

INTERNATIONAL MONETARY FUND

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Press Release No. 11

October 3, 2004

Statement by the Hon. **HLA TUN**,
Governor of the Bank for Myanmar,
at the Joint Annual Discussion

**Statement by the Hon. H.E. Major General Hla Tun,
Governor of the Bank for Myanmar,
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Mr. Chairman,

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

I am honoured, in representing Myanmar, to have the opportunity of addressing the 2004 Annual Meetings of the Fund and the Bank. At the outset, I would like to join my colleagues in congratulating the chair on his election as chairman for this meeting. I strongly believe, Mr. Chairman, that under your guidance today's meeting would be a very successful one.

We are heartened to learn that the pace of global growth has continued to exceed expectations. Global recovery has become increasingly well established with strong growth in industrial countries and exceptionally rapid expansion in emerging markets. However, risks and challenges, including global imbalances, increase in oil prices and inflationary pressures, still remain and therefore we should be diligent in addressing these issues.

Let me now brief you on Myanmar's economic development. As have been stated in previous years, Myanmar has been striving to achieve economic stability, with our own resources, in order to fulfill the basic needs of its populace.

For that, a series of short-term economic plans have been formulated and implemented which have resulted in significant growth rates for the country in recent years. We are now implementing the fourth year of the third short-term plan. During the first three years, remarkable growth rates have been achieved.

As an agro-based country, Myanmar's economic growth has been led by the growth of the agricultural sector which accounts for about 45 per cent of the economy. However, in recent years, strong growths in the energy, livestock and fishery, mining, and manufacturing and processing sectors have also contributed quite significantly to the country's economic growth.

We are happy to say that the Myanmar economy is growing at a sustainable upward trend. We are sufficient in agricultural produce and self sufficient in food supply. The authorities are also encouraging industrial development and at present there are 18 industrial zones. Moreover, for the future long-term growth of the economy, the government is investing in building necessary infrastructure, including construction of dams, reservoirs, roads, bridges and major Hydro Power Projects.

Due to the Government's foresight in investing in the above mentioned infrastructure development, although there had been severe flooding this year, we were able to safely store our harvested agricultural produce including paddy. We remain committed to continue our efforts to improve the living standards of our people, especially in the rural areas.

According to the development needs of the country, appropriate policies have been implemented. With regard to fiscal policy, the government is giving high priority to its fiscal consolidation efforts. However, for the past few years, in the absence of external financial assistance, Myanmar had to use its own resources for the development of its infrastructure, which has resulted in budget deficits. However the budget deficit is now in a declining trend as efforts, such as strengthening tax administration and collection system, reducing tax exemptions, educating the public for tax compliance and reduction of tax evasion, have been taken in order to increase tax revenue, while on the other hand unproductive expenditures have been cut out.

The main objective of monetary policy in Myanmar is for sustainable economic growth with relative price stability. In order to do so, the Central Bank of Myanmar has adjusted its monetary policy according to the changes in the economic needs of the country. The Central Bank of Myanmar, in ensuring stability and soundness of the banking system, is also strengthening its supervisory and regulatory activities.

The Myanmar authorities do not accept any form of abuse of the financial system including money laundering and terrorist financing. We know that money laundering and financing of terrorism undermine the global economic growth and stability. We support the efforts, both at international and national levels, to combat them. We would also like to inform you that we have strengthened our regulatory policies and guidelines. We have enacted relevant laws and rules, and have also issued necessary instructions and directives. We are now working closely with the respective regional and international organizations on these issues and are also building the capacity and efficiency of our human resources. We are determined to forge ahead with our efforts to be in compliance with international norms and standards with regard to Anti Money Laundering and Combating Terrorist Financing.

The successes we have thus far achieved have been attained by using our own limited resources, as we have been unfairly deprived of international assistance for more than 15 years. There is no denying that national efforts, if supplemented by external assistance would have been more beneficial for the economy. Although Myanmar has

been a legitimate member of the IMF and the World Bank since 1952, both of the institutions have suspended their assistance to Myanmar based mainly on political considerations. In actual fact, the objectives of the founders of these two institutions were purely economic in their nature and character. We would therefore urge these institutions to adhere to their founding principles.

There are differences in the structure of economic and institutional capacities among countries of varying levels of development. Thus, the institutions should not use one size fits all policies, but should adopt appropriate policies in advising member countries according to their needs and development. There is also need for equal voice in these institutions. However, it seems that developed countries monopolize the policy decision making and the developing countries find it hard to speak out their needs.

Both institutions have an important role to play in the world economy. But there may be need to improve their activities. For the members to achieve our common goal of sustained economic development and poverty alleviation, the IMF and the Bank should avoid any bias that favour some while discriminating others. According to the changing needs and time of the world economy and its environment, the institutions should be adaptable to those changes so as to meet the requirements of the developing countries.

There is no doubt that the organizations have a pivotal role in the global economic development and they have undertaken some joint activities in recent years such as the HIPC and PRSP. In undertaking their leading role they should not forget their core mandates and increase the representation of developing countries in the decision making process.

In conclusion I would like to call the IMF and the Bank to further enhance their assistance in supporting countries facing macroeconomic difficulties without any discrimination. For Myanmar, I would like to reiterate that we would continue with our efforts in maintaining our economic growth momentum and look forward to resuming normal relations with both of the institutions.

Thank you.