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## Big Investment but the Industry is Small



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## More cultivation towards bigger exports

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## Cinema films and DVD films



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## A Bigger Role for the Public Banks?

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## Big Investment but the Industry is Small

Kan Aung

Press appeared in Myanmar under British rule since then one after another type of presses coming out. In those days zinc blocks and zinc molded fonts were used taking hard work and long time to print a book. Later when offset press were introduced to Myanmar, printing quality became better, offering to print more copies in less time. However the present offset still hasn't meet some advantages of the letter-press.

In Myanmar offset presses have been widely used since 1970s and 1980s. Presently some 90 percent of all periodicals are printed by offset technology, and the remaining 10 percent are using zinc block printing, photocopying and duplicating.

### Widely used press

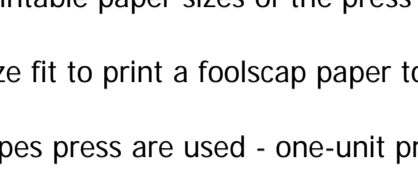
Though zinc blocks, zinc molded fonts and presses still exist, offsets are widely used presses. Most of the offset being used in major cities like Yangon and Mandalay are Japanese brands like Hamadastar, Fuji, Mitsubishi and Ryobi, Germany brands like Hydelberg and other brands like Grand Part and Oliver. Japanese brands are mainly used in Myanmar due to high quality, cheap price, and they are good to print locally manufactured paper. Recently quality printing houses use presses from England and Germany along with Japanese brands. Japanese presses also are advancing making few differences with other presses.

Printable paper sizes of the press are different depending on the size of presses. The size of press ranges from the smallest size fit to print a foolscap paper to the biggest size good for a 20" X 30" paper. Considering the amount of investment various types press are used - one-unit press, which allows to print a single colour at a time, two-unit press (two colours) and four-unit press (four colours).

Some printing houses use a press only, while some others use five to ten presses of different capacity.

On another aspect some presses do specific targeted tasks only, e.g. publishing periodicals, printing brand labels; while other presses work for non-regular clients. The later type forms majority of the printing presses. Some presses do their main job and accept other outsiders' jobs as well.

The 2BA Printing House at South Dagon satellite town (of Yangon) has a five-unit press which is used for the main printing jobs of their company.



Ryobi Printingpress at Gon-Tun Press

Another press at Tharkayta Industrial Zone (in Yangon) owned by ABC SunRise Co is running with a four-unit press, a two-unit press and three one-unit presses.

Poyazar Press at 45th Street runs with three one-unit presses, to print Mahaythee monthly magazine, their own publication, and other jobs.

Gon-tun Press in North Okkalapa Township has a Ryobi press only running like a small family business. The press is routinely running with four workers.

### Marketing

As press circle is limited printing jobs are transferred wholly or partially to those who have a few jobs and requested to do so. Sub-contracts for printing are made as well. That is the way printing industry is running. Sometimes there is nothing to print and the operator of the press himself has to seek job. Actually it is not a rare case.

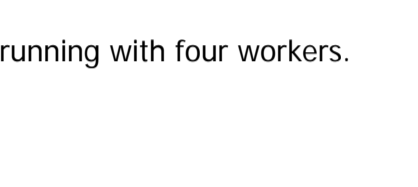
Presses are not doing marketing on a large scale like other businesses. "We don't have a separate marketing team. When we need it we carry out accordingly. When we have routine jobs we don't seek any other jobs and we don't make marketing. At times when we have less volume of job, we place advertisements in newspapers, journals and magazines. At the same time we contact our prospective customers personally and let them know about our service and our new press," explained U Zay Din Naing, Managing Director of ABC SunRise Printing Co, a joint-venture with a Japanese company.

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Small presses make verbal agreement concerning costs and time limit with their customers, though, a big press used to conclude a written contract. Working by contracts is an effective system as there are mutual trust and no risk.

