



## Myanmar Roundtable: Understanding the Changes, Realizing the Opportunities 9-10th July 2012, Kuala Lumpur



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The research mandate of ISIS therefore spans a wide area. It includes economics, foreign policy and security studies, social policy, and technology, innovation, environment and sustainability.

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- Council for Security and Cooperation in Asia and the Pacific (CSCAP);
- Network of East Asian Think Tanks (NEAT); and
- Pacific Economic Cooperation Council (PECC).

It is also a partner institute of the World Economic Forum (WEF).

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# Myanmar: Opening its Links to the Region and the World

*In Session One of the Myanmar Roundtable 2012, the Speakers were **Mr Ye Min Aung**, Secretary General, Myanmar Rice Industry Association (MRIA) / Central Executive Committee Member, Union of Myanmar Federation of Chambers of Commerce & Industries (UMFCCI) and **Dr Bridget Welsh**, Associate Professor of Political Science, Singapore Management University. **Dato' Dr Mahani Zainal Abidin**, Chief Executive, ISIS Malaysia, moderated the session. ISIS Analyst **Shahnaz Sharifuddin** reports.*

**Mr Ye Min Aung** said in his presentation that since the present government came to power in the widely-criticized elections of 2010, it has moved rapidly to open up discussions to pursue peace with ethnic minorities, devolve power to the national and regional parliaments, and establish the independence of the legislative, executive and judiciary bodies.

Myanmar is still a very poor country, cut off from the outside world for many decades. It needs a settlement to conflicts, as well as national reconciliation. It is a long way from creating a modern and capable state sector, a competitive private sector and a political-economic system that reflects popular aspirations.

While the new government has undertaken or put forward many initiatives to reform the economy, its seriousness is underlined by the President's announcement of the National Roadmap for Poverty Alleviation; previously, the word 'poverty' itself was never used due to the government's sensitivities.

The new government's five-year plan aims for the following:

- 7.7 per cent annual GDP growth;
- Decreasing the contribution of the agricultural sector to the economy from 36-37 per cent to 29 per cent of GDP;
- Increasing the contribution of the industrial sector from 26 per cent to 32 per cent of GDP and that of the



**Ye Min Aung**

services sector from 37.6 per cent to 38.7 per cent of GDP;

- Increasing the per capita income by 170 per cent to 300 per cent (Myanmar aims to reduce its poverty level from the current 26 per cent to 16 per cent by 2015); and
- Ensuring equal opportunities for all states and regions.

Myanmar's economy grew 5.5 per cent in 2011 and 5.3 per cent in 2010, led by government spending. Its expected growth in 2012 is 6.2 per cent. Inflation declined to 4.2 per cent in 2011 from 7.7 per cent in 2010 and the central bank lending rate decreased from 12 per cent to 10 per cent. Still, Myanmar requires strong fiscal and monetary management, as well as large capacity-

building for the banking system, which is still very primitive; foreign investment is led by China, South Korea and Japan, particularly in the power, and oil & gas sub-sectors; the government believes it should promote foreign investment into the agricultural sector (currently less than 1 per cent); the current account deficit widened to 4.3 per cent of GDP in 2011 as volatile commodity prices and Kyat appreciation constrained exports (although the exchange rate has depreciated a little to 880-870 Kyat/US Dollar).



From left: Bridget Welsh and Mahani Zainal Abidin

Myanmar's Growth Commission's 7-point proposal includes creating the following:

- A stable macro-economy and a fairly valued exchange rate;
- A high level of savings and investments;
- Connections to the world economy via trade, capital flows and ideas;
- The use of markets to allocate most spending and investment;
- Effective and honest governance at all levels;

***... Myanmar requires strong fiscal and monetary management, as well as large capacity-building for the banking system, which is still very primitive ...***

- Investments in health and education to create a high-quality labour force; and
- Equality of opportunity.

