



Investment in the Agribusiness, Extractive and Infrastructure Sectors of Myanmar

Overview and Discussion of Results

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Phuket, Thailand

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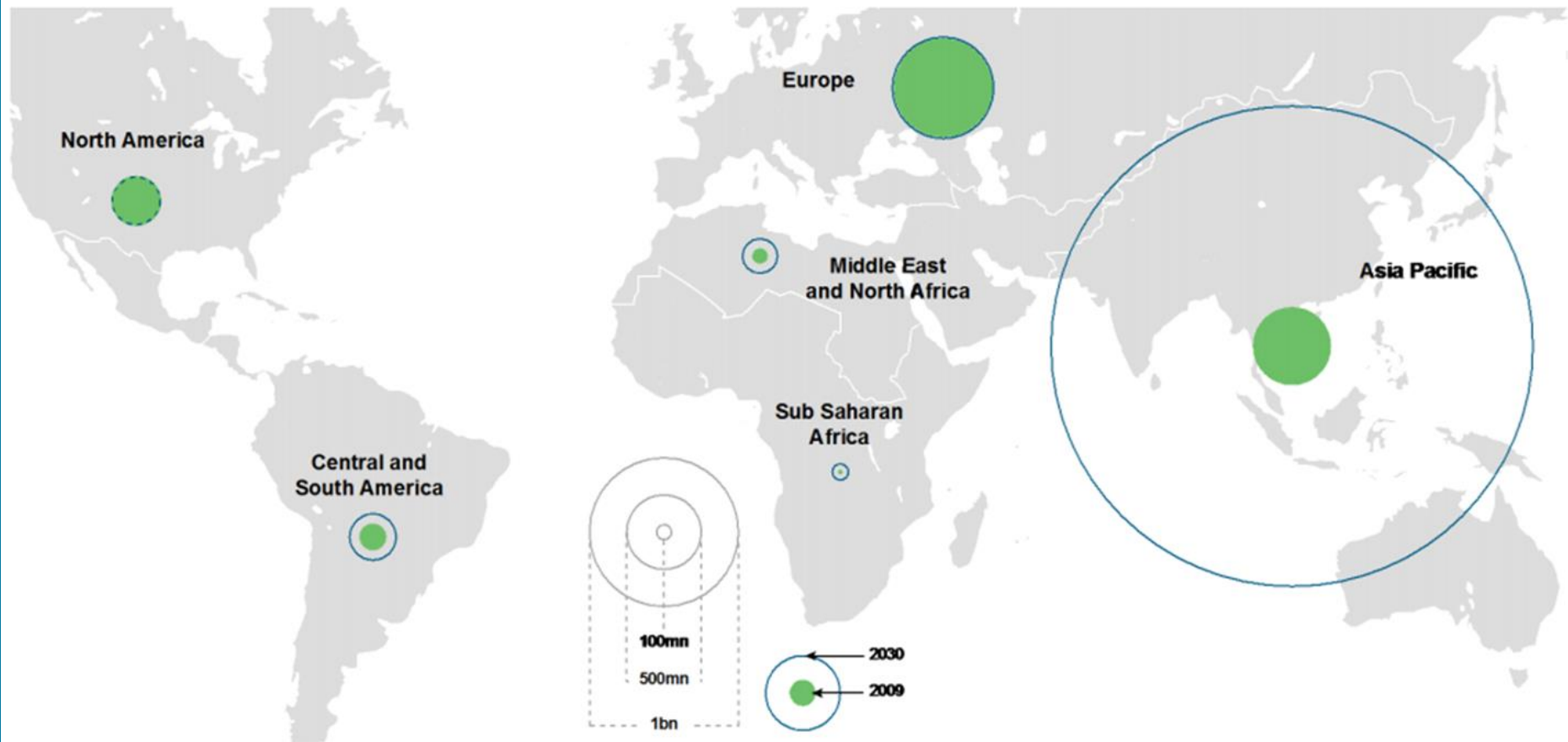


Objective: To characterize and quantify the regional investment trends of organizations investing in agribusiness, infrastructure, and extractive industries, to better understand their roles in land acquisition as related to deforestation and human rights.

Outline:

