



## **I. Introduction**

As the date of April 2, 2020, there are 937,941 infected patients and 42,273 deaths all over the world by coronavirus **COVID-19** which is declared as a Global Public Health Emergency by World Health Organization on January 30. The coronavirus is now affecting 202 countries and territories around the world and 2 international conveyances: The Diamond Princess Cruise ship harbored in Yokohama, Japan, and the Holland America's MS Zaandam cruise ship. The USA is now facing the highest infected cases of 215,344 total cases and the death toll in Italy is the highest of 13,155 persons while Myanmar has 16 total cases and one person death and Cambodia has 110 confirmed cases with no death case.

## **II. What is really happening in Myanmar NOW**

### **Coronavirus cases and preparedness in Myanmar**

The coronavirus is originated in Wuhan, the ninth most populous city in China, by the end of December 2019. Myanmar has been on the highest alert against the virus since the outbreak happened in China. The government evacuated 59 Myanmar students who were studying in the city of Wuhan on 1<sup>st</sup> February aboard a charter flight. On March 13, the government formed a national-level central committee on prevention, control and treatment for the coronavirus disease. The committee is the first instance of cooperation between the military and civilian government and is led by State Counselor Daw Aung San Suu Kyi. Then, the President's office declared the public announcement to aware the virus spread. After the declaration, public's concern was raised and occurred panic-buying but it was later stabilized. Myanmar reports the first coronavirus case on 22<sup>nd</sup> March. On March 29, the Ministry of Foreign Affairs Myanmar declared the announcement on temporary suspension of all types of visas for foreign nationals from all countries visiting Myanmar till 30 April 2020. As of 31<sup>st</sup> March, there are 559 persons under investigation (PUI), suspected 2 persons, laboratory confirmed case 15 persons, laboratory result negative 497 cases, laboratory result pending 49 cases and death among lab confirmed case 1 person. The PUI and suspected cases are in quarantine by hospitals in Yangon, Mandalay, Naypyitaw, Chin and Shan regions. The State Counselor, Daw Aung San Suu Kyi said on 31<sup>st</sup> March that Myanmar will be locked down only if needed to slow the spread of COVID-19.

### **Impact of Coronavirus on Myanmar Economy**

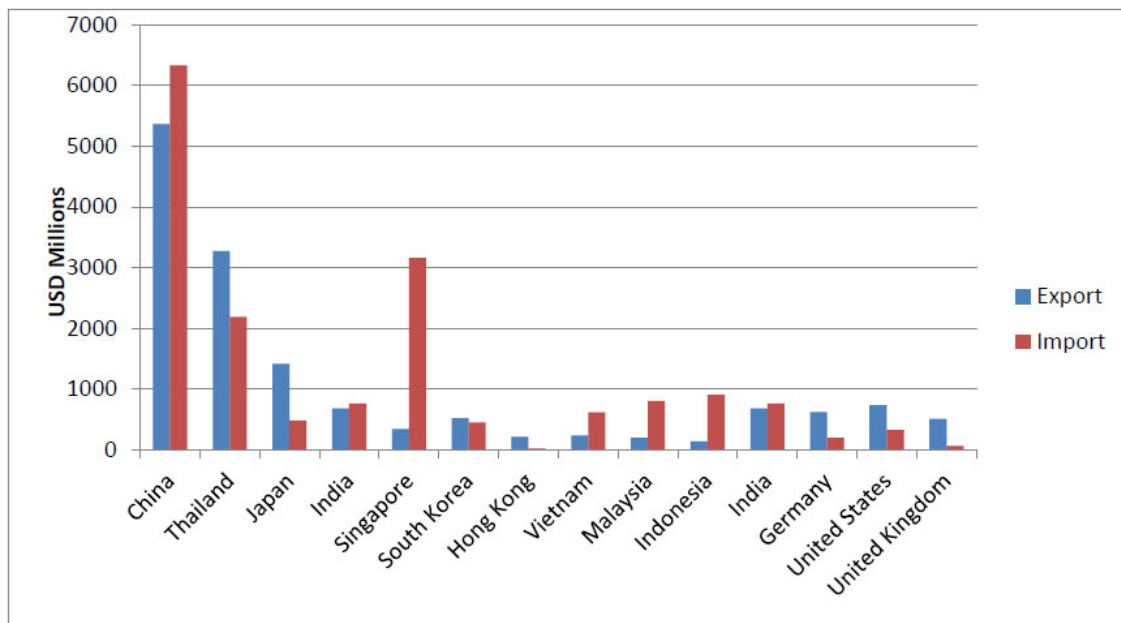
As the infection spread widely across the world, the world financial market suffers 5 Trillion USD loss in the market recently due to the outbreak. China is the biggest trading partner of Myanmar followed by