To that end, the government is making peace settlement and national reconciliation its top priorities. It is opportune then that Myanmar is gaining international recognition, sanctions are being lifted from it and diplomatic relations are being restored. At the same time, inclusive economic development promotes peace. As such, there is a need to continuously take development to the regions of the ethnic minorities. The government's inclusive economy agenda is focused on three areas: to institute new laws and regulations promoting the competitiveness of the private sector; to promote foreign investments; and to expand exports.

The government has also outlined five priority action areas: expanding productive capacity in energy, infrastructure and the private sector; agriculture and rural economy development; promoting trade; human and social development (education and training, capacity-building, water and sanitation, social welfare & protection); and good governance at all levels.



*... the most immediately apparent of the changes taking place is the greater degree of press freedom, although some points of censorship are still under review for lifting*

The first priority action area involves a focus on the following:

- Increasing value addition in natural, resource-based industries;
- Increasing electricity output and expanding the grid to the rural areas, as well developing other rural infrastructure;
- Bridging the digital divide;
- Developing to a competitive-critical mass in the agricultural sector and a system that is resilient to market shocks; and
- Improving banking and insurance facilities for the private sector.

Generally, there is 'cautious optimism' about Myanmar's future as, although its progress to date is believed to be 'irreversible,' the future of its political processes requires a lot of support and recognition from the international community, which is currently very slow in coming.

**Dr Bridget Welsh** said that the changes in Myanmar are real and substantive. The transition in the discourse in political science is largely that of pact-making. The key turning point in present development occurred in August 2011, with the meetings between Aung San Su Kyi and President Thein Sein, seeking to reach an accommodation to work collaboratively towards the country's future. That is, the changes are at the elite-level, which throughout Myanmar's history has been where changes needed to occur.

These changes have their roots in the preceding changes that occurred over the last decade, during which time outside players played vital roles. One such player was Tan Sri Razali Ismail who, in the early 2000's, helped open up the country and Asean, in the Cyclone Nargis crisis.

On the ground, the most immediately apparent of the changes taking place is the greater degree of press freedom, although some points of censorship are still under review for lifting.

The diffusion of political power is also apparent, with a lot of the power that was previously centred about President Than Shwe now flowing towards the parliaments (national and regional) and government ministries.

It is also apparent that there is a gradual reduction in the role of the military, even if many of the members of the government come from the military (and this will be the case through the immediate future as the military is in the elite-strata of society).

Another change that is apparent on the ground is the broader political opposition in the legislature; even if they currently make up only a minority in the parliaments, their growing number is undeniable.

The engagement of Myanmar with the West is also increasing and they are openly discussing a wider variety of issues in public. Within Myanmar, the fear of having open discussions is clearly dissipating.

*... opposition to changes in Myanmar is coming from those who are resistant to the pace of the changes, and those resistant to the nature of the changes ...*

The reform in Myanmar is a top-down process and the key individual in this process is President Thein Sein — he is seen as sincerely committed to the process and has gained the trust of the other actors. Myanmar's transition is a win-win and not a zero-sum liberalization process. However, the process has a complicated future when the trade-offs will result in some losers and some winners. The process cannot be reversed to its previous state, but it could take a different trajectory i.e. there may not be a continuous liberalization process — some autocratic episodes may intervene.

The opposition in Myanmar is much larger than just the NLD — two other important opposition groups are the Generation 88 and ethnic leaders. In many cases, the opposition have actually joined the reform process. On the other hand, opposition to changes in Myanmar is coming from those who are resistant to the pace of the changes, and those resistant to the nature of the changes — they are within the system, in the military and in the bureaucracy.

Myanmar is a democratizing country but is not yet a democracy (at least not until the next general elections scheduled for 2015). As such, it will have to — sooner or later — deal with issues such as holding people responsible for human rights abuses that occurred under the previous regime, displacement of the old elite, and corruption.

There are five conflicting currents and sources of contention in Myanmar.