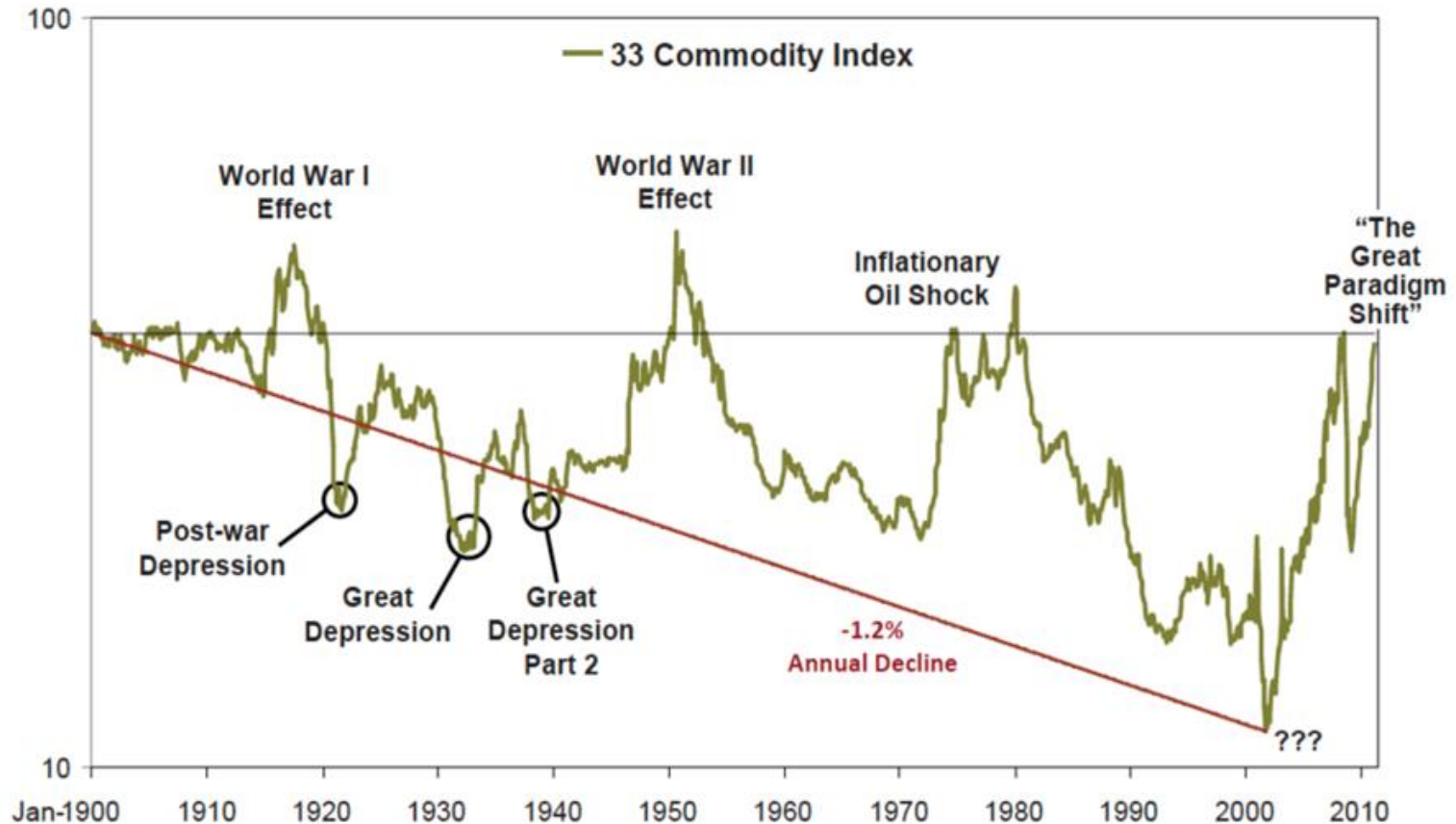
- I. Background & Rationale
- II. Methodology
- III. Discussion of Results
- IV. Summary & Links to Conversion Timber

Size of the middle class in 2009 and prediction for 2030



Standard Chartered, 2010

GMO Commodity Index: The Great Paradigm Shift



Note: The GMO commodity index is an index comprised of the following 33 commodities, equally weighted at initiation: aluminum, coal, coconut oil, coffee, copper, corn, cotton, diammonium phosphate, flaxseed, gold, iron ore, jute, lard, lead, natural gas, nickel, oil, palladium, palm oil, pepper, platinum, plywood, rubber, silver, sorghum, soybeans, sugar, tin, tobacco, uranium, wheat, wool, zinc.

203 million hectares

...in global land acquisitions approved or under negotiation between
2000 and 2010 (Anseeuw, Alden Wily, Cotula, & Taylor, 2012)

Proximate drivers:

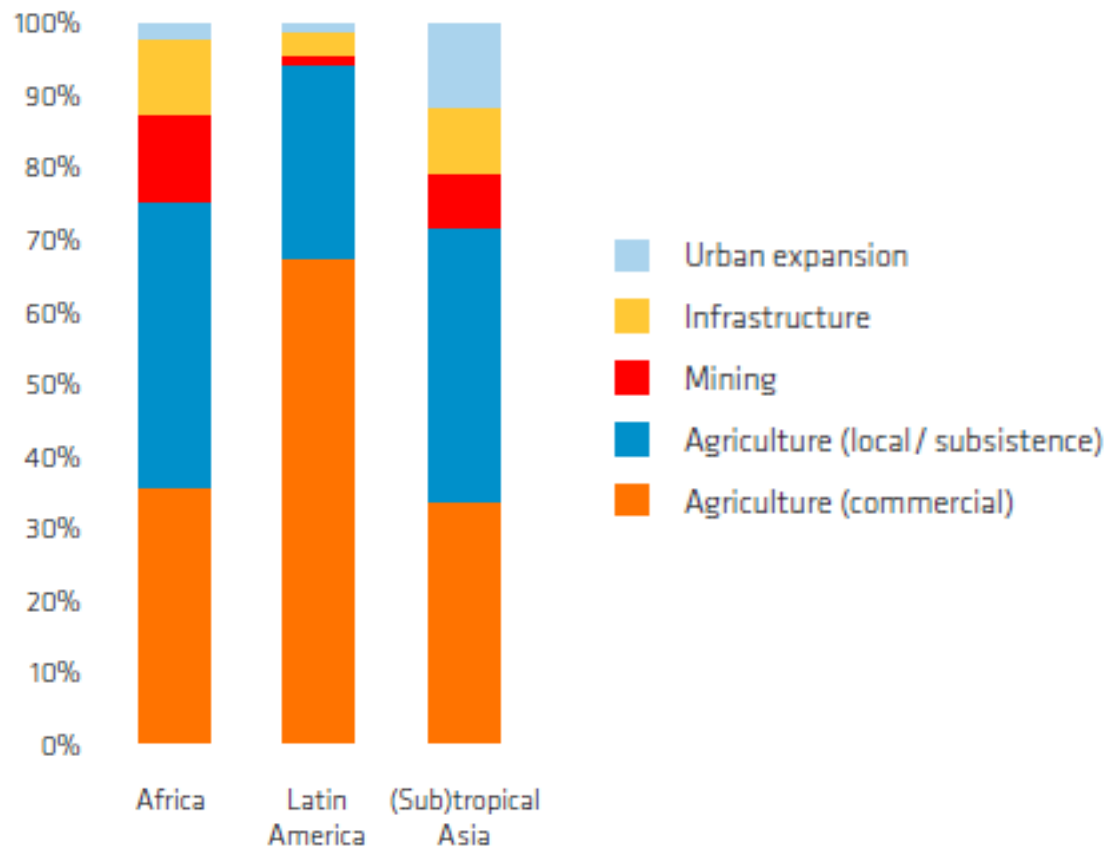
- Farm production
- Forest conversion
- Industrial development
- Mineral Extraction

