

Keynote Address
By
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At the
Myanmar Global Investment Forum
13-9-2016
Nay Pyi Taw, Myanmar

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Institutional Investor (Asia)

Distinguished Speakers, Distinguished Guests

Ladies and Gentlemen,

Good morning,

It is my honor and pleasure to welcome all of you to the 5th Myanmar Global Investment Forum here in Nay Pyi Taw and I convey my sincere thanks to Euromoney Institutional Investors (Asia) for organizing this timely and important event, in cooperation with Myanmar Investment Commission.

As you may all be aware, Myanmar is emerging from five decades of isolation with much hope and supports from global and regional communities. It has high potential for rapid growth and development given its rich natural resources, abundant labor force, and strategic location between the region's two economic giants—the People's Republic of China and India. In addition, Myanmar can have a chance to learn many lessons from the development experiences of its neighbors and can help guide its economic

transition to achieve strong and inclusive growth while avoiding social instability and ensuring environmental sustainability.

Additionally, Myanmar is opening up to trade, encouraging foreign investment, and deepening its financial sector and its transition comes along with a rapid shift in the global economic landscape. This changing landscape has important implications for economic dynamics in Asia. Myanmar can exploit several strengths and opportunities to accelerate its transition to an open market economy.

Taking this opportunity, I would like to point out here that both politically and economically, 2016 could be a transformative year for Myanmar, and the successful 2015 parliamentary elections capped a landmark year for the country. We also face the task of finding the most efficient and equitable way to translate surging investment, economic activity and international goodwill into sustainable growth. This is also happening at a time of heightened popular expectations of rapid change both in terms of standards of living and political and economic freedom. Therefore, it can be inferred that Myanmar's political arena thus to continue to be a vibrant one in coming years.

Ladies and Gentlemen,

As economic development is always linked to politics, measures are being undertaken to achieve nation-wide peace and national reconciliation in our country. Therefore, "fair and equitable utilization of natural resources among States and Regions, with the aim to support national reconciliation process" is set in the vision of our economic policy. In addition, inclusive and sustainable growth through people-center approach is the fundamental of our economic policy. Myanmar is now in new era, advancing well on its path to peaceful democratic transition through far-reaching reforms.

Ladies and Gentlemen,

Myanmar is also a member of ASEAN, the fastest growing market of over 600 million people with combined GDP of 2.8 trillion US dollars. Greater regional cooperation can unlock the growth potential that arising from increased trade and cross-border investment. Myanmar can strengthen its ties with the Association of Southeast Asian Nations (ASEAN) and utilize its unique geographic position as a bridge between South and Southeast Asia, which offer a range of new opportunities. We can also position itself strategically in the rapidly changing global and regional environment to benefit from its advantages.

Ladies and Gentlemen,

As we are in the early stage of economic development, FDI is still viewed as an important part for job creation, technology and capital access in Myanmar to achieve our goals. Therefore, with the aim to become an investment destination, we have been making all-out efforts to create favorable investment environment along with sound macroeconomic reform measures.

In shaping the enabling business environment for private sector development, a series of reform measures are being undertaken in investment arena. A reform process to improve its legal and regulatory framework has been undertaken for investment to create a more favorable investment climate in Myanmar. In this regard, Myanmar Companies Act (1914) is being revised to be a modernized one with the assistance of the ADB.

Currently, with the aim to level the playing field between foreign and Myanmar Citizen investors, the Myanmar Investment Commission has drafted merging the Foreign Investment Law (FIL) and the Myanmar Citizen's Investment Law (MCIL) with the

assistance of IFC. MIC has conducted several meetings for internal consultation among stakeholder.

The New Investment Law is composed with twenty three Chapters. The most significance of the new Myanmar Investment Law is the complete protection elements, namely, National Treatment (NT), Most Favored Nation Treatment (MFN), Fair and Equitable Treatment (FET) and Expropriation. In addition, the new law includes grievance mechanism whereas the existing does not mention it.

According to the New Myanmar Investment Law, investors will be granted different levels of exemption depending on the type of investment and its location. In addition, the New Myanmar Investment Law will allow the Commission to delegate power to regional authorities to approve domestic investments, depending on the type of business, whether it will create job opportunities or help to develop the region. It will also provide a streamlined, automatic approvals process for some projects, and aims to make the investment climate more friendly overall.

Since job creation is the fundamental of our economic policies, investments in manufacturing businesses with labor intensive are encouraged by Myanmar Investment Commission (MIC) while allowing resource-based investments with the minimum environmental impact.

Moreover, the Foreign Direct Investment Promotion Plan (FDIPP) has been implementing with the assistance of Japan International Cooperation Agency (JICA). FDIPP is set in line with four successive 5-year Development Plans. The first 5-year plan was set from 2011 to 2015 (short term), second from 2016 to 2020 (midterm), third from 2021 to 2025, and the last from 2026 to 2030 (the last two are long term).