### Operation

One operator and at least one assistant take care of a press (one-unit press). So there will be at least two persons attending a running press. In some presses there are four press-operators who work on shift basis.



U Tin Aung Win at Poyazar Press

"I have three presses with four persons to attend a press. Altogether I have 12 operators. There is one in the press room, who is a manager, and another is a mechanic. All of them are under the management of two senior executives. There is one marketing staff as well," explained U Tin Aung Win, owner of the press.

As printing is a service, management is critical to realize good quality, meeting time limit, and customer satisfaction. Continuous effort is needed to have technical and management effectiveness, apart from mechanical competence.

Some presses have mechanics, electricians and electronics experts as their own staff, though most of the presses hire technicians temporarily when they need, due to high cost of employment for such technicians.

Women administrators can be seen effectively running many presses. Mostly the ladies are helping the job of their spouses, or getting familiar as their parents' inherited job.

### Only a handful

Only a handful of presses in Myanmar reach the international Printing House status. An international printing house can provide a full range of printing and publishing service including distribution. Most of the enterprises are run by a single person; consequently the investment is not big.

Only a handful of presses in Myanmar reach the international Printing House status. An international printing house can provide a full range of printing and publishing service including distribution. Most of the enterprises are run by a single person; consequently the investment is not big.

An investment to establish a graphic studio - to provide Desktop Printing and design creation, film processors, presses, binding machines, cutter and packing machines at a single location, is too big for Myanmar citizens. A full set of an advanced film processor alone will cost Kyat 70-80 million. Plate processor, cutter and binding machine are essential accessories for a press. Some small presses cannot afford to buy all such essential accessories.

### Major jobs

Except Government-owned presses, and private ones with their own other businesses, all presses have to try hard to get regular printing jobs. Growth of printing industry depends on the development of private enterprises. That is why observing printing industry you can estimate the economic status of the people.

At present many presses are printing labels and packing materials of local products. Medium-sized presses are printing books and periodicals charging cheaply. Volume of printing jobs assigned by government departments to private presses are decreased as well.

Previously when calendar publishing was profitable, presses were busy printing the calendars. Similarly when garment industry and foodstuff industry were busy, presses also were printing a lot of brand labels and other related materials. At present many presses are printing labels and packing materials of local products. Medium-sized presses are printing books and periodicals charging cheaply. Volume of printing jobs assigned by government departments to private presses are decreased as well.

### Income

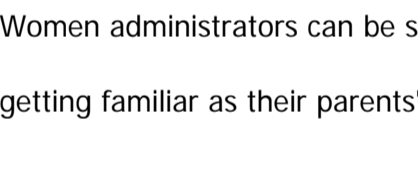
"Previously we got 20 Kyat as printing charge for 1000 impression, then a ream of paper cost 80 Kyat, a tin of first class printing ink cost 60 Kyat. Now printing cost is 400 Kyat for 1000 impression. However a ream of paper cost 3000 Kyat, low quality ink cost 5000 kyat per tin. Actually printing charge became low if calculated in proportions," explained U Tin Aung Win, proprietor of Po Yarzar Press.

High quality printing can give you higher income. On the other hand you are to spend more on other expenses (generator, labour charges etc) resulting in a low profit. U Tin Aung Win continued to explain that the income of presses was just enough for the survival of the industry and its workers.

### Big investment

At least an investment of two-digits of million (Kyat) is needed to buy a modest press, which is just a one-unit press. A four-unit press cost over USD100,000. For a moderate size press major portion of a total cost will be spent for a place for the press. For those who already have a location for press they just need to invest for cost of press only.

One who starts to establish a press must apply to Press Scrutiny & Registration Department under the Ministry of Home Affairs to have a licence. Later when you make relocation of press, and changes of number of press, you also need to apply to the department.



U Zay Din Naing of ABC Sun

Rise Co Ltd.