The Drivers of Deforestation (Kissinger, Herold, de Sy, 2012)

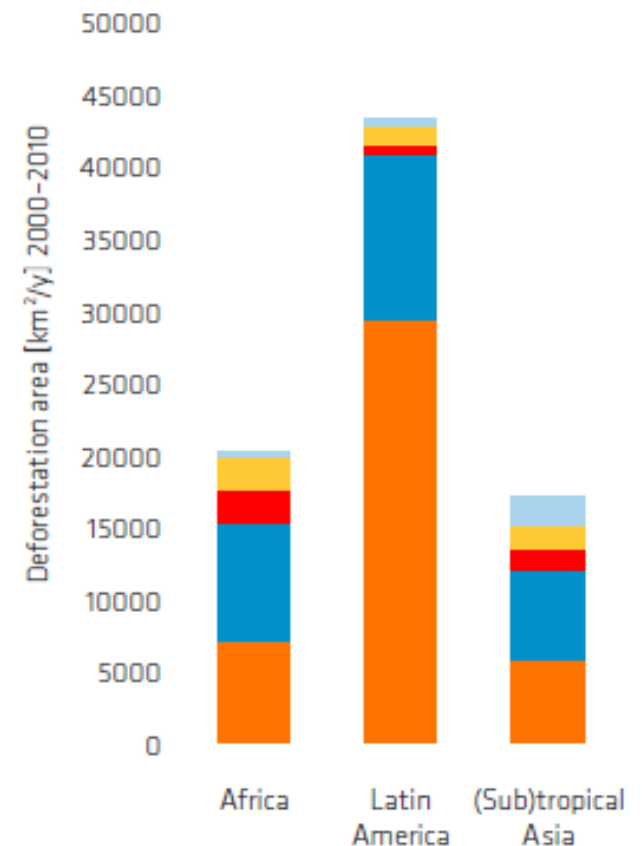
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6

a) Proportion of deforestation drivers



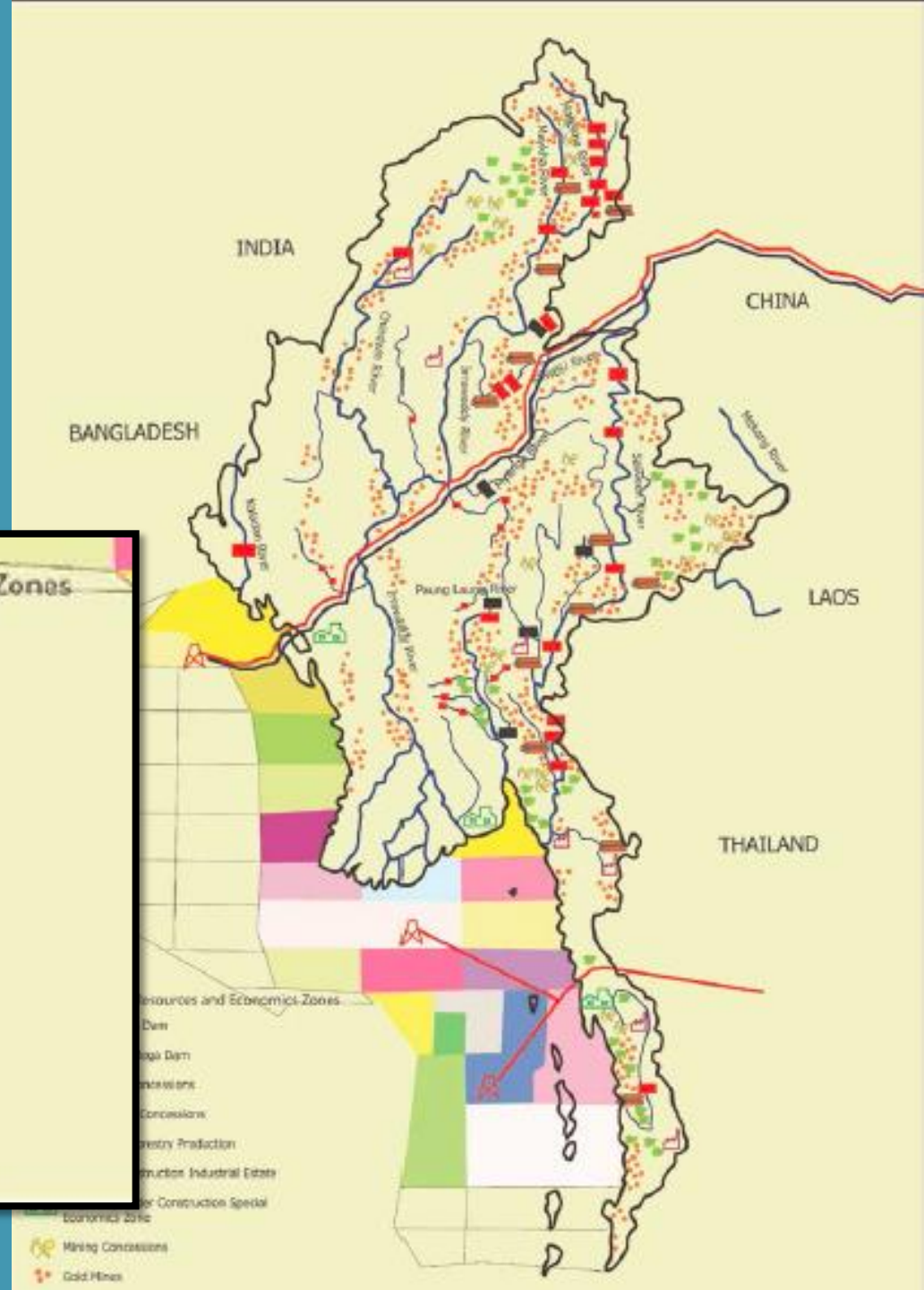
b) Area proportion of deforestation drivers

