. EU import tariff for frozen fish: Myanmar 0% vs. Vietnam 9%

#### Edible oils



- > Increasing domestic consumption, and insufficient local production with over 40% of volume imported

- > Proximity to large-scale oil palm cultivation in Tanintharyi Region (99% of country's cultivation)

## Full Phase – Expected industries

## ... and Petrochemicals and related industries

## Priority sectors and key drivers for investments (3/3)

## Cluster 4: Chemicals and petrochemicals

## Fertilizers



- > Growth opportunity in fertilizer consumption per arable land (15

kg/Ha vs. 153 kg/Ha in Thailand)

- > Insufficient domestic production of fertilizer with 67% of volume imported
- > Agricultural sector prioritized by government e.g. goal to triple rice export to 4 m tons by 2020

## Chemicals



- > Booming domestic demand from increase in household income,

- > Local businesses producing polyester

fibers allow Integrated supply chain for textile industry in DSEZ

- > Proximity to LNG supplies and deep-sea port

## Plastics



- > Booming domestic demand from packaging, construction

and housewares industries

- > High synergies with other industries in DSEZ (e.g. chemicals)
- > Proximity to deep-sea port very critical for raw materials imports

## Pharmaceuticals



- > Large growth potential with health expenditure per capita still low (USD

25 per capita vs. USD 215 per capita in Thailand)

- > Insufficient local production with >90% of volume imported
- > Supported by the government with rapid rise in public expenditure on healthcare