In the short term (2011- 2015), FDI was expected to increase with the target amount of US\$ 4 billion per year. This is the stage-I that undertook “quick win” implementation. In the midterm (2016-2020) that will implement the stage-II “Strengthen economic and investment base to reduce poverty”, it is targeted to receive the amount of US\$ 6 billion per year. The first part of long term (2021-2025) that will carry out the stage-III “Implementation of Mega Projects, Strengthening connectivity”, is targeted to the amount of US\$ 8 billion per year. The second part of Long term (2026-2030) that will implement the stage-IV “Higher level of diversification and upgrade of production base”, FDI is expected to increase with the target amount of US\$ 11 billion per year.

Ladies and Gentlemen,

As we are aware that a deep and sound financial sector can contribute to the economic stability and the emergence of entrepreneurial activities through more efficient mobilization and allocation of resources, developing Myanmar’s financial sector development is one of our government priorities as the country’s financial sector remains underdeveloped.

Recently, (49) representative offices of foreign bank and finance companies are awarded lenience form Central Bank, and they can lend cooperate institution, local banks and foreign representative offices and branch offices. Concerning the momentary policy, our government will give genuine independent authority to the Central Bank for monitoring monetary stability and the development of a financing system that can provide for capital financing requirements, including for local business also foreign direct investment.

The highest priority in the financial system is to build strong institutional foundations for the banking system that will improve the

efficiency of financial transactions and improve their safety and security. The most significant achievement in financial sector is the inauguration of Yangon Stock Exchange center this year. In addition, the Central Bank of Myanmar has granted licenses four more foreign banks for the operation of foreign exchange counters, and it has also given foreign exchange dealer licenses including an interbank foreign exchange market and currency remittance service for Myanmar citizens living abroad.

Ladies and Gentlemen,

Myanmar is in the need of large-scale infrastructure investments in power generation, transportation, special economic zones and industrial zone, to realize its long-term growth and development.

As you are aware that Myanmar has one of the lowest electrification rates in Asia and rural communities face significant energy poverty. Only 30 percent of population has access in Myanmar. The energy requirement of Myanmar is growing fast.

Therefore, the government has placed a great deal of emphasis on undertaking reforms in energy sector. Myanmar National Electrification Plan aims to achieve 100% electrification by 2030 will involve a total capacity of 24,000 MW of electricity, requiring vast infrastructure investment in power sector.

Taking into consideration of the importance of infrastructure development, “Prioritizing the rapid development of fundamental economic infrastructure such as electricity generation, roads and ports, and establishing a data ID card system” is set as one of the economic policies of Myanmar.

However, given the limitation in government resources, financing will have to come mostly from the private sector, particularly through public-private partnerships (PPP). With the

assistance of ADB, we have recently established the Framework on Private Sector Development. In addition, in cooperation with JICA, procedures are underway to develop the Framework for public-private partnerships (PPP).

To do so, the government is proceeding quickly with the completion of the high priority infrastructure projects already underway while formulating a longer term strategy and program for infrastructure development. In the immediate term, priority also needs to be given to urban transportation systems, upgrading of national airports, providing clean water, and improving power supply. We are thus turning our attention to the development of Myanmar's transport and other infrastructure in order to enhance the country's connectivity to regional economies and fulfill the goal of integrating Myanmar into the ASEAN Economic Community.

It is also important that connectivity with Greater Mekong Subregion in its all dimension to be a strategic priority for GMS and it also plays a vital role in strengthening cross-sub-regional economic integration. It is rightly pointed out that Myanmar plays a very pivotal role in enhancing connectivity between regions, given its strategic location between South Asia and Southeast Asia regions. Therefore, from regional cooperation and integration point of view, Myanmar can be seen as a land bridge between two regions. Myanmar's strategic location in the region should provide all its international trading partners with ample business opportunities both in the domestic market and in the neighboring region. As any enterprise established in Myanmar may benefit from these opportunities, regional agreements and other arrangements greatly increase the attractiveness of Myanmar to foreign investors wishing to enter the neighboring markets. On the other hand, Myanmar is also

looking beyond its Asian neighbors to develop trade and investment ties.

Ladies and Gentlemen,

I would like to say that a number of developments in our country contributed to raising Myanmar's international profile as an investment destination. The bulk of the investment has been in labor-intensive industries such as manufacturing, construction, and tourism, as well as a growing platform in the telecommunications and financial services sectors. FDI will almost certainly increase this year and next, particularly as major announcements related to oil and gas tenders, solar power projects, and other energy sector investments signal a new influx of business engagement.

Nevertheless, it is also required to attract more Foreign Direct Investment to create sufficient economic atmospheres and infrastructural buildings for the improvement of the macroeconomic infrastructure. Therefore, we invite more foreign direct investment to establish labor intensive industries, infrastructural construction projects, factories, plantations and industrial zones for the creation of more job opportunities in Myanmar.

Ladies and Gentlemen,

To sum up, I would like to reaffirm our commitment to achieve the vision of economic policies. Last but not least, I would also like to express my sincere gratitude to Mr. Tony Shale, Chief Executive Officer, Euromoney Institutional Investor (Asia) and his team, Myanmar Investment Commission for your great efforts for this seminar realized.

Thank you.