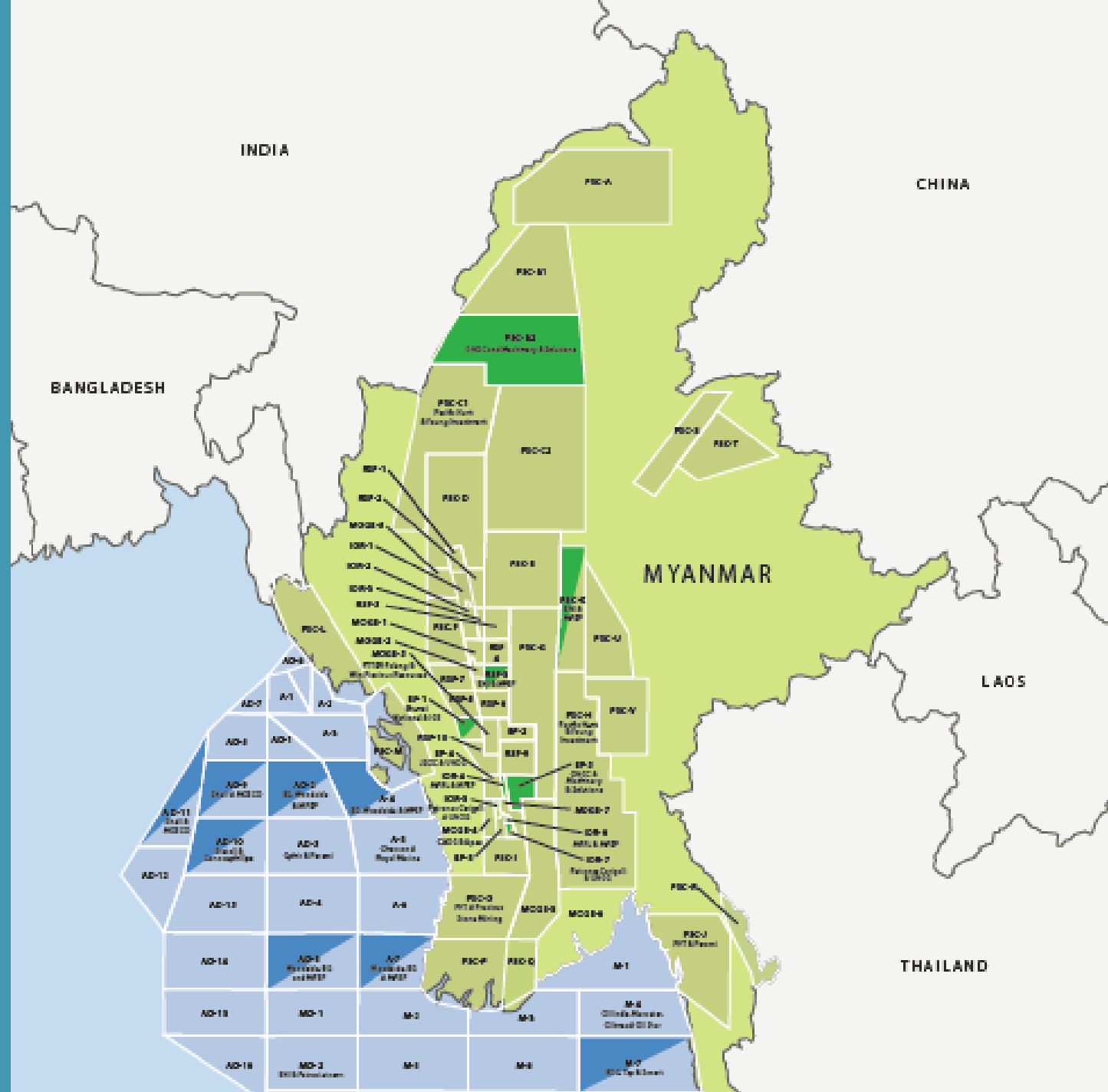


- “... land tenure problems can inflate a project’s expenditures by an order of magnitude, and in some cases, these losses have been great enough to endanger the future of the corporate parent itself.” (Munden, 2012)
- “... industrial concessions on public lands representing 31% of hectares sampled had some overlap with demarcated local territory.” (Munden, 2013)
- “... a major, world-class mining project with capital expenditure of between in US\$3-5 billion will suffer roughly USD\$20 million per week of delayed production in Net Present Value (NPV) terms” due to land tenure risk. (Davis & Franks, 2013)
- 30% of global oil and gas production of oil and gas companies listed on the Russell 1000 is sourced either on or near Indigenous Peoples lands. (Indigenous Peoples Worldwide, 2013)

- **Contributing factors:**
 - Financing structure
 - Geographic concentration
 - Supply diversification
 - Revenue diversification

- I. Which sectors are most likely to impinge on the tenure rights of communities?
 - Spatial/Concession data
 - Investment data
- II. From where is investment coming?
- III. Which sectors/companies are most sensitive to tenure risk?
 - Financial data
 - Presence of CSR policy





Myanmar				
Organizations	139		Total Identified Concession Area	15.0 million hectares
Spatial Data Available	40		Total Budgeted Investment*	\$13.3 billion
Publicly Traded	26		Total Committed Investment*	\$771.8 million
Countries Represented	23		CSR/Environmental Policy Statement	8