## Oil and Gas



- > Booming domestic demand for refinery driven by automotive and

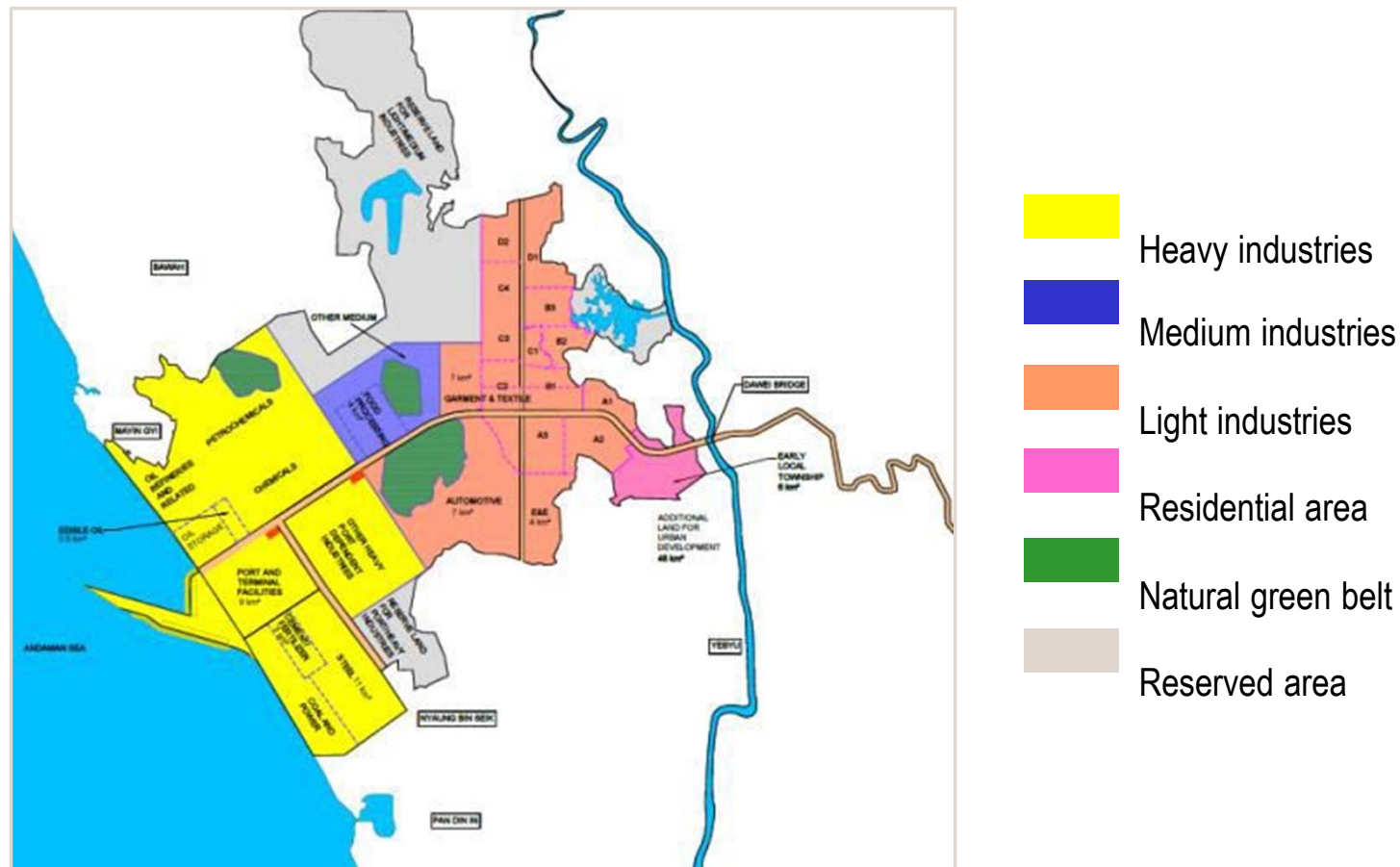
road development

- > High synergies with other industries in DSEZ e.g. electronics, food and textiles
- > Several unexplored basins near DSEZ area

## Full Phase – Spatial zoning

In Full Phase, Dawei SEZ's spatial plan includes 3 industrial zones with sub clusters together with an expanded township

### Preliminary spatial plan Dawei SEZ

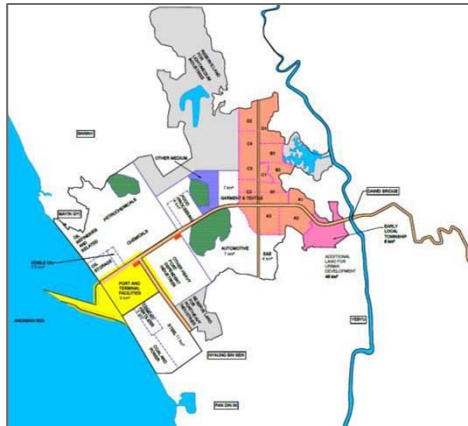


## Full Phase – Spatial zoning

Development will be in phases in order to optimally meet specific land requirements and reduce upfront capital expenditure outlay

## Phase development spatial plan Dawei SEZ

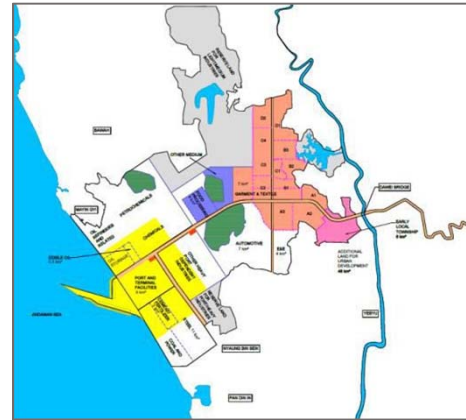
## Full Phase I (2015 - 2025)



- > Phase 1 industrial land development is as per Initial Phase
- > Garment & textiles and E&E first to expand in line with Initial Phase expansion plan
- > Automotive sector closer to road for better connectivity

Heavy industrial zone Medium industrial zone

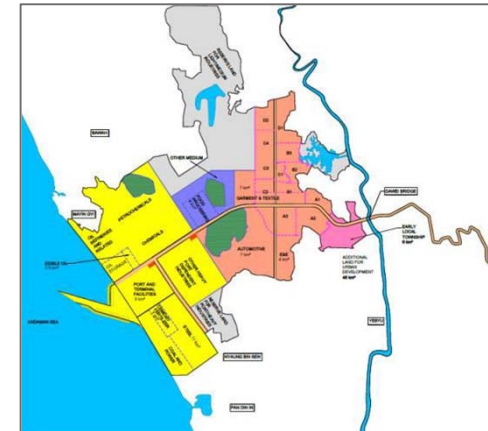
## Full Phase II (2026 - 2035)



- > Phase 2 will begin in 2025 when deep-sea port is estimated to be ready
- > Heavy industry developed on the back of the port expansion
- > Light industries will further developed near the road
- > Medium industries start to develop