One is corruption. While the government acknowledges it and is addressing it as a problem, it is endemic in Myanmar society. Another is power diffusion — decision-making still has to go through the president and he has a challenge getting others to follow his decisions. Furthermore, he has only one 10-year term as president. Therefore, he requires continued support as he goes further into his term. This is

*... the West is a part of the problem in that their near-deification of Aung San Su Kyi is not helping the dynamics of the challenges of personalities*

more so as the diversity of influential actors contending for power grows and the process of political reform becomes more fragmented.

Another conflicting area is that of dealing with ethnic minorities. While the government has had many successful initiatives within the past two years, especially in dealing with the Karins, problems do exist, especially in Rakhine State, and involve different communities i.e. the Buddhist Rakhine and the Muslim Rohingya.

There is also the issue of statelessness and a lot of tension on how to accommodate the different actors from the peripheral areas. In Kachin State, solving the problem will require a more holistic approach than a peace agreement. Generally, many members of parliament for the regions of ethnic minorities are not seen as truly representing the communities they come from. Therefore, broadening ethnic representation is a real challenge.

While many new reform laws have been passed or tabled, the real challenge is in fact in the implementing of those laws i.e. to instill in society and the bureaucracy an understanding of those laws, to get their buy-in.

There are challenges in governance — in meeting expectations, in prioritization, in building institutions, in strengthening the political will within the system and in moving the military into a more professional organization.



*Participants at the Roundtable*

There are also the challenges of personalities, which have been persistent throughout Myanmar's history. This means that the relationship between Aung San Su Kyi and Thein Sein is very important, as is that between the NLD and the government. In this regard, the West is a part of the problem in that their near-deification of Aung San Su Kyi is not helping the dynamics of the challenge of personalities.

Despite all the challenges, there is reason to remain cautiously optimistic about Myanmar's future, especially the political will that exists to push the reforms. Myanmar needs an imperative for international engagement because it cannot do it without help in the form of technocratic expertise. And while changes in Myanmar need to happen fast, everyone needs to have patience and to appreciate that there is a steep learning curve.

## Unleashing Myanmar's Potential: Agricultural Perspective

**A**t Session Two of the Myanmar Roundtable, **Mr Ko Ko Lay**, Deputy Director, Directorate of Trade, Ministry of Commerce, Myanmar, spoke on Trade Opportunities of Myanmar while **Dr Tin Htut**, Rector, Yezin Agricultural University, Myanmar, addressed the issue of 'Unleashing Myanmar's Potential – Agricultural Perspective.' The Session was chaired by **Mr Steven Wong**, Senior Director, ISIS Malaysia. ISIS Analyst **Zarina Zainuddin** reports.

Presenting basic trade data on Myanmar, **Mr Ko Ko Lay** said that Myanmar's exports were mainly agricultural and primary products, while manufacturing goods made up the bulk of its imports. Myanmar's trade was mainly with the Asian countries of Asean, China and India (see Tables 1 and 2) and focused on serving the best interests of its citizens. Lay listed the four objectives of Myanmar's foreign trade, as follows:

- To increase trade volume;
- To encourage private sector development in accordance with the market-oriented economic system;
- To expand the market share of Myanmar products in world markets through collaboration with international organizations; and
- To provide support and necessary assistance for trade facilitation.

Malaysia was Myanmar's third largest Asean trade partner until Fiscal Year (FY) 2010-2011, although Indonesia is expected to edge Malaysia out this year. Malaysia's total trade for FY2010-11 amounted to US\$583.1 million, its trade composition mirroring Myanmar's general trade pattern (see Table 3).

The new Myanmar government, said Lay, is embarking on reform measures covering all sectors, including trade. These efforts are aimed at facilitating trade activities, including allowing the import of important commodities such as fuel, edible palm oil and motor vehicles, the abolishing of commercial taxes on export earnings, and the implementation of the automatic licensing system.



*From left: Ko Ko Lay, Steven Wong and Tin Htut*

As for future activities, Lay said efforts are being made to ensure continuing growth, contribution of trade to the economy, and development and support of private sector participation, restructuring of trade-related departments and organizations, the review and promulgation of laws and procedures and the increasing of border trade points between Myanmar and its neighbours.