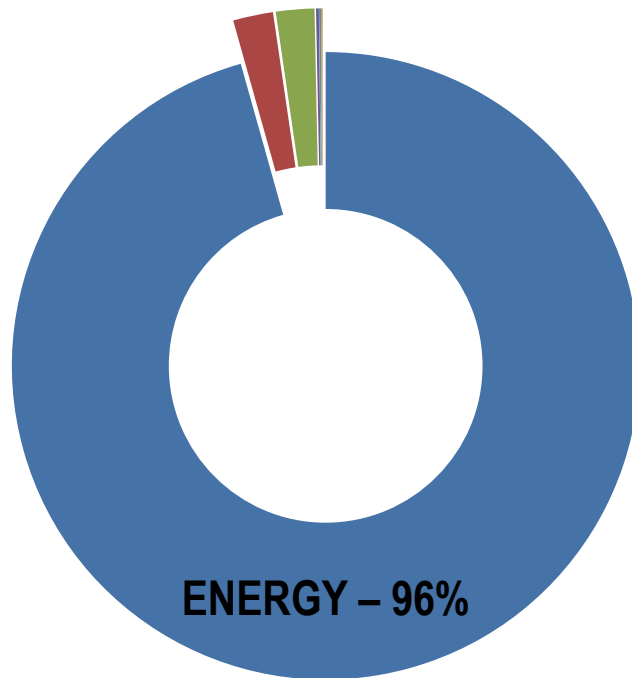
*Existing operations, as of FYE 2012

Total Identified Concession Area 15.0 million hectares

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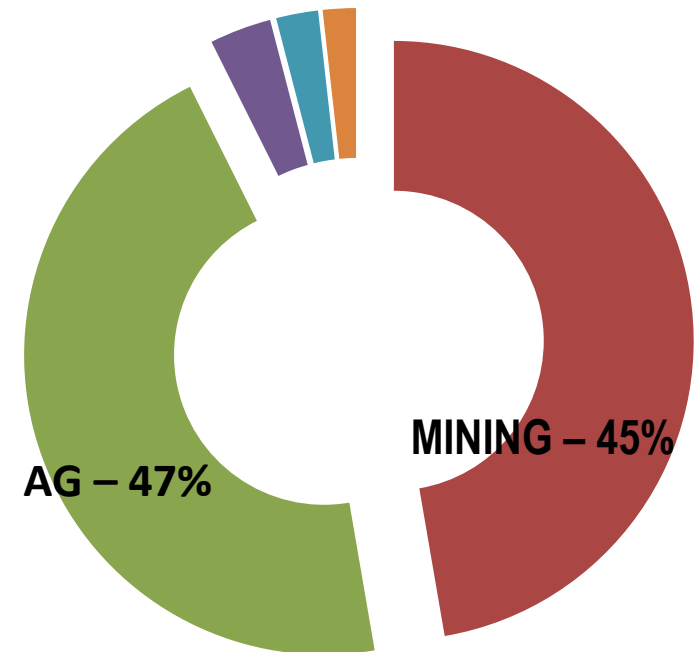
13

Area - Sector



■ Energy
■ Mining
■ Agriculture
■ Infrastructure

Area – Less Energy

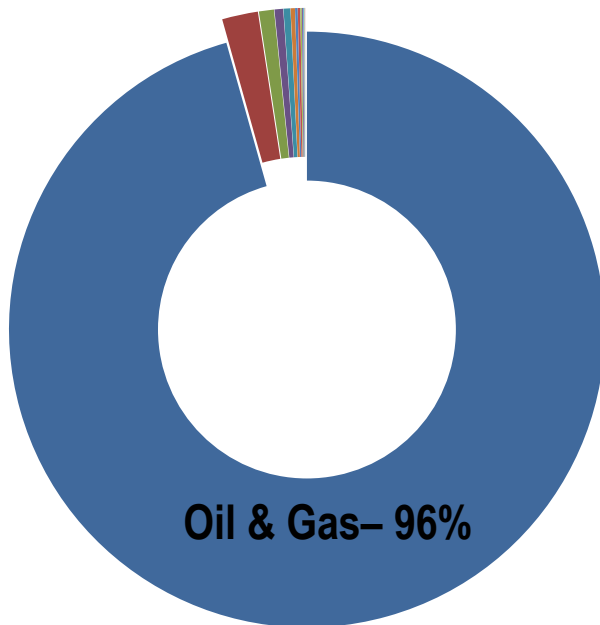


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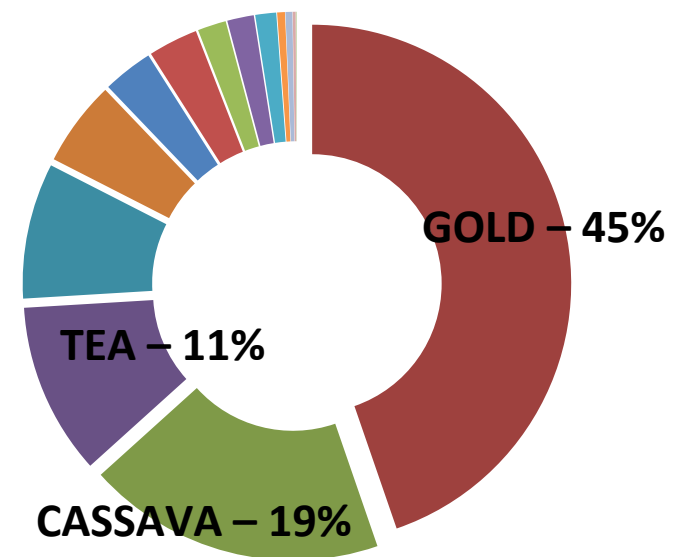
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14

