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Statement by the Hon. **WIN SHEIN**,
Governor of the Fund and the Bank for **MYANMAR**

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

On behalf of the Government of the Republic of the Union of Myanmar, I would like to thank the President of the World Bank Group, the Managing Director of the IMF and the Government of Japan for hosting 2012 Annual Meetings of the Board of Governors. I would also like to put on record our sincere appreciation to the people and the government of Japan for their warm hospitality.

Taking this opportunity, I would like to express my congratulations to President Jim Yong Kim for being elected as the new President of the Bank. We believe that under President Jim Yong's leadership the Bank will further enhance its role in the world's poverty reduction.

This year's Annual Meetings take place at a crucial moment for the global economy. The global economic environment remained fragile, with uncertainties in the euro area, affecting global financial markets and slower than expected growth in emerging economies. These have detrimental impacts on the world economy, particularly, the near-term global growth prospects. The recent World Economic Outlook projects that the global economy will grow by 3.5 percent this year, 0.1 percent points down from the April forecast. In this environment, more effective global coordination among major economies will be required.

Let me briefly reflect upon the recent macroeconomic situation of Myanmar and outline the Government's programs and policies for economic reform going forward.

Nowadays, Myanmar has embarked on democratic path in building a new nation through peaceful transition, while Myanmar has been endeavoring for the development of the country. The government, after assuming office in March 2011, has been implementing the reform measures in all aspects. As the first step of its reform strategy, the government prioritized political reform and national reconciliation process, which resulted prominent achievements, winning the stronger trust of the international community. In this process, we have maintained political stability, which is essential for macroeconomic and financial stability, and for sustained economic growth.

Myanmar started the second phase of reform strategy this year and this gives special focus on promoting the interest of the people of the Union of Myanmar, while maintaining the development momentum we have gained in restoring national reconsolidation, peace and stability.

In this context, the government adopted the national plan and four economic policies, based on the conditions of the nation. In accordance with these policies, Myanmar has been formulating and implementing the fiscal year 2012-2013 economic plan, which aims to achieve more balanced development through reform measures and sustainable economic growth in the longer-term so as to improve infrastructure support, create new job opportunities and alleviate poverty. For the fiscal year 2012-2013, the growth is targeted to reach 6.7 % and the targets for the share of agriculture, industry, and services in GDP are set at 33.6 %, 27.6% and 38.8 %, respectively.

The government also set out new fiscal policy agenda. Measures have been taken to create investor and business friendly environment, reduce tax evasion and strengthen tax administration with the ultimate goals of fostering economic growth and development. In this regard, Myanmar Stamp Act, Commercial Tax Law, and Income Tax Law were amended and the Profit Tax Law was revoked. On the expenditure side, while cutting unproductive expenditures, the Government concentrates its efforts on social sector development through its larger spending in health, education and transportation sectors.

On the external front, for the fiscal year 2011-2012 the overall balance of payments position saw a surplus. The trade surplus together with the surplus of the financial account attributed to achieving favorable conditions of the overall balance.

With a view to developing an efficient financial system that would effectively facilitate and help to enhance the economic development of the country, the Central Bank of Myanmar took the first step toward the exchange rate reform with the IMF's Technical Assistance. The Central Bank of Myanmar transformed the country's exchange rate system from the fixed exchange rate system to a managed float regime in early April 2012. Since then, the exchange rate has remained stable, with a slight appreciation against the United States dollar