Myanmar faces many challenges. For example, its economy is heavily dependent on its agriculture sector. While prices of agricultural products are going down, costs of production are increasing. Agriculture inputs and labour costs are relatively high. The government has responded to these challenges by implementing several measures, such as increasing support to farmers by providing better quality seeds, increasing access to credit, seeking foreign investments, developing the rice industry and increasing access to new markets. In order to sustain these reform efforts, Myanmar will need a lot of assistance such as financial (grants, aid etc) and technical assistance and technology transfer, as well as assistance in capacity-building.



**Table 1**  
**Foreign Trade of Myanmar from 2009 - 2012 (US\$ Million)**

Sr. No.	Fiscal Year	Export	Import	Volume of Trade	Balance of Trade
1.	2009-2010	7586.94	4181.40	11768.34	(+) 3405.54
2.	2010-2011	8861.01	6412.73	15273.74	(+) 2448.27
3.	2011-2012	9135.60	9035.06	18170.66	(+) 100.54

On the other hand, Myanmar has rich natural resources, a high literacy rate and a huge labour force. All these, combined with the reform in all sectors of Myanmar's economy, present plenty of opportunities for those who are willing to avail of them. In this context, Lay invited Malaysians and other foreign investors to visit Myanmar and take advantage of the opportunities.

The second speaker, **Dr Tin Htut** focused mostly on the agricultural sector and agriculture institutions. Like the first speaker, he was happy and hopeful about the comprehensive reforms undertaken by Myanmar's elected government, in particular its goal of being an agriculture-based, industrialized nation. The agriculture sector currently contributes about 32 per cent to Myanmar's GDP, employing around 60 to 70 per cent of the work force.

Increasing agricultural productivity and rural development are the keys to Myanmar's development plans. However modernizing the agriculture sector is not an easy task: the land-man ratio is about 0.43ha/capita with average agriculture holdings at about 2.5 ha, and the ratio of irrigated land to agriculture at around 18.1 per cent. There is much room for growth in agriculture (as Table 4 indicates): Myanmar's land use and level of mechanization is well below that of the rest of Asia.

Given the prominence of the agriculture sector, Tin Htut contended that efforts to alleviate poverty would only come about through rural development policy with measures focusing on increasing productivity, know how, diversification, market-oriented production, effective micro-finance and loan programmes, and better management practices.

Five key elements are needed for doubling farm income. They are:

1. Ensuring profits and sustainable markets for crops and crop products;
2. Using marketable crop varieties and good quality seeds;
3. Applying good agricultural practices and best management practices;
4. Utilizing chemical fertilizers and manure along with other inputs efficiently, and
5. Saving on seed, and reducing production and transaction costs.

*The agriculture sector currently contributes about 32 per cent to Myanmar's GDP, employing around 60-70 per cent of its work force*

