

Presentation made by H.E U Maung Myint, Deputy Minister for Foreign  
Affairs at Myanmar Investment Seminar on  
The Current Economic and industrial Situation in Myanmar  
( 15 December 2009 )

Mr. Yoshikuni Ohnishi, Secretary General of the ASEAN-Japan Centre,  
Distinguished Participants and Friends,

- It is indeed a pleasure for me to have the opportunity to make a presentation on the Current Economic and industrial Situation in Myanmar, I deem it a great honor to share thoughts and exchange views with members of the business community of Japan in a cordial atmosphere.
- I would like to express my sincere appreciation to the organizers, supporters and all participants of the seminar and the ASEAN-Japan Centre with the excellent arrangements being made and usual spirit of goodwill and understanding that prevails at our meeting. I am confident our deliberations will be focused, purposeful and will achieve good results.
- I would like to touch briefly on some basic facts about Myanmar for those who have never been to Myanmar. Myanmar lies in the southeastern peninsular of the Asia continent .It is bordered in the north and northeast by China, in the east and southeast by Laos and Thailand, in the south by the Andaman Sea and the Bay of Bengal and in the west by Bangladesh and India.
- Myanmar covers an area of 670000 square kilometers ranging from 936 kilometers east to west and 2051 kilometers north to south. The current population is about 58million and is Myanmar is increasing two percents annually.
- Myanmar's landscape includes mountain ranges and basins with large and small rivers and creeks. Fifty-one percent of its land surface is covered by forests. The land is rich in natural resources including metal, gems, teak and hard wood, oil and natural gas. Its abundant supply of water resources and fertile soil are a gift of nature to grow various kinds of crops, with paddy as the main crops.
- The Union of Myanmar is made up of approximately 100 national races. The main religions of the country are Buddhism (89.5%) and others are Christianity(4.9%), Muslims (3.8%), Hindus (0.05%).

Distinguished Participants and Friends,

- I would like to take this opportunity to briefly apprise you of the recent political developments in Myanmar.
- Our Government has been making efforts for ensuring stability of the state, national unity, economic and social development and transformation to democracy as aspired to by the people.
- To that end, the Government has adopted a seven-step road map for democratic transformation in August 2003. We have been making significant progress in implementing the Road Map.
- As the fourth step of the road map, nation-wide referendum was held in may 2008 and the new State Constitution was successfully approved by the overwhelming majority of the 92.48% of the eligible voters.
- In accordance with the provisions of the new Constitution, political parties will be subsequently allowed to registered and organize systematically in accordance with the relevant laws to be adopted in due course.
- Multi-party general elections will be held in 2010 as the Fifth step of the Road Map.
- State Power will then be transferred to the civilian government to be formed following the election in a accordance with the provisions of the Constitution.

Distinguished Participants and Friends,

- I would now turn to the economic sphere. In 1989 centralized planning policy was replaced by a market-oriented economic policy and a number of economic reform measures were initiated. Foreign Direct Investments have been allowed and private sector development in the national economy has been encouraged since then.
- As stability has been restored, the government has formulated economic plans with a view to accelerating economic development all over the country.
- Since 1992-93, Economic Plans are being implemented to maintain the stable and sustained high economic growth rate, to continue the achievements in laying a good foundation in line with the economic and financial condition of the nation, to strive for balanced regional development and to have progressive human resources development.

We have achieved the targeted average growth rates at the end of the economic plans.

- I believe potentials in agricultural sector of Myanmar are particularly promising. We need post-harvest technology for up grading the quality of crops and storage of the produce. In addition, there are ample opportunity for cooperation in milling, processing, fertilizers, pesticides, proper water control, farm mechanization grading, quality control, transport, pricing, marketing and farm management practices. Japan's experience and expertise particularly in the rice and in agricultural industry growing can be most helpful for fruitful cooperation between our two countries. Our enhanced cooperation in agriculture will not only bring mutual benefits but help address the region's present concerns over food security.
- Another key area is industry. As a resource rich country, resource-based industries hold prospects. Myanmar's industrial development plans lay considerable emphasis on agro processing and agro-based industries.
- As we are aiming to build our country to become an agro-based industrialized nation, we are giving special emphasis on the development of industrial sector. The government is encouraging and providing necessary assistance to private sector for them to be able to actively participate in this sector.
- As part of our efforts to promote industrial production, the government organized enterprises and factories, which were scattered in respective regions, into industrial zones. Now, 19 industrial zones have already been established across the country involving 9711 enterprises.
- While the Stat is still taking the leading role in the heavy industry sector, the private sectors is now enjoying more and more control over small and medium size industries.
- Like in other developing countries, small and Medium Enterprise (SMEs) play vital role in Myanmar's industrial development. Myanmar's SMEs policy includes encouragement of SME development, industrial development through SMEs, industrial linkages or industrial cluster programme and development through promotion of SMEs and to create job opportunities and skill development.
- We also require better processing technology to add value to our products that will fetch better price and increase earnings. For example, selling well-designed and crafted teak furniture, processed wood and based products brings more earnings than from selling logs.