You have to face some difficulties if you import a press, according to some press owners. It will be a big problem if import licence is allowed just for 25,000 dollars' worth of import, when you apply to import a press which worth \$50,000. You cannot have a press, so you are to apply again and again till you get licences permitting for 50,000 dollars' worth of import.

Consequently you had to pay more storage charges for the presses bought. You had to spend more time as well, said U Zay Din Naing of ABC Sun Rise Co Ltd.

Emergence of printing industry with a big volume of investment needs many copies and materials to be printed. So far the size of printing industry in Myanmar is very small. @

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## More cultivation towards bigger exports

Win Kyaw Oo

Myanmar, in terms of volume, is the leading exporter of pulses. However per hectore yield is low, if compared with China in 1992 Myanmar's yield was 656.4 kg while China's was 1125.7 kg. Myanmar's annual pulses yield growth is 1.8 percent while China's 0.7 percent. In 2002 Myanmar's per hectore yield was 755.6 kg while China's 1384.9 kg.

### Need to be competitive

In Myanmar's pulses sector, cultivation areas have been expanded annually. That is why pulses yield grew remarkably over the last 10 years. However export has not increased much, as said by an official from the Ministry of Agriculture and Irrigation (MOAI) in early July (2004).

"Yield growth alone is not enough. Quality as well as price must be competitive," commented U Tin Maung Shwe, a Deputy General Manager of the MOAI. Currently Myanmar can export its pulses mostly to India and Bangladesh only, which are not quality markets.

"Export to quality markets like South Korea and Japan

"Export to quality markets like South Korea and Japan could fetch higher price. So we should try towards quality production," he suggested. Middle-east countries and China are among the markets willing to buy quality pulses from Myanmar.

### Technology

In Myanmar quality seeds of black gram, soya bean, chick pea, mung (pe-nauk), green gram resulted from research for high yield, have been distributed. However the ratio of high-yield quality seeds to ordinary seeds is very unbalanced. Moreover distribution of quality seeds does not meet the increasing cultivated areas.

"That's why pulses farmers are still cultivating low-yield quality seeds," stated a research paper of the Department of Agricultural Planning (DAP). Rapidly increased plot of land are not prepared enough to cultivate pulses. The plots are different in soil classification with presence of various chemicals. So quality seeds of pulses have to cope with nutritional needs as well as chemical poisoning. As pulses cultivation area grows these cultivated areas become new breeding grounds for various insects and plant diseases.

"More quality seeds are needed to cope with such things. Besides that effective technology to control such undesirable things," explained an official of agricultural department.

Along with changes of weather pattern, raining style also changed leading to occurrence of too much moisture or too dry during the cultivation period. In dry zone when cultivating pre-monsoon and mid-monsoon crop of pulses, water supply is needed.

"Water is critical to get high yield rate. Too much water supply will affect yield rate. So water supply management is also necessary."

### High demand for quality

In producing pulses as value-added goods, the price would become almost two times higher than that of raw pulses.

For instance, if FOB price of a ton of husked, split black gram is US\$465, then raw black gram with husk can fetch just US \$250, according to agricultural sources.

Pigeon pea (Pesinn-ngon) and black gram are mainly bought by India. China mainly buy black gram. In India there was a high pulses yield in the last growing season. That is why import of pulses from Myanmar became a little bit low, according a pulses traders.

Chinese market like South Korean and Japanese markets made more quality demand, the trader continued to say.

"Most of the agricultural produce exports from Myanmar

High quality pulses from Myanmar like Pedishwewa and Pedisein have already got access to the Middle-East market. "Most of the agricultural produce exports from Myanmar are raw materials and a little bit refined materials."




Along with the rise of foreign exchange income, pulses production has been expanded. At the same time the active participation of private merchants in supporting works, namely, marketing strategy, overseas sales promotion program, proper bookkeeping about sales, and upgrading quality of pulses, is really needed.

Regarding commodity flow - pulses came onto the market of Mandalay in Central Myanmar, and in Lower Myanmar pulses from Ayeyarwaddy Division, Yangon Division and Bago Division flow into Yangon. Pulses from Mandalay flow to Yangon.