Table 2  
Myanmar's Foreign Trade: 2009 — 2012

From 2009-2010 to 2011-2012										A/U - US \$ Million	
Sr. No.	Country	FY 2009-2010			FY 2010-2011			FY 2011-2012			
		Export	Import	Total	Export	Import	Total	Export	Import	Total	
1.	Asian Countries	7059.101	3879.235	10938.336	8411.525	5785.213	14196.738	8584.056	8110.820	16694.876	
	(a)ASEAN	4141.030	1922.137	6063.167	3930.840	2840.600	6771.440	4676.692	4020.570	8697.262	
	(1)Brunei	0.750	0.030	0.780	0.370	-	0.370	1.330	0.020	1.350	
	(2)Cambodia	-	0.180	0.180	0.040	1.360	1.400	0.360	1.110	1.470	
	(3)Indonesian	37.430	140.070	177.500	41.110	275.490	316.600	40.940	431.820	472.760	
	(4)Laos	-	-	-	0.020	-	0.020	0.030	-	0.030	
	(5)Malaysia	152.610	159.520	312.130	437.800	145.320	583.120	152.040	303.410	455.450	
	(6)Philippines	27.210	14.160	41.370	22.300	16.970	39.270	34.320	14.640	48.960	
	(7)Singapore	670.410	1202.190	1872.600	456.990	1645.320	2102.310	542.750	2516.130	3058.880	
	(8)Thailand	3197.870	378.677	3576.547	2905.180	709.090	3614.270	3823.832	691.150	4514.982	
	(9)Vietnam	54.750	27.310	82.060	67.030	47.050	114.080	81.090	62.290	143.380	
	(b)Other Asian Countries	2918.071	1957.098	4875.169	4480.685	2944.613	7425.298	3907.364	4090.250	7997.614	
	(1)Bangladesh	69.336	11.442	80.778	125.024	11.611	136.635	70.585	14.220	84.805	
	(2)China(PRC)	634.968	1258.091	1893.059	1203.560	2168.522	3372.082	2214.300	2786.840	5001.138	
	(3)Hong Kong	947.700	10.880	958.580	1894.690	8.440	1903.130	41.470	9.710	51.180	
	(4)India	1013.137	193.515	1206.652	781.591	195.460	1067.051	1045.989	325.380	1371.369	
	(5)Japan	177.350	259.110	436.460	237.430	256.330	493.780	320.200	502.170	822.370	
	(6)Korea(ROK)	75.580	224.060	299.640	148.390	304.230	452.620	214.820	451.930	666.750	
2.	European Countries	132.050	96.340	228.320	120.880	161.980	282.860	131.520	253.170	384.690	
3.	USA	2.560	18.520	21.080	2.210	59.470	61.680	29.450	263.620	293.070	
4.	Others	393.230	187.300	580.530	326.390	406.070	732.460	390.580	407.453	798.033	
	Total	7586.941	4181.395	11768.336	8861.005	6412.733	15273.738	9135.604	9035.063	18170.667	

**Table 3**  
**Myanmar - Malaysia Trade by Commodity**  
**from 2009 - 2012 (US\$ Million)**

Sr. No.	Description	FY 2009-2010	FY 2010-2011	FY 2011-2012
<b>1.</b>	<b>Export</b>	<b>152.610</b>	<b>437.800</b>	<b>152.040</b>
	Agricultural Products	111.750	128.637	85.330
	Forest Products	2.917	3.632	4.317
	Animal Products	0.093	0.816	0.145
	Mineral Products	8.396	3.000	0.375
	Marine Products	20.270	22.173	36.505
	Manufactured Goods	7.520	7.694	6.638
	Others	1.664	271.848	18.730
<b>2.</b>	<b>Import</b>	<b>159.520</b>	<b>145.320</b>	<b>303.410</b>
	Capital Goods	21.968	25.558	39.632
	Industrial Raw Materials	57.437	53.154	65.229
	Consumer Goods	80.115	66.608	198.558
<b>3</b>	<b>Total</b>	<b>312.130</b>	<b>583.120</b>	<b>455.450</b>

The agriculture sector in Myanmar is under the purview of the Ministry of Agriculture and Irrigation (MOAI) which houses twelve departments, including the Department of Agriculture Planning, Department of Irrigation, the Myanmar Agriculture Development Bank, Agricultural Mechanization Department and Yezin Agricultural University. Tin Htut identifies the three important tasks of MOAI as seed sector development, training and education, and research and development.

In going forward, it is also important for the MOAI departments and operations to undergo comprehensive reform so as to nurture and cultivate 'good institutional practices and culture.' Such reform, said Tin Htut, should include bottom up initiatives while taking into consideration

factors such as Human Resource Development (HRD), loans and financial assistance, time frames, and technical assistance.

Myanmar should take note of the changing paradigm in agriculture, particularly in areas such as knowledge-based agriculture, adaptation to the reality of climate change, bio-energy development, etc. As the participation of the farming community is vital for the transformation of Myanmar's agriculture sector, agriculture institutions should play a leading role in the new agriculture paradigm by:

- Providing leadership, management and planning skills;
- Providing training to instill awareness about natural resource management;

- Producing well-trained graduates;
- Collaborating in universities-networks and research-institutions-networks;
- Initiating new trends in research based on problems of farmers on the field; and
- Participating in National Policy Research (NPR).