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Thailand, Singapore, Japan, South Korea and India. Myanmar economy is already impacted in Tourism, manufacturing, Industrial and agricultural sectors. The foreign tourists' arrival is expected to shrink to 80 percent. The trading through Muse trading gate which is China-Myanmar border gate earned 4.9 billion USD in 2018-2019. Then, China closed its borders with Myanmar in order to contain coronavirus outbreak in the country later in February which causes 8 million USD lose a day alone now. Exports to China dropped by 160 million USD between 27 January and 5 February at the borders trade in Shan and Kachin States. The fruits and vegetables trade and marine products trade are stalled at the trading gates and Myanmar is losing the revenue from the trading gates every day. Myanmar garment sector is in trouble as well because garment industries depend on China for its supplies. They are now facing the threats of the factories shutting down permanently and so far 13 factories have shut down and over 5,000 employees are now jobless. However, because of uncertainty in global financial market caused by the coronavirus outbreak worldwide, Myanmar Kyat is strengthening against other foreign currency such as USD and Euros.

**Figure 1: Myanmar's Top Trading Partners Countries 2018-2019**



*\*Based on the export/import data available from Myanmar Ministry of Commerce for the year 2018-2019*



### **How Myanmar government reacts on Economy impact**

On March 24, the Central Bank of Myanmar interest rate was revised down from 9.5% to 8.5%. As a result, people will benefit from the 6.5% interest rate on deposits and the 11.5% interest rate on loans from April 1.

For the impact on the economy, the Union government has started giving out loans to enterprises that need the most to pay wages to workers and to keep the enterprises running.

On March 18, 2020, the Ministry of Planning, Finance and Industry has announced that the following will be taken action:

1. The cut-made-package (CMP) enterprises, hotel and tourism businesses and small and medium enterprises are the most affected sectors of COVID-19 and set up as the prioritized sectors to recover.
2. COVID-19 fund will be built with 50 billion kyats from the Revolving Fund and 50 billion kyats from the Social Security Fund by the approval of the Union Government as the initial fund in Myanmar Economic Bank.
3. The most affected sectors will be given out loans from this COVID-19 fund with 1% interest and one- year period.
4. Income taxes of the most affected sectors for second three months period which will be expired on 31<sup>st</sup> March and third three months period which will expired on 30<sup>th</sup> June, for 2019-2020 fiscal year, can be paid later on 30<sup>th</sup> September,2020.
5. For 2019-2020 fiscal year monthly income taxes, from March to August, can be paid on 30<sup>th</sup> September, 2020.
6. By the permission of the Union Government, 2% pre income tax from export businesses will be exempted till the end of 2019-2020 fiscal year.

### **How Corona Virus (Covid-19) would affect Myanmar Real Estate Market**

Thought to have originated in the Chinese province of Wuhan at the end of 2019, COVID-19 was officially identified and named by WHO (World Health Organization) on 11 February 2020. The virus is thought to spread mainly from person to person between people who are in close contact with one another within 6 feet through respiratory droplets produced when an infected person sneezes or coughs. Countries' health authorities have warned of a potential outbreak and urged people to avoid mass gathering. This becomes global crisis of the era and the growing impact of Corona Virus hit on global politics and economics.

People don't want to travel, which hurts airlines and leisure industries. People may self-isolate which hurts productivity. It may cause

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- Significant interruption of all supply chains
- Significantly less travel and a fear of all crowded venues.

How will these effects impact on Real Estate Market? Starting with the most obvious:

- Hotel occupancy will drop along with conference center utilization.
- Flights will be canceled.
- Sport events at large venues will be canceled.
- Supply chain will interrupt production all over the world, and while manufacturing will be delayed.
- Some business will shut down like fitness center, movie theaters and restaurants.
- Work will interrupt if childcare centers and schools close down.
- Constructions will be delayed as new replacement supplies are sought.
- Unemployment uncertainty and business investment delays will cause some delays in home buying.

According to Japan Valuers – Myanmar Co., Ltd.'s monthly reports, many foreign investors focusing on Myanmar real estate market can be seen.

- France keen to invest more in Myanmar and expand existing investments and make new ones. Existing investments will be expanded and new ones will also be made.
- The ministry of Construction (MOC) expects the first phase of construction of the long term project of Yangon Elevated expressway to commence by August. The projects will consist of a four-lane elevated road of 47.5 connecting the industrial zones and the significant transportation areas of Yangon city.
- Industrial zone project in Kyaukphyu special economic zone in Rakhine state will be developed for US\$30 billion. The industrial zone will be developed on 2400 acres of land and high-end housing projects will also be constructed across 1234 acres.
- Hong Kong Company Invests over \$3350 million in Myanmar Real Estate, representing the third foreign direct investment into Myanmar's real estate sector in the new fiscal year which is started from October 1.
- Investors are focusing on real estate and power generation in Myanmar. The bulk of the investments so far this year, US\$ 1.2 billion has gone into real estate and power generation.

It looks unlikely that business, trade, and economic issues will be resolved any time soon. However, in the long term it is almost certain that confidence and investments will get back to the before COVID-19 stage although industry actions might be cautious for some time to come. The corona virus outbreak could dent consumer demand, as people limit travel or stay home even without a government order. Sales in the industries such as exhibition, travel, restaurant, airlines and entertainment will likely remain



under pressure in the near term. Spreading Corona virus enormously would cause things unpredictable. Beijing's decision to shut major border crossings with Myanmar in early February also sparked a sharp downturn in trade, with the agriculture sector the worst affected.

