

Keynote Address

By

H.E. U Maung Maung Win

Deputy Minister

Ministry of Planning and Finance

At the

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Excellencies, Union Ministers, Deputy Ministers,

Mr. Tony Shale, Chief Executive Officer, Asia, Euromoney

Institutional Investor,

Distinguished Speakers, Esteemed Guests, Ladies and Gentlemen,

Good morning,

It is an honor and a pleasure for me to welcome all of you to the 6th Myanmar Global Investment Forum here in Nay Pyi Taw that is jointly organized by Myanmar Investment Commission and the Euromoney Institutional Investors (Asia). This forum offers a unique opportunity to showcase the vast range of investment opportunities in Myanmar.

Ladies and Gentlemen,

As you are well aware that international community sees Myanmar as a new economic frontier since it has been opened up more to foreign businesses and undertaken a series of economic

reform measures. Myanmar's potential for growth and development is unprecedented. Therefore, Myanmar can exploit several strengths and opportunities to accelerate its transition to an open market economy.

Additionally, The Economic outlook for Myanmar is favorable for businesses. According to The Asian Development Bank, Myanmar's economic performance should improve, with GDP growth at 7.7% in 2017 and 8% in 2018. The World Bank also forecasts that Myanmar's economy will grow an average of 7.1 percent per year in the next three years, as inflation pressures are expected to ease and private and public investments in infrastructure services and non-commodity sectors, such as light manufacturing and hospitality, are forecast to grow.

Ladies and Gentlemen,

Myanmar's new government took steps to improve the clarity, communication and credibility of its economic policies. An economic vision building on the 12-point economic policy issued last July, complemented by regular reporting on near term economic policies and conditions could help anchor economic expectations and sustain investor confidence. Moreover, our National Economic Policies emphasize equitable development through inclusive and sustainable growth. 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.

National reconciliation and job creation are set as basic elements of the policy which guarantees nationwide equitable development. It also welcomes and promotes responsible investments in Myanmar.

To achieve the goals, we revealed 7-points Investment Policies last year. “Credible dispute settlement procedures, Protection to rights of investors in accordance with laws such as fund transfer, encouraging responsible investment and reliable banking system are the essence of the policies.

Ladies and Gentlemen,

Myanmar is undergoing profound and rapid change, and it is today emerging as one of Asia’s most sought-after investment destinations. As an emerging economy, Foreign Direct Investment (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 a favorable investment environment along with sound macroeconomic reform measures.

In addition, since FDI plays an important role in the economic development of Myanmar, macroeconomic stability is very crucial for sustainable growth and FDI inflow. Therefore, we have emphasized on prudent fiscal policy through financial management.

In shaping the enabling business environment for private sector development, a series of reform measures are being undertaken in the investment arena. Recognizing the important role of a stable and predictable legal framework to boost investment in a country, the

Government of Myanmar has undertaken a series of reforms to create favorable business climate.

Among the regulatory reforms, I would like to highlight here is the enactment of Myanmar Investment Law in October 2016 with well-designed dispute settlement mechanism. Investment Rules and Regulations were issued in April, 2017 accordingly. The Myanmar Investment Law is composed of twenty three chapters. The most significant elements 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 a grievance mechanism whereas the previous law did not mention it.

Furthermore, taking into consideration of the importance of the corporate landscape in Myanmar, we have drafted the Myanmar Companies Law with the assistance of the Asian Development Bank in order to streamline procedures and to lower the compliance costs.

Moreover, the Foreign Direct Investment Promotion Plan (FDIPP) has been implementing with the assistance of the Japan International Cooperation Agency (JICA). FDIPP aimed for a quick win with a projected increase in FDI to a target amount of 4 billion. In the medium term (2016-2020) stage-II of the plan – to strengthen economic and investment base to reduce poverty - is targeted to generate US\$ 6 billion per year. The first part of long term FDIPP (2021-2025) will carry out the stage-III of the plan - Implementation of mega projects, strengthening connectivity - is targeted to generate

US\$ 8 billion per year. The second part of the long term (2026-2030) plan will implement the stage-IV - higher level of diversification and upgrade of production base - FDI is expected to increase to the target amount of US\$ 11 billion per year. The FDIPP is continually updated in accordance with new investment law and regulation and will become Myanmar Investment Promotion Plan (MIPP) in the near future.

In the current fiscal year, the pledged FDI amount has already reached US\$ 3,500 million, a considerable increase compared to the same time of the previous year when FDI inflow was US\$ 400 million.

Ladies and Gentlemen,

It is no doubt 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.

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.

Moreover, the Central Bank of Myanmar CBM's foreign currency auctions are currently run daily, and a new foreign currency law was put in place, removing restrictions on current account flows while preserving capital controls. The CBM also design and implement a new monetary policy framework targeting reserve money, and to develop basic policy instruments and forecasting

capacity with the assistance of IMF. In September 2016, the government launched a T-Bond auction. Reserve requirements have also been reformulated, and recently started to be enforced. The bulk of the existing paper-based government bonds were de-materialized and transformed into standardized tranches to facilitate the development of liquid benchmark bonds, with maturities to November 2020. The CBM now has a set of basic instruments and procedures which it could use to conduct effective monetary policy.

Key achievements have included new legislation to establish an autonomous CBM with clearer authority for licensing, supervision and regulation of banks, and monetary policy, in line with a new mandate for price and financial stability. With technical assistance from the World Bank and the IMF, a new Financial Institutions Law (FIL) was adopted in 2016, and a set of core prudential regulations prepared and some issued. Significant progress has also been made in bank supervision, including the near completion of full-scope examinations of the commercial banks and one state-owned bank. The CBM recently issued instructions on the financial penalties to apply to banks which do not comply with the recalibrated reserve requirements, a key step for enforcement.

Ladies and Gentlemen,

Electric power supply is one of the major challenges in Myanmar to boost investment. Therefore, The Government of Myanmar has identified electricity as a top priority for our country's development. With the economic transformation, demand on electric power is growing rapidly. Hence, Government of Myanmar has

placed emphasis on embarking reforms in energy sector. Therefore, the Myanmar National Electrification Plan (NEP) aims to achieve 100% electrification by 2030 will involve a total capacity of 24,000 MW of electricity generating capacity, requiring vast infrastructure investment in power sector.

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.

Taking into consideration 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 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.

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. Nevertheless, we also need to attract more Foreign Direct Investment to create the economic climate 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 in hosting this most successful forum.

I thank you.