

Burma

Belt and Road Initiative: Myanmar Junta Pushing Ahead with China-Backed Kyaukphyu SEZ and Port

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The military regime is inviting bids to provide legal services to the Kyaukphyu Special Economic Zone (KPSEZ) and deep-sea port project in western Rakhine State, a key strategic component of China 's Belt and Road Initiative (BRI).

The junta's invitation to tender comes as China is pressing Myanmar to implement its ambitious infrastructure projects under the BRI, but while the country is struggling to cope with both the political turmoil created by the military's coup and the deadly third wave of the COVID-19 pandemic.

Junta-controlled media announced that both local and foreign law firms have until August 10 to submit their expression of interest to provide legal services to the management committee of the KPSEZ.

The State Administration Council (SAC), as the military regime describes itself, has made several efforts to move forward China's infrastructure projects in Myanmar following their takeover in February. In May, the junta reorganized the KPSEZ management committee.

Beijing considers the KPSEZ and the deep-sea port especially vital to the BRI, as they will give China direct access to the Indian Ocean, so allowing Chinese trade to bypass the congested Strait of Malacca near Singapore, while boosting development in landlocked Yunnan Province, which borders Myanmar.

The project is to be developed by the Kyaukphyu Special Economic Zone Deep Seaport Co. Ltd, a joint venture between the Chinese consortium CITIC Myanmar Port Investment Limited and the KPSEZ management committee.

Vice-Senior General Soe Win, the vice chairman of the SAC, said in June that the successful implementation of the KPSEZ could enhance China-Myanmar cooperation and so create jobs and help Rakhine State develop.

Under the ousted National League for Democracy (NLD) government, the project was delayed because of the previous shareholder agreement negotiated under President Thein Sein's quasi-civilian government, which gave the Chinese developer an 85 percent stake.

After several rounds of negotiations, the NLD managed to increase Myanmar's stake to 30 percent. The initial agreement estimated the project to be worth US\$9-10 billion. However, both sides agreed to begin the project on a smaller scale after Myanmar raised concerns about the possibility of being caught in a debt trap. The first phase of the port development cost around \$1.5 billion, according to

the NLD government.

During Chinese President Xi Jinping's trip to Myanmar in 2020, both sides signed concession and shareholders' agreements for the project. One week before the military staged its coup, CITIC invited proposals [1] to provide consultancy services and field investigations for environmental and social impact assessments of the project. There have been no new announcements on the KPSEZ by CITIC since then.

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<https://www.irrawaddy.com/news/burma/myanmar-junta-pushing-ahead-with-china-backed-kyaukphyu-sez-and-port.html>
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Footnotes

- [1] <https://www.irrawaddy.com/news/burma/chinese-firm-opens-assessment-tender-strategic-deep-sea-port-western-myanmar.html>