

Keynote Address
By
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Excellencies Union Ministers, Deputy Ministers,
Mr. Tony Shale, Chief Executive Officer, Asia, Euromoney Institutional
Investor,
Distinguished Speakers, Distinguished Guests
Ladies and Gentlemen,
Good morning,

It is my honor and pleasure to welcome all of you to the 4th Myanmar Global Investment Forum on here in Nay Pyi Taw and I convey my thanks to Euromoney Institutional Investors (Asia) for taking an initiative to organize this Forum, 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.

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.

I would like to point out here that both politically and economically, 2015 could be a transformative year for Myanmar, and most people pay much attention on the general election and the establishment of the ASEAN Economic Community.

Ladies and Gentlemen,

The government has made considerable progress in implementing reforms that will have a significant effect on financial sector development. 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 new Central Bank Law has been revised, and Central Bank of Myanmar has introduced Managed Floating Exchange Rate Regime since April 2012. The CBM has granted licenses to private 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.

The new Securities Exchange Law was also enacted in 2013 and it provides the framework for the establishment of a stock exchange, which will now need to be accompanied by a new company law that provides for improved corporate governance and accountancy standards, a robust regulatory and reporting framework, and a level of transparency that will give domestic and international investors adequate information for investment decisions.

Further, a revised Financial Institutions Law is also being drafted, with the assistance of the World Bank, to replace the Financial Institutions Law instituted in 1990. The law is expected to set out the licensing requirements for private banks, corporate governance arrangements, and the conditions for foreign investor participation in Myanmar banking.

In addition, the World Bank and IMF are helping to prepare a financial sector development master plan that includes a financial sector development strategy; the Japan International Cooperation Agency (JICA) is helping to develop a CBM electronic network, clearance, and payments settlement system.

An overall policy framework for the banking system is gradually taking shape that is broadly consistent with international norms and practice. Private Banks have already been given increased freedoms to set up branches, buy and sell foreign exchange, hold foreign exchange assets on their balance sheets, and in some cases even lend indirectly to the agricultural sector. These freedoms appear to be gradually and not only need to be enshrined in new regulations but also need to apply to all banks equally.

The Myanmar Payment Union (MPU) has been established, with sixteen of the nineteen private banks as members, and with a small number of retailers also on the system. The MPU is already offering a network of ATMs that permit the easy withdrawal of cash for customers of participating banks. The plan is for the MPU to link with international card networks, such as VISA, MasterCard,

the Japan Credit Bureau, and China Union Pay, all of which have signed agreements with local banks.

Ladies and Gentlemen,

With a view to promoting greater economic integration in the Greater Mekong Sub-region (GMS), Myanmar, Cambodia, Lao PDR, Thailand, Viet Nam, and Yunnan Province of China have been involved in the GMS Program launched in 1992, and their purpose is to enhance economic linkages across these countries' borders. It is also important that connectivity with Greater Mekong Subregion in its all dimension to be a strategic priority for GMS and it is also plays a vital role in strengthening cross-sub-regional economic integration. It is rightly point 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.

To do so, the government is preceding 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.

Myanmar has taken important steps toward creating an environment conducive to private investment. These reforms have contributed to a surge in foreign direct investment (FDI), particularly in telecommunications, and oil and gas sectors.

Moreover, Myanmar requires large-scale infrastructure investments in power generation, transportation, special economic zones, and resource development, as well as other supporting infrastructure, to realize its long-term growth and development. Given the limits on government resources, financing will have to come mostly from the private sector, particularly through public-private partnerships (PPP). Private participation in infrastructure is intended to provide new options for public service delivery and to introduce private sector efficiency and innovation and public-private cooperation comes into play.

Ladies and Gentlemen,

Since Myanmar is endowed with oil and gas, geothermal and renewable energy sources, our energy sector has incredible potential that will not only benefit investors, but the Myanmar people as well. Since 2011, offshore and onshore oil and gas blocks have been awarded to major oil and gas companies, and international businesses and financial institutions, including the Asian Development Bank (ADB), have sought power generation opportunities throughout the country.

The government has since made power generation a priority, and is open to foreign investors who can help rebuild the sector. The Myanmar National Electrification Plan aims to achieve 100% electrification by 2030. Myanmar is working on 17 new power plant projects that are due for completion by 2016, 10 others were completed between 2013 and 2014, and there are plans to construct another 87 power plants that can supply 54,608 MW of installed capacity. Furthermore, electricity is also a crucial infrastructural need for education and healthcare sectors. As such, we have tried to the best of our ability to improve the performance of the electricity sector.

Meanwhile the government has tried to increase the amount of foreign investment in the power sector. Multilateral financial institutions such as the World Bank, ADB, and IFC have planned projects or loans for power generation. Foreign investors from Singapore, Thailand, China, the U.S., Japan, the U.K., Norway and other European and Asian countries are working in the energy sector, including in the oil and gas, coal, and hydropower industries.

Ladies and Gentlemen,

We have initiated a reform process to improve its legal and regulatory framework for investment to create a more favorable investment climate in Myanmar. In this regard, Myanmar Companies Act (1914) has been revising to be 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 Citizen's Investment Law (CIL) with the assistance of IFC. MIC has conducted several meetings for internal consultation among stakeholder.

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. In the 2014-2015 fiscal year, Myanmar's economy, augmented by the large investments, especially Foreign Direct Investment (FDI) worth \$ 8.01 billion, and it is beyond the targeted amount of Long Term Foreign Direct Investment Plan, which is expected to have US\$ 4 billion last year. The increase in commodity exports, natural gas production, and tourism present the government's ambitious structural reform programme.

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.

Last but not least, I wish to thank again Mr. Tony Shale, Chief Executive Officer, Asia, Euromoney Institutional Investor and his team, Myanmar Investment Commission for your great efforts in putting this forum together. I would also like to thank our business friends, who take enormous enthusiasm in attending this event.

To conclude, let me wish the forum a complete success!

I thank you.