- We believe such a goal is well within our reach. However, the task will be easier if we draw from the experience of those in the region, countries like Japan and several other neighbours, that have gone before us on the road to industrialization and economic development.
- Hence, what I would like to give as a message to our friends who are here today is that, Myanmar welcomes business firms in a country like Japan that has the capacity, expertise and technology to make best use of our natural resources while at the same time, is able to provide advice and assistance to us on how to conserve and regenerate our natural resources for sustainable development.
- Like in other developing countries, the SMEs in Myanmar are facing problems such as lack of sufficient finance, managerial capability, skilled manpower, low level of technology, lack of modern machinery, equipment and sub-contracting facilities, insufficient market intelligence and marketing skill, difficulty in procurement of raw materials and spare parts of standard quality, insufficient infrastructure facilities including logistics problems, environmental problem, administrative procedures, rules and regulations and energy and utilities shortages. Therefore, we would like to invite Japanese investment and technology transfer to address these problems in order to develop SMEs in Myanmar.

#### Distinguished Participants and Friends.

- If we examine the current status of trade between two countries, there also exist vast opportunities to enhance cooperation in this sector. Total trade volume between two countries for the fiscal year 2008-2009 accounted for only 3.84% of Myanmar total foreign trade and Japan ranks eighth among our trade partners.
- Therefore, in order to promote Myanmar-Japan bilateral trade, it is necessary for exporters and importers from both sides to be familiar with the market situation and business opportunities in the two countries.
- There are many measures to be done in the quality of export goods from Myanmar and packaging technology in kind of export items.

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- Since the promulgation of the Foreign investment Law in 1988 up to the end of October 2009, a total of 426 foreign enterprises from 31 countries have been permitted to invest in 12 sectors with a total pledge amount of U.S\$ 15788.293 million.

- Among the leading sectors of investment are power 39.97%, oil and gas for 21.53%, manufacturing 10.36%, mining 8.84% and Real Estate 6.69%. The leading investors are Thailand 47.01%, U.K 11.7% and Singapore 9.84% respectively.
- Japan is in the twelfth position with the total pledge amount of US\$ 216.8 million which accounted for 1.4% of the total foreign investment. Currently, (17) projects with the total amount of US\$ 140.078 million are under operation.
- The potential foreign investors and businessmen are welcome to carry out business taking advantage of and facilities provided under the most flexible and investor friendly foreign investment law of Myanmar.
- The discovery of large natural gas resources in our offshore areas and their exploitation through foreign investment and technology has made natural gas as our main export item and biggest foreign exchange earner. Huge amount of natural gas exploitation in Myanmar, beyond the increasing of our export receipts, has high potential for by product activities such as in providing for a chemical industry, fertilizers production, and generating electricity. Foreign investment and cooperation are essential in the development of these by product activities.
- Furthermore, using revenues obtained from selling of gas, such as investment in infrastructure, factories, machinery and equipment and human resources will change our asset portfolio. Our assets under the ground as natural gas will be replaced by assets above the ground, which will not only sustain but also increase our development potentials.
- I will not be doing my duty today if I do not take this opportunity to mention the enormous potential for cooperation that exists in our service sector, that is tourism industry where the prospects for further growth is promising. Traditionally, Myanmar's tourism is based on culture. Because of its long history, rich culture and religion, Myanmar has many pagodas, temples and monuments all over the country.
- In addition, Myanmar is also blessed by nature with its amazing scenic beauties of snow-capped mountains, deep forests, cool and scenic places, long rivers, beautiful lakes and many unspoiled beaches and archipelagos.
- Tourism has had its fair share of foreign participation in Myanmar in the form of investment in hotels and related facilities. But performance of this sector with respect to tourist arrivals and income are far below levels compare to neighbouring countries.

- Here, I would like to take this opportunity to express my sincere thanks to the ASEAN-Japan Centre for its programmes and endeavors for the promotion of tourism sector in Myanmar.
- Apart from tourism, banking, insurance, financial and business services are also important for the economy. They are required not only for development and proper functioning of the relevant institution but also for keeping abreast with rapid technological advances that are taking place. Investment in telecommunications and related infrastructure, and improving connectivity of the county's business community and citizens, among themselves and with the outside world, through provision of better and more reliable internet and email services are also essential for economic development.
- Cooperation from foreign partners particularly in the investment in service sector as well as in importing training to our people to provide quality service in related activities would contribute in revitalizing service industry. This of course, can only be done with cooperation and support of our foreign partners that have the required expertise, knowledge and capability.

Distinguished Participants and Friends,

- We, Myanmar People, attach great importance to the economic relations with Japan. We have a long historic and traditional tie since Second World War. Our country, Myanmar, known by the Japanese people as ' Biruma' , needs more investment from Japan.
- Frankly speaking, the current state of investments from Japan in Myanmar is much less than what we have expected. So we hope that more would come in the near future.
- I am confident that my presentation today will contribute towards further strengthening of friendship and understanding between Myanmar and Japan, and enhancement of the existing cooperation between our two countries.
- Let me now conclude by thanking you once again for giving me an opportunity to share my thoughts and views with you: for the warm hospitality that you have extended to us, and for the interest and attention that you have shown. All these have certainly made my visit a pleasant and a rewarding one.
- Thank you.