Light industrial zone area Residential

## Full Phase III (2036 - 2045)



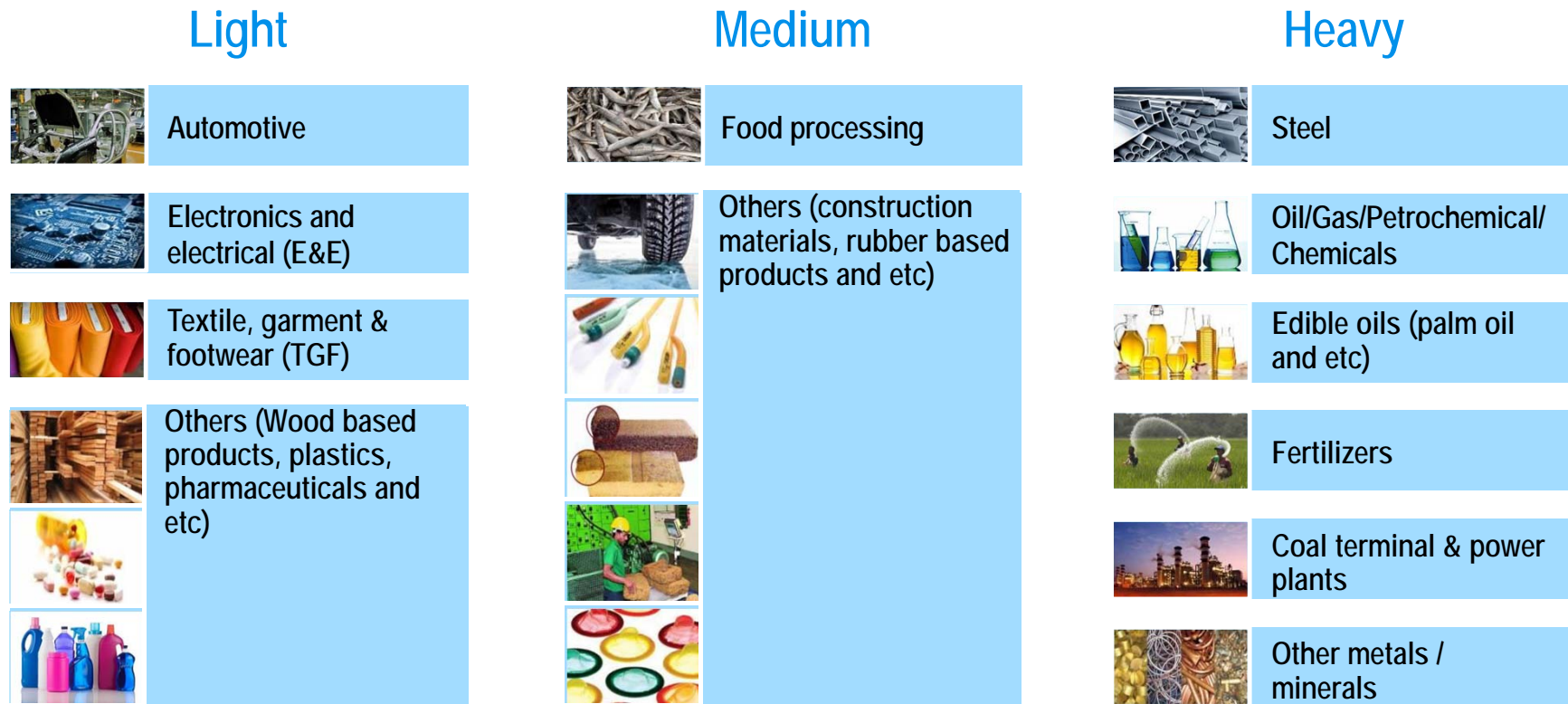
- > Phase 3 will begin in 2030 when the heavy industries have been anchored
- > Heavy industries will further help to attract/grow certain sectors such as automotive, E&E and chemicals

Natural green belt Reserved area

## Full Phase – Spatial zoning

Each industry will be positioned with considerations of environmental impact, infrastructure requirements and synergy

## Industry spatial cluster and sub cluster



Cluster

Sub cluster

## Full Phase – Infrastructure

# Investment in infrastructure development plays a key role in driving the overall growth of DSEZ and Myanmar as a whole

## Key infrastructure development projects



Road and Rail

- > The 132 km road link between Kanchanaburi (Thailand), Dawei SEZ and its deep-sea port (Myanmar) connects the GMS Southern Economic Corridor allowing regionally-integrated supply chain to develop



Industrial zone

- > Large industrial zone to promote overall infrastructure development in the area
- > The zone is located at a strategic location due to its proximity to logistic facilities, abundance of labor, natural resources and connection to both the West and the East



Power plant

- > Power to serve the industrial and urban demand of DSEZ with potential excess power distribution to other parts of Myanmar and export to Thailand



Heavy industry

- > Heavy industries such as oil and gas refineries, petrochemicals hub, steel mill, fertilizer and cement to play critical role for overall economic development of Myanmar as a whole



Water system

- > Development of reservoir to supply DSEZ industrial zone and urban area to improve living standards and the well-being of the local population



Port

- > Port facilities to accommodate not only volume from the DSEZ but also trade volume going through Dawei between the West and Myanmar/Thailand/rest of GMS/S. China



Urban area

- > The urban area including residential, commercial area and resort, to accommodate and provide better living condition for the growing population of the whole new DSEZ and surrounding area
- > Tourism market is expected to boom because of the Tanintharyi region's natural attractions such as beautiful beaches and tropical forest

## Contact us

For investment enquiries,

[ho-npt@dawaisezmc.com](mailto:ho-npt@dawaisezmc.com)

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**Welcome to Dawei SEZ.**

**Kyae Zu Tin Bar Tal**

**DSEZ MC**