Area - Resource



Area – Less Energy



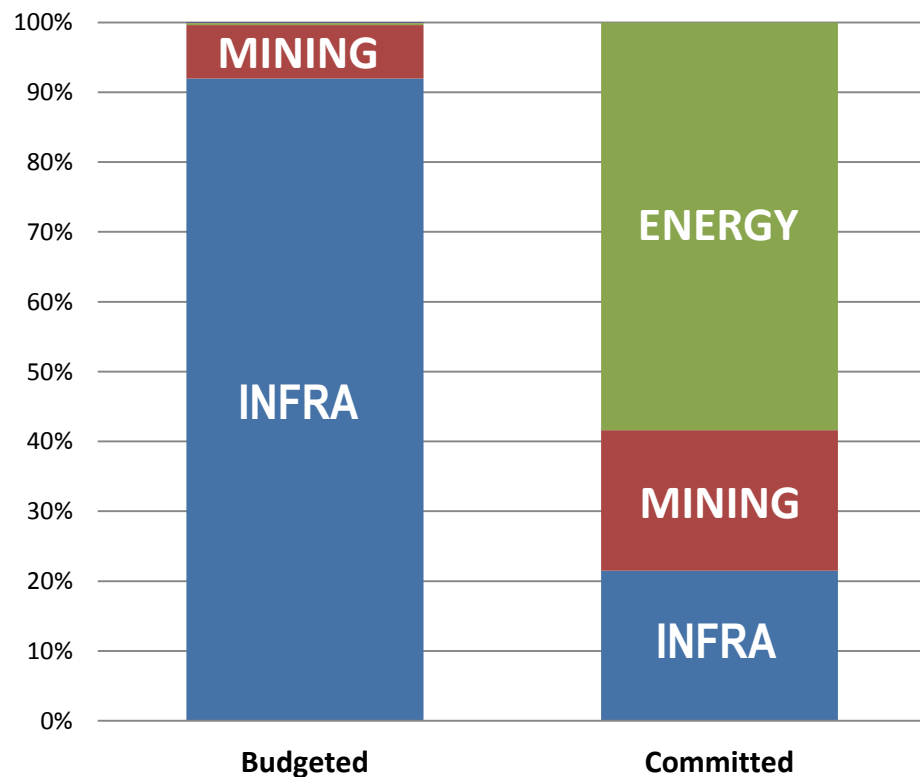


Total Budgeted Investment – US\$13.3 billion
Total Committed Investment – US\$771.8 million

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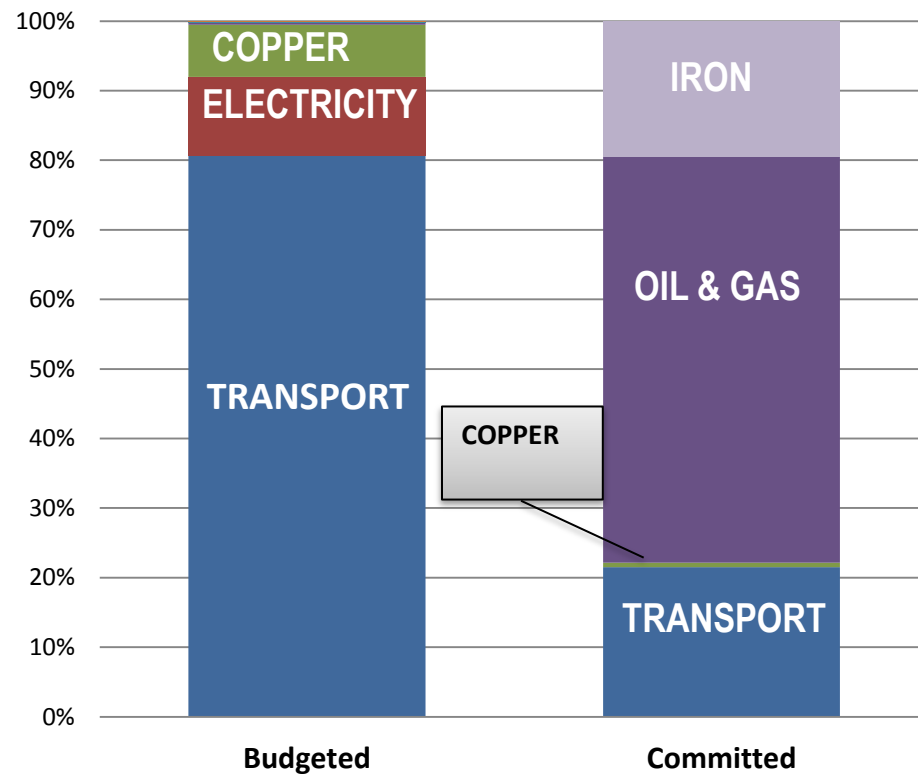
15

Investment - Sector



Infrastructure Mining Energy
Agriculture Forest Products Multiple

Investment - Resource



Transport Electricity Copper Oil&Gas Tin
Rice Antimony Biofuel Cassava Coal
Dairy Fish Gems Gold Iron

Country breakdown...