Current pulses growing area covers 20 percent of the country's total sown area of 16.87 hectore. Yearly growing export of pulses amounted to 65 percent of the nation's total agricultural produce export. Altogether 22 varieties of pulses are under production at present, mostly green gram, black gram and pigeon pea. In 2002-2003 fiscal year the sown area of these three pulses covers 61 percent of total pulses sown area in Myanmar.

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## Cinema films and DVD films

Phyo Su Po Po



Superstar Yazar Nay Win

Many Myanmar films had been released before the outbreak of the World War II. Since then Myanmar film industry has been developed resulting in growth of cinemas around the country. Consequently film industry became the biggest entertainment business.

### Competition

Lately the production of DVD-films became competitive like that of films to be shown on cinema screens. (A DVD film means making a feature by video camera(s), edit by video machines and eventually produced a DVD. The DVDs are shown at cinema using DVD player to be displayed on a wide video screen.) "We are not giving preference to DVD-film production. However a DVD-film making reduces a big burden of producing a cinema film. You can edit a DVD film by yourself. You can create better computer effects and sound quality on a DVD film compared to that of a normal film. Concerning a normal film, processing needs several stages. In Myanmar editing can be done only at the government department called "Feature Film". Some film producers went to abroad to complete such stages of production of a colour film. These are the difference," explained Ko Lwin, the producer of "Snow White Film Production."

DVD-film costs less than a film. It saves the cost for million. This cost covers only for shooting in Yangon

Producing a film is going to cost tens of million of Kyat, though "DVD-film costs less than a film. It saves the cost for films. Excluding the fees for actor and actress, we need just Kyat 4-5 million. This cost covers only for shooting in Yangon. Should we hire film stars for leading roles, and shoot at country sides the cost will go up," Ko Lwin (Snow White) said.

On the other hand Yazar Nay Win, a film star, disclosed about difference in actor's fee, "We earn more for a DVD feature. I charge on case by case basis. Let me not to tell in detail."

Are the producers making DVDs to save costs or the film stars making to earn more?

### DVD films only

Due to higher number of DVD films produced some cinemas show DVD films only. In-charge officer of Nawaday Cinema U Tin Shwe said about the response of Myanmar cinema-goers, who have great passion on (film) movies.

"They come and see DVDs. In some DVDs there were higher number of audiences than those of a film. At our cinema many more audiences came to see "A-chit-ye-ta-goe myar" (Magic of Love) and (super star) Kyaw Hein's "Tha-koe-lone" after many days of their debut days."

You can enjoy a DVD-film at your home if you have a DVD player. At any time you can hire a DVD-film from a video-rental shop. Then why the viewers come to cinemas to watch DVD films. U Hla Shwe explained, "Not every household owns a DVD player, still there are a limited number of DVD player. Another point is the DVD producers don't release DVDs onto the market, when the DVD is still showing at cinemas. So you have to come to cinema to enjoy the DVD film even if you have a player."

### Profit

"Not like in the past, a few producers can afford to produce a film now. That's why they seek to adopt a new way of making film. However DVD films also are not much beneficial to its producers. The producers are entitled to receive just 30 percent of total income. The 70 percent of income belongs to cinema owners as cinema rental fees," analyzed Yazar Nay Win.

According to Ko Lwin (Snow White) profit depends on audience. Some DVD films were watched by more viewers than a film. There are some DVD films which made less profit. However he has never seen a DVD film realizing a great loss.

### Out of cities areas as well



Film Academy award winner Nandar Hlaing

DVDs reach a wide area beyond Yangon. "We distribute to areas far from big cities. Only when we have already distributed to Yangon and other far areas, we release the video-cassette version. Some DVD films are distributed to far areas in video-cassette version only, but the quality is DVD quality," Ko Lwin (Snow White) clarified.