However, there are several constraints that will impede the development of educational institutions. These include shortages of well-trained scientific and technical staff, the possibility of government budget cuts, low levels of funds for operational expenses, low salaries as well as poor incentives for research staff, inadequate personnel management procedures and policies, and inadequate research priorities setting, planning and programming.

These challenges can be met by improving, strengthening and enhancing the teaching and research environment as well as the

bureaucratic processes within the agriculture institutions. The links and cooperation between agriculture institutions and those between agriculture institutions and relevant government agencies should also be enhanced and strengthened.

Tin Htut said Myanmar also needs external help, both in bilateral and multilateral form, to realize its full potential. Help is needed not only in agricultural HRD, but also in rural development, and in economic growth. Foreign aid that is focused on agricultural HRD, as well as on 'promoting public education for democratic practices,' is particularly welcome.

In conclusion, Tin Htut reiterated key strategies for Myanmar to achieve its full potential: prioritization; skills-building; developing good institutional practices and culture; improving interconnectivity; and well-formulated investment strategies.

**Table 4**

<b>Land Potential</b>			
<b>Land Use among neighbor countries</b>			
<i>Country</i>	<i>Total land area (million Acres)</i>	<i>Agricultural land (million Acres)</i>	<i>Percent</i>
<b>World</b>	<b>32,132</b>	<b>3,773</b>	<b>11.7</b>
<b>Asia</b>	<b>8,348</b>	<b>1,329</b>	<b>15.9</b>
<b>Myanmar</b>	<b>167</b>	<b>30</b>	<b>17.9</b>
Thai	126	47	36.9
Vietnam	77	23	30.4
Indonesia	448	92	20.5
Malaysia	81	19	23.1
Philippines	74	25	34.5
Laos	57	3	5.8
Cambodia	44	10	23.0
China	2,305	303	13.1
Bangladesh	32	21	66.8
India	735	418	56.9

*Source: Myanmar Agriculture in Brief (2010)*



## Myanmar's Business and Investment Opportunities

**A**t Session Three of the Myanmar Roundtable, the speakers were **Mr Ye Min Aung**, Secretary General, Myanmar Rice Industry Association (MRIA), **Mr Aung Naing Oo**, Director-General, Directorate of Investment and Company Administration (DICA), Ministry of National Planning and Economic Development (MNPED) and **Mr Than Htut**, Director, Eden Group of Companies, Myanmar. **Dr Larry Wong**, Programme Director of TIES, ISIS Malaysia moderated the session. ISIS Senior Analyst, **Firdaos Rosli** and ISIS Director Information Services, **Susan Teoh**, report.



From left: Ye Min Aung, Larry Wong and Than Htut

The first speaker, **Mr Ye Min Aung** spoke on the topic of 'Recent Developments in the Agriculture and Agro-based Industry of Myanmar'.

The objectives of his paper were to:

- Highlight recent developments in Myanmar, in relation to concerted efforts to increase productivity for sustainable self-sufficiency of the country and to establish Myanmar as a major player in the global market;
- Elaborate on some of the key drivers — public-private partnership, opportunities for foreign and local investment, and comprehensive supply chains — which are all at various stages of implementation.

The premise of his paper was that Myanmar is slowly but surely getting right the basics and balance for sustainable food security and hence is well-positioned to realize key potentials, as well as opportunities for economic development.

Agriculture is the highest economic activity in Myanmar, accounting for 43 per cent of its gross domestic product (GDP); 70 per cent of its labour force is in agriculture. Agriculture and agro-based industry is mainly undertaken by the private sector. There is very little or minimum intervention by the government. The private sector is also very active in agro-based industry development activities, with the establishment of several important agricultural associations.

Myanmar's agro-based food industry constitutes over 70 per cent, as regards both volume of production, and number of industries. It also employs the largest number of workers. Out of a total of 43,239 registered members of private industries, food industries account for 35,827. The largest food industry members are rice mills, bean processing mills and oil mills.