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16

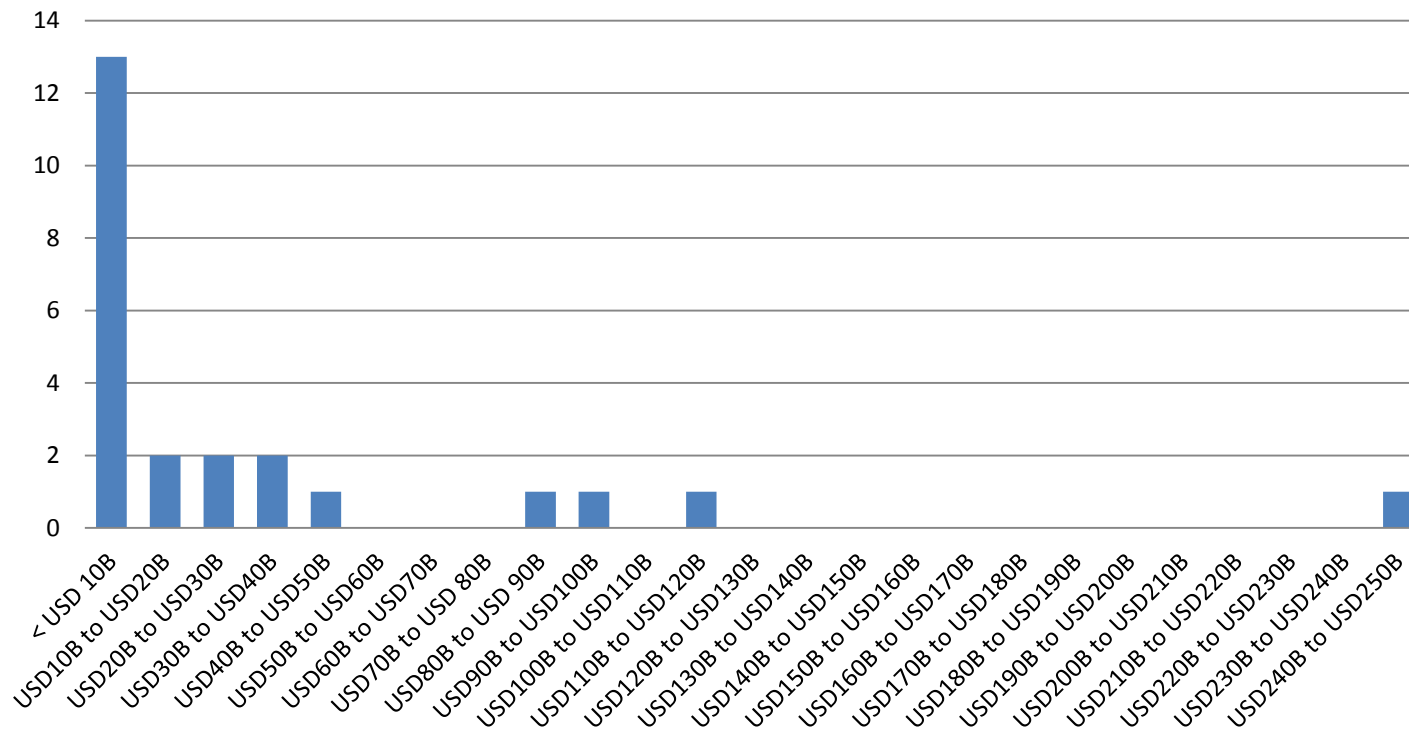
Country	Agriculture	Mining	Energy	Infrastructure	Forest Products	Multiple	Finance	Total
Myanmar	7	28	12	10	3	7		67
China	1	12	3	1	1			18
Japan	1	1		6				8
Thailand		4	1	2				7
India			3	2				5
Russia		2	2					4
South Korea			1	3				4
Singapore			2			1		3
Unknown				1			2	3
Australia		1	1					2
Italy		1	1					2
Luxembourg		1	1					2
Malaysia	1		1					2
United Kingdom		1					1	2
Vietnam		1					1	2
Brunei			1					1
Canada		1						1
France			1					1
Hong Kong							1	1
Indonesia		1						1
New Zealand	1							1
Pakistan			1					1
USA				1				1
Total	11	54	31	26	4	8	5	139

26 Public Companies, Primarily Medium to Large Cap...

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17

Frequency Distribution – Market Cap USD

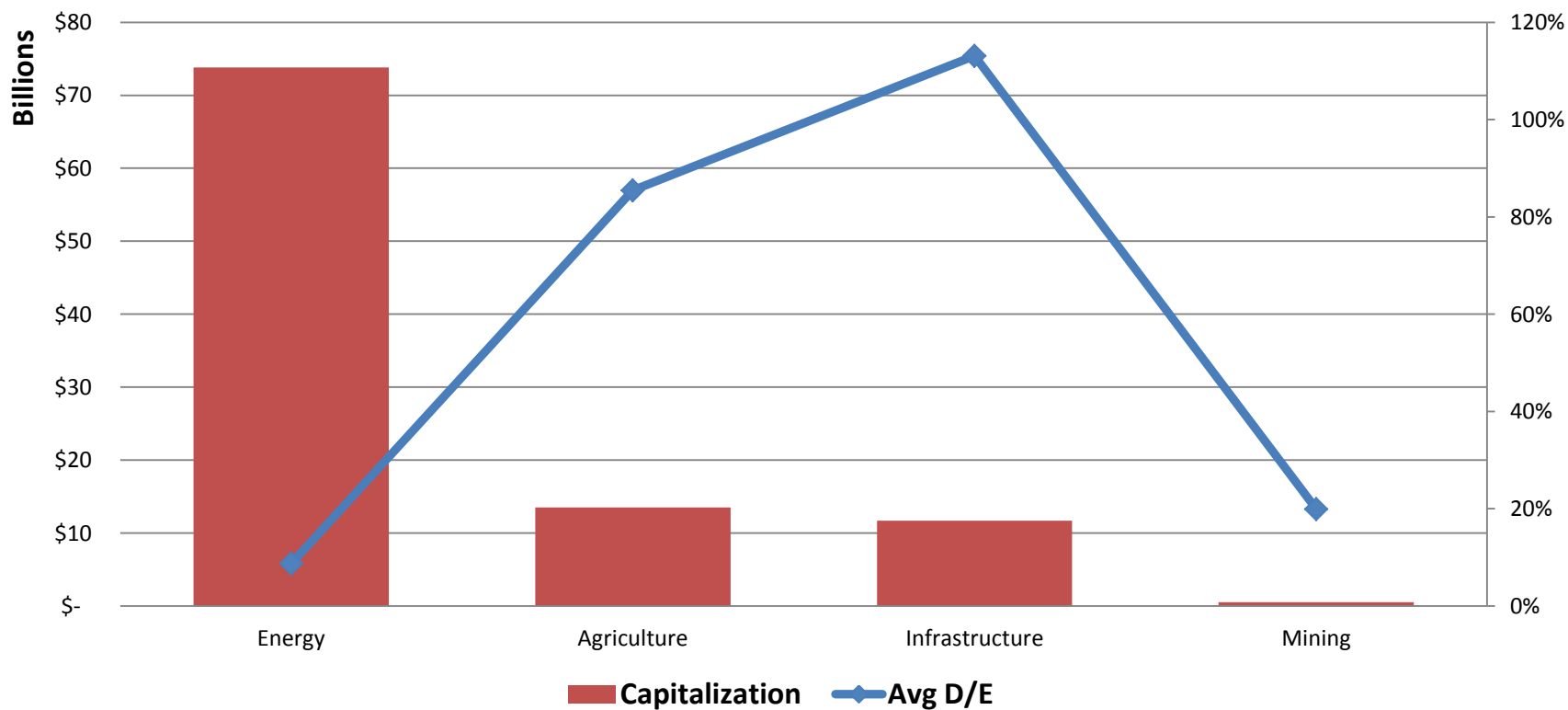


Energy firms average the largest, Infrastructure and Agriculture the most leveraged