Popularity of DVD films reach not only to cities but also to far areas. So will DVD films dominate films and videos? Nandar Hlaing, Myanmar's top female film star, made a response.


...Globally movie industry is still VCD films.

"Films have been released so many years ago. Even if you don't count on the world film history, Myanmar film history has already covered many decades. The advent of TV, video, VCD, DVD and Internet do not affect the survival of the movie. Globally movie industry is still strong and active. Isn't it? That's why I think DVD films can't dominate movies and VCD films."

Then, what are the advantageous of movies over DVS films. "Concerning the global film world, as far as Oscars and Academy awards exist, there will be effort, innovation and further existence of movies," Nandar Hlaing expressed her opinion.@

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## A Bigger Role for the Public Banks?

Win Kyaw Oo

Merger of business enterprises make them stronger and more competitive, according to a businessman who led in a recent merger of three banks.

"Businessmen know merger is advantageous but our country have less experience in market-oriented economic system, and we don't have any practice of merger," commented U Khin Maung Aye, Vice-President and full-time Executive Director of the Cooperative Bank (CB) in Yangon.

The CB bank merged with the Cooperative Promotion Bank and Peasants Cooperative Bank in June 2004 to become a public company limited. He had tried hard through negotiations among the three banks for merger taking nine-month's time, U Khin Maung Aye continued.

The major task was auditing the three banks and getting approval from authorities concerned including the cabinet, he explained.

"There's no existing law on mergers, but there are ways and means to concluder a merger like this one."

The outcome of the merger is having a chance to offer investment opportunity to the people, having a licence to run an investment and development bank, which can loan for a long-term, he elaborated. Long-term loan allows a minimum period of three years. Before the merger the deposit was Kyat 21 billion and it grew to become Kyat 24 billion after the merger.

"Up to 13 July we have loaned 70 percent of the deposit," disclosed U Khin Maung Aye.

According to the amount of deposit CB is the

Maung Aye revealed.

Now CB has 13 branch banks, previously there were eight only. It has concluded an agreement with the Kanbawza Bank (KBZ) for inter-bank remittance. According to the amount of deposit CB is the third largest bank in Myanmar after KBZ and the Myawaddy Bank, U Khin Maung Aye revealed.

In early next year shares of CB will be offered to public at a price a little higher than the current price of Kyat 10,000.

When asked about his experience U Khin Maung Aye expressed that the bank has the trust of its customers. Moreover the bank could continue to fulfill the customers' need at the time of bank crisis in early 2003, now the deposit has risen over three times.

A private bank can loan up to 70-80 percent of the deposit, according to

rules in disbursing loans, should almost all of the depositors of a bank withdraw

Khin Maung Aye disclosed in an interview.

"The growth of deposit is resulted not only from difficulties facing other banks, but from having customers' trust for our service," explained U Khin Maung Aye. "In banking the private sector is important and essential. Good service of bank and public trust are mutually dependent."

In early last year (2003) private banks faced difficulties due to rumours. After that public had better awareness of the important role of banking, said U Khin Maung Aye. However, in Myanmar, better understanding of banking is still needed, he continued his comment.

A private bank can loan up to 70-80 percent of the deposit, according to the rules of the central bank.

"Even if we follow the rules in disbursing loans, should almost all of the depositors of a bank withdraw at the same time, no bank could stand," U Khin Maung Aye disclosed in an interview.

Banks in disbursing loans accept an immoveable property as collateral, then loan only 30 to 50 percent of forced sales value.

"Here in Myanmar, not like other countries, there's no case like disbursing bank loans after presenting implementing tasks and project.

"In order to have more developed private banks we need more branch banks in regions far from cities. Moreover we need to educate farmers and workers to use banks effectively. At the same time we are to help them to earn more," explained U Khin Maung Aye considering his targeted market.

Likewise Myanma Industrial Development Bank (MIDB), a public bank, got more new customers after the emergence of private bank crisis in early 2003, according to U Aung Chit, Managing Director of the MIDB.