Amongst the recent developments in Myanmar's agriculture and agro-based industry was the formation of specialization companies in major production sectors. Experienced exporters, in partnership with local traders, millers or processors, participated in the process, aimed at attaining a more comprehensive, inclusive and effective supply chain mechanism, with the ultimate intention of transforming the companies into public companies.

The government has made some changes in its trade environment, such as reducing commercial and income tax for exports from 10 per cent to 0 per cent (except for some 18 special commodities); reducing cargo inspection stations at border checkpoints; liberalizing the documentation process for trade procedures; and introducing an online licensing system.

He concluded that Myanmar is on the right track in its agriculture and agro-based industry policy and that there are abundant opportunities for investors in this area.

The second paper, by **Mr Aung Naing Oo**, titled 'Investment Environment of Myanmar: An Emerging Frontier,' was read by **Dr Larry Wong**.

Myanmar is the largest country in mainland Southeast Asia, with an estimated population of 60 million. Coupled with a huge supply of labour, this beautiful country is also blessed with natural resources such as water (its river system originates in its own territory); energy, gem stones, the best rubies in the world, jade, semiprecious stones, copper, gas, oil, coal, iron, gold, fishery and forest products, besides

many others. In food production, it is number two in the world in pulses and beans, and a major exporter of rice and beans. It is also blessed with a young working population.

Myanmar opened its doors to foreign direct investment (FDI) with the enactment of the Foreign Investment Law on 30 November, 1988. It should be noted that the FDI is mainly in the energy and mining industries, which account for about 90 per cent, while agriculture is very small. Myanmar is encouraging FDI into the agricultural sector (see Table 1).

According to Myanmar's Directorate of Investment and Company Administration, the country received more than US\$40 billion in FDI since 1989. Of this, 88 per cent is in the power, oil and gas, and mining sectors. These sectors, and the manufacturing sector, require a good talent pool.

But according to Myanmar's official statistics, Malaysia, which brought in the country's 4<sup>th</sup> largest FDI during the period 1989-2001, has dropped to 7<sup>th</sup> place in 2012, below countries such as China, Hong Kong and Korea, that had previously less than half of Malaysia's investment in Myanmar. Malaysia has to reposition itself with Myanmar in order to revitalize its investment or risk losing its edge in this resource-rich country (see Table 2).

At the time of writing, Myanmar's updated Foreign Investment Law is still stuck at the lower house, as it has been since early this year. The law is being redrafted, as it could potentially injure local industry, by offering huge investment concessions to foreign investors. The new draft, however, is now being criticized as one that benefits Myanmar's tycoons, who have dominated the economy till today.

A clear policy direction will yield positive results, as it will streamline the priorities and work processes of various stakeholders, towards a common goal.

Table 1: Foreign Investment of Permitted Enterprises since 1989 (as of 31 April 2012)

Industries	No. Projects	Amount (US\$ mil)	Percentage
Power	5	18,873.72	46.37
Oil and Gas	109	14,063.07	34.55
Mining	66	2,814.36	6.92
Manufacturing	164	1,760.70	4.33
Hotel and Tourism	45	1,064.81	2.62
Real Estate	19	1,056.45	2.60
Livestock & Fisheries	25	324.36	0.80
Transport & Communication	16	313.91	0.77
Industrial Estate	3	193.11	0.47
Agriculture	7	173.10	0.43
Construction	2	37.77	0.09
Other Services	6	23.69	0.05
<b>TOTAL</b>	<b>467</b>	<b>40,699.05</b>	<b>100.0</b>

Source: Directorate of Investment and Company Administration, Myanmar

Table 2: FDI in Myanmar

No.	Country	1989-2001	Country	1989-2012
1	UK	1380	China	13947
2	Singapore	1351	Thailand	9568
3	Thailand	1187	Hong Kong	6308
4	Malaysia	599	Korea	2938
5	USA	583	UK	2659
6	France	470	Singapore	1818
7	Indonesia	239	Malaysia	977
8	Netherland	238	France	469
9	Japan	229	USA	243
10	Korea	156	Indonesia	241
11	Phillippines	147	Netherland	238
12	Hong Kong	144	Japan	211
13	China	67	India	189
14	Canada	64	Phillippines	146
15	Others	243	Others	472
	<b>Total</b>	<b>7097</b>	<b>Total</b>	<b>40424</b>

