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Statement by the Hon. **U HLA TUN**,
Governor of the Bank for **MYANMAR**

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**Mr. Chairman,
Fellow Governors,
Distinguished Delegates,
Ladies and Gentlemen.**

It is an honour and a great pleasure for me to represent the Government of the Republic of the Union of Myanmar at the 2011 Annual Meetings of the Boards of Governors of the World Bank and International Monetary Fund.

At the outset, I would like to congratulate you Mr. Chairman for your appointment to chair the joint Annual Meetings. It is also my privilege to congratulate and welcome Ms. Christine Lagarde to your new post as Managing Director of the International Monetary Fund. We are certain that the Fund will benefit from your experiences working with developing countries and we look forward to our association with you.

We meet here today at a time of heightened uncertainty about outlook for the global economy. Since the second quarter of this year we have seen a slowdown in economic activities in developed countries which led to a downward revision in the projection of the global economic growth due to the European debt crisis and planned spending cuts in the United States. The near-term outlook for the world economy is not promising and risks are still on the downside. In this context, promoting sustainable growth not only in advanced countries but also in emerging countries is of singular importance for such a common strategy.

With these concerns in mind let me briefly outline to you the position of the Republic of the Union of Myanmar is in at present. The multiparty democracy general election was held in November 2010 and the new government was formed in March 2011. The government aims at achieving sustainable developments on all fronts through a number of reform measures. The major thrust of these measures is to establish transparency and accountability at all levels of Government. The policy focus of the elected government is based on the twin objectives of economic management and poverty alleviation.

Regarding the developments of the Myanmar economy, Myanmar has implemented the Fifth Short Term Five-Year Plan spanning from 2011/ 12 to 2015/16 with aims to have further development based on favorable existing economic conditions. Myanmar expects an economic growth rate of 8.8 percent in the first year of the fifth short term five-year plan 2011/12. This growth will be attributed mainly by the growths of agricultural sector and services sector.

With regard to the fiscal front, Myanmar has taken measures both in terms of revenue and expenditure consistent with the fiscal consolidation plans. On the revenue side, while measures have been taken to strengthen tax administration, reduce tax evasion and tax avoidance and improving tax compliance, the government reduced tax rate on exports from 8% to 5% and granted tax exemption from exported agricultural produce so as to encourage for boosting export. On the expenditure side, prioritization has been emphasized and unproductive expenditures discouraged.

On the external front, during the first quarter of 2011/2012 fiscal year, the current account is in surplus, due mainly to surplus in the trade account. The surplus can be attributable to increase gas exports and remittances from abroad. As such our foreign exchange reserves have also risen considerably.

Regarding the banking sector, efforts are being made towards further banking and financial sector modernization by implementing of Electronic Banking Network and Payment System. Moreover, measures have been taken to strengthen the Central Bank's supervisory and regulatory power. Necessary instructions and guidelines have been issued in order to maintain the stability of the banking sector. At present our banking sector is strong and stable.

With respect to monetary policy, the Central Bank of Myanmar implements measures to absorb excess liquidity into the banking system and to curb inflation by using interest rate and limiting credits to unproductive sectors.

We are grateful for the technical assistance that we have received from the Fund especially in the area of exchange rate management. This assistance will provide us with valuable policy advice and training for unifying our multiple exchange rate capability to address immediate needs for redesigning the prevailing exchange rate system.

We consider that the availability of technical and financial cooperation from the Bretton Woods institutions will support our economic development programmes and we believe that they can provide a parallel role in our future prosperity.

In conclusion, I wish to express our deep appreciation and best wishes to the Boards of Directors, the managements, and the staffs for their valuable contribution to the Annual Meetings. Let us move forward to shape a better future of peace and prosperity in the next millennium.

Thank you.