"We could allow cash withdrawal as much as our customers asked. So we didn't lose a single customer. None of our customers withdraw all of the deposit due to doubt," U Aung Chit shared his experience.

U Aung Chit before the bank's annual meeting on 1 August 2004 disclosed: "We are going to give some 13 percent of our net profit as dividends for 2003-2004 fiscal year."

"Most of the fiscal years the dividend amount

For the period covering 2002-03 fiscal year the dividends amounted to 12.5 percent of the profit. Annual dividends never reach the level lower than the 10 percent annual interest rate of (State-owned) saving banks, U Aung Chit remarked. "Most of the fiscal years the dividend amounted to 12-13 percent of the initial share value," he continued.

"Within 2003-2004 fiscal year (beginning ! April) 100 new shares were sold." Most of the buyers are old shareholders. U Aung Chit retold his experience in the past when the bank was having quite a good profit. In 1995-96 fiscal year, the founding year of the bank, it was also involved in trading in addition to banking, resulting in distributing 30 percent of share values as dividend to its shareholders.

"Later we stopped it as we are barred from trading, by the Central Bank. Trading can make profit in a year and it may lose in another year. In a year of loss, profit from banking may not offset that loss, and the bank will face loss, overall. So trading can't be related to banking," explained U Aung Chit.

Volume of non-performing loan (NPL) might reach one to two percent at the end of 2004-2005 fiscal year, U Aung Chit continued. When queried about NPL and related borrowers, he replied that majority of borrowers with NPL are individuals rather than business enterprises.

Those who cannot repay the loans are being sued at various courts according to the Civil Law. However considering the Myanmar customs (not to move from one to another residence during Buddhist Lent) the bank suspends to take possession of the residential premises till the end of the Lent, though legally entitled to accept it immediately. Concerning inter-bank relations he continued to say that they avoid the activities leading to inter-dependence of banks.

"What I meant is we don't get cash from other bank when we need, and vice versa. However sometimes we took out inter-bank loans," U Aung Chit made clarification.

Another public bank stated in its annual report that during 2002-2003 fiscal year (ended on 31 March 2003) they experienced a significant event. That was withdrawal of all deposits in February 2003 due to mistrust on some private banks.

As a consequence of bank crisis, volume of bank deposit fell from Kyat

Board of Directors' annual report of the First Private Bank Ltd covering

As a consequence of bank crisis, volume of bank deposit fell from Kyat 7.11 billion to Kyat 4.88 billion, as stated in the Board of Directors' annual report of the First Private Bank Ltd covering 2002-2003 fiscal year.

Such event lasted for a short period, and the deposit reached Kyat 9.12 billion in September 2003 due to offering unlimited cash withdrawal, fast banking service, and good communication of the bank staff, as stated in the bank's annual report.

A total of 78,407 shares have been sold during the period beginning from October 1992 to 30 September 2003. Then within another six months up to the end of March 2003, the sales grew by seven percent to reach a total share of 83,921.

Sales of shares continue at the rate of Kyat 12,000 per share including premium. Value of a single share amounted to Kyat 16,600 in 2001-2002 fiscal year, and it grew by 4.2 percent to reach Kyat 17,300 in 2002-2003, the report said.

For a share worth Kyat 10,000, a shareholder is entitled to an asset of Kyat 17,300. Loans of bank totalled Kyat 6.05 billion in 2001-2002, and it was decreased by 45 percent to become Kyat 3.334 billion in 2002-2003. "Last year in February, March and April deposits and loans were decreased. However we could maintain the profit," stated the report citing the bank's dividends amounted to Kyat 91.842 million.

In evaluating the monetary strength of the bank, it can be seen that a single Kyat of credit guarantee an asset worth Kyat 1.17.

The Cooperative Bank (CB Bank), the First Private Bank, the Myanma Industrial Development Bank (MIDB) and the Myanmar Citizens Bank (MCB) only are the public banks in Myanmar. @

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