Myanmar real estate market looks to be a fruitful hunting ground, though this will depend on the reaction of governments to the crisis. They are likely to bring in easing measures, which will provide some support for companies and markets.

### **III. What is really happening in Cambodia NOW**

#### **Coronavirus cases and preparedness in Cambodia**

According to the Ministry of Health, as of March 31, 2020 at 10:00 am, Cambodia has seen 109 confirmed cases of Covid-19, of which 61 are imported. At the same time, the number recovered to date is 25, leaving another 84 COVID-10 patients still under treatment.

#### **Impact of Coronavirus on Cambodia Economy**

Because of the COVID-19 pandemic, the World Bank has predicted the Kingdom's real economic growth will slow to around 2.5 percent this year, 2020, but the growth rate will recover to 5.9 percent in 2021 under the baseline scenario. The bank added that the unprecedented global shock triggered by the pandemic has significantly affected the country's economy in all its major sectors: agriculture, tourism, garments, textiles and construction. The report said rebounds in economic activity in China and major markets in 2021 will improve Cambodia's growth outlook next year.

#### **How Corona Virus (Covid-19) would affect Cambodia Real Estate Market**

The current pandemic disrupts the supply chain of raw materials for factories in Cambodia, which could lead to the suspension of production and worker layoffs. Tourism and hospitality are also suffering. The number of Chinese tourists, who make up a majority of those who visit Cambodia, has seriously declined. Consequently, hotels and guesthouses, restaurants and transportation service providers are losing money.

Arguably, spillover impact to the construction and real estate sector – one of Cambodia's growth drivers and heavily invested in by Chinese investors – amid financial market turmoil could not be ignored and potentially be detrimental to the economic growth. There is concrete impact of the disease on the

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Cambodia's real estate market, especially the hospitality sector which has seen the hotel and tourism the most hit.

Based on real estate specialists from the Cambodian Valuers and Estate Association (CVEA), real estate sector is starting to receive effect from the virus. Buy and sell activities in the sector has declined markedly, especially the enquiry and search for property investment from foreign investors, while property investment from local investors continue but insignificantly and mainly in Phnom Penh and other prominent provincial towns, while the far distant locations area so quiet. The specialists added that even those of the prevailing conditions, the price of the property generally remained stagnant both in Phnom Penh and potential provinces.

According to them, the sector may probably get worse if the uncertainty remains with regards to condition of the disease across the world, especially China, Europe and the United State. Similarly, property development activities also feel the impact. While they noticed that new construction or development projects are out of sight, the only ongoing activities are to finish the planned projects before the incidents of the COVID-19.

From another corner of the real estate market, however, the online real estate portal, realestate.com.kh, revealed a significant increase in online property searches and inquiry despite the coronavirus outbreak. Overall online traffic to their online portal has increased by 20% in the weeks following the spread of COVID-19 to Iran, Europe, and the United States. The surge in traffic also saw inquiries with live-chat support increase by 43% in the same time period. He shared that these converted into an increase of 22% of leads for clients.

Considering the looming impact on the economy, the Royal Government of Cambodia announced in early March that they have prepared an emergency reserve fund of between \$800 million to \$2 billion to aid the Kingdom's recovery in the wake of the COVID-19 outbreak. On 31 March, 2020, the Government issued a press release outlining their additional measures to support the private sector and employees who are impacted by the COVID-19 pandemic. These measures are in addition to those issued in recent weeks by the Government to provide tax relief to affected sectors. At the start, the sectors that will be eligible for tax relief mainly include the two sectors; Airline and Tourism sector. In addition, the Royal Government urges Ministries – State institutions and private owners of commercial buildings and factories to facilitate with their lessee/tenants to avoid contract termination or evictions if tenants cannot afford their rental fee after the payment due date.

On March 28, the Royal Government announced its intention to suspend all visa free entry and the issuance of all e-visas and visas-on-arrival for all foreigners for a period of one month, effective March 31. For urgent travel during the suspension period, all foreigners are now required to obtain a visa in advance. If a visa is issued, the foreign traveler must provide a medical certificate no more than 72 hours prior to the date of travel certifying s/he has not tested positive for COVID-19. In addition, the foreign

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traveler must provide proof of insurance with a minimum medical coverage of \$50,000 for the duration of stay.

Speaking at the news conference after the parliamentary session yesterday, said to safeguard local supply in response to COVID-19 food shortage fears, Cambodia Prime Minister has also ordered a stop to all exports of white rice and paddy from April 5 until further notice.

In the most recent development, the Royal Government is drafting the law of the State of Emergency and will be enacted by the Nationally Assembly very soon. For more, detail of the law, please check as follows:

Ref: <http://moths.gov.mm/Main/content/publication/2019-ncov>

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