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18

Market Capitalization and Leverage - Sector

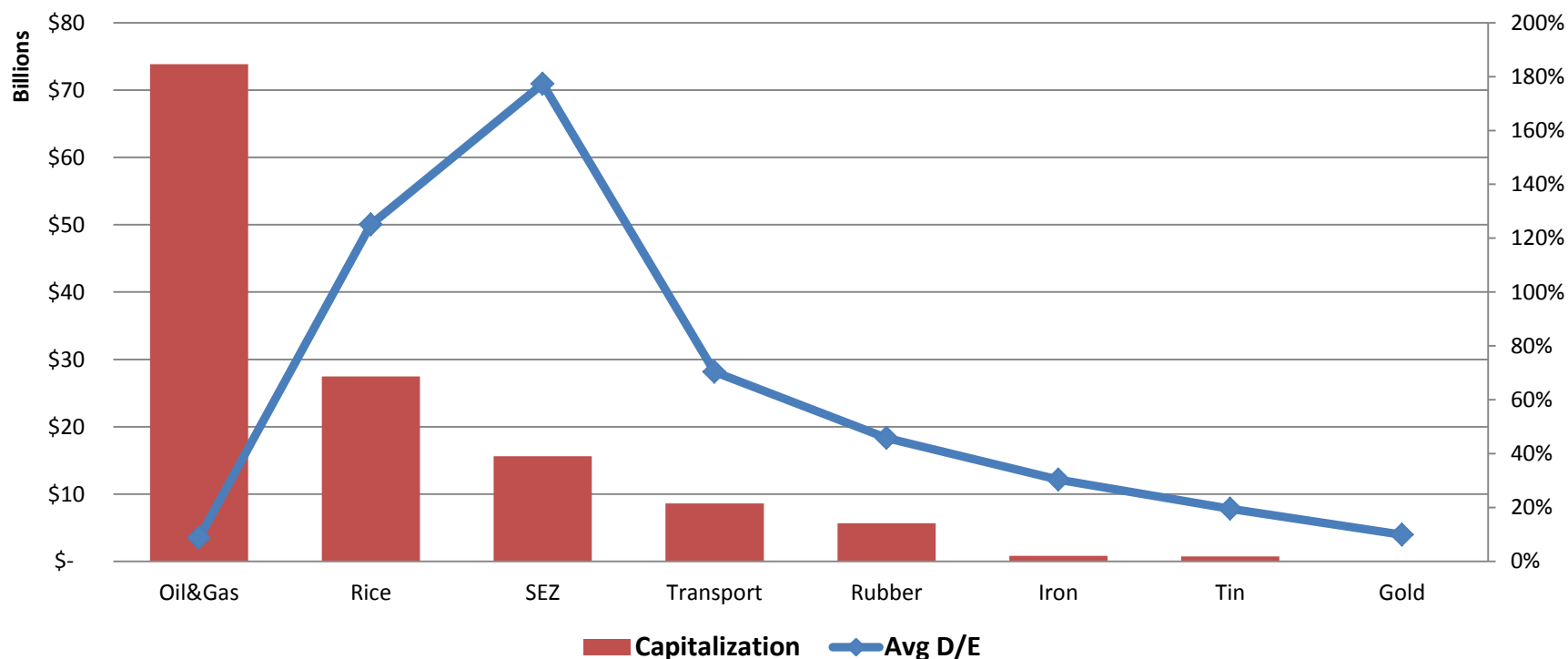


Major East Asian firms involved in SEZ development – highly leveraged.

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19

Market Capitalization and Leverage - Resource



Mining

- Chinese and local firms involved at known deposits
- No Western firms involved in mineral exploitation
- Handful of firms evaluating exploration opportunities

Energy

- Onshore exploration activity set to greatly increase after 2011 and 2013 auctions
- Multinational, public firms involved – primarily from Asia

Agriculture

- Interest from Malaysian and Indonesian multinationals for palm
- Foreign interest in commercial rice/pulse production
- Rubber and biofuel production opaque
- IFC involvement with Serge Pun (Yoma Strategic Holdings)

Infrastructure

- Major Japanese, Korean, Indian, and Chinese multinationals involved in petroleum and gas transport and Special Economic Zone development
- Most highly leveraged

Forest Products

- Majority domestic – none publicly traded
- Many companies that produce timber also operate in minerals and industrial sectors (i.e. crony conglomerates)

- Many companies, few are publicly traded, general lack of transparency
 - Little western involvement (supply chain lever)
 - Majority of companies are a certain type:
 - small, risk taking,
 - local/regional firms
 - large-cap international firms
 - Energy sector – as exploration ramps up, building of roads and pads for drilling may facilitate timber clearance
 - Mining sector – exploration likely to ramp up, will require access roads etc.; few western companies involved
 - Forestry companies – little information; local partnership by crony companies with foreign energy, mining, and agricultural companies
 - Agriculture – little information other than well publicized conflicts (Yuzana, etc.); state has published what it wants to convert for agriculture
-

Top Ten Shareholders (17 February 2014)

PTT Public Company Ltd.	65.286%
Thai NDVR Company Ltd.	3.680%
State Street Bank and Trust Co.	2.162%
State Street Bank Europe	2.032%
HSBC (Singapore)	1.854%
Bank of New York	1.393%
Chase	1.362%
BNP Paribas Securities	1.337%
Nortrust Nominees	1.039%
Bank of New York Mellon	.986%



Thank You!

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24

Questions?

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