Source: Directorate of Investment and Company Administration, Myanmar



*Participants at the Roundtable*

Aung highlighted promising sectors that Myanmar is keen in attracting FDI to. These are:

- The natural resources sector, which includes food processing (agriculture and fisheries), mineral processing (mining resources), wood processing (forestry) and petrochemicals (oil and gas resources).
- Labour resources — garment and electronic parts assembly;
- The services sector — the hotel and tourism industry, logistics and real estate.

He concluded by quoting from President Thein Sein, 'We will open doors, make reforms and invite investments as necessary for the development of the nation and the people.'

The third speaker, **Mr Than Htut**, gave a private sector perspective of Myanmar's business and investment opportunities. He listed the various business areas of his company, Eden Group Co. Ltd. — construction, energy, hotels and resorts, trading, banking and agriculture.

He echoed the views of the other presenters that Myanmar has great potential because it is blessed with many natural resources. He added that due to the country's natural resources, production industries could get cheaper raw materials.

With the recent political and democratic reforms, Myanmar hopes sanctions will be lifted and foreign investments will pour in. In early 2012, the United States, Australia, United Kingdom and parts of Europe lifted their sanctions towards Myanmar.

However, there are still challenges which the government has to deal with. Some of these include:

- Unresolved conflicts with ethnic minorities in certain parts of the country;
- Infrastructure deficiencies with regards to FDI and international trade;
- Lack of transparency in the government's plan for development of various sectors;





From left: Than Htut, Ko Ko Lay, Bridget Welsh, Larry Wong, Ye Min Aung and Tin Htut

- Poverty, especially in rural areas;
- Lack of financing and access to banking facilities; and
- Low power supply.

However, there are many opportunities in the country for investors. The 60 million population provides a potential consumer market for investors. Labour cost is low and because the country has just opened its doors, there are business opportunities in all sectors of the economy — agriculture, banking, construction, mining, finance, tourism, etc.

Myanmar is strategically located geographically as it shares its border with five

countries. With the development of four new ports, the country has now become more accessible.

US Secretary of State, Hillary Clinton, on 17 May 2012, encouraged the US to invest in Myanmar, saying: 'Today we say to American business: invest in Burma and do it responsibly; be an agent of positive change and be a good corporate citizen; let's all work together to create jobs, opportunities, and support reform.'

Than Htut ended by inviting investors to Myanmar now.



**Towards a Green Economy: In Search of Sustainable Energy Policies for the Future**

Edited by Adnan A Hezri and Wilhelm Hofmeister

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and ISIS Malaysia

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The transition to sustainable energy systems is still at an embryonic stage. As this energy transition involves hard choices politically, economically, and technologically, countries can benefit from a comparative lesson-drawing across geographical divides. In thirteen chapters, this book documents the vagaries of problem framing and policy responses by nine countries, all of which are guided by recurrent themes of energy transition, policy choices and green economy. The book's analytical scope goes well beyond the commonly addressed structural issue in energy policy to encompass innovation in processes, institutions and new policy instruments for sustainable energy systems. Chapters 3 to 4 demonstrate the struggles of major energy consumers such as United States, China, India and Brazil in switching to cleaner energy sources. Chapters 7 and 8 concentrate on the cases of Malaysia and Laos. These two Southeast Asian countries are currently at different stages of economic development but share the common trait of a rising energy demand and associated social issues. The last four chapters (9-12) of the book present innovative energy policies by pioneering states such as France, Germany and Australia. Evidently from all chapters, there is no one-size-fits-all policy. The subtitle of the book—in search of sustainable energy policies for the future — reflects the tentative nature of policy experiments undertaken so far.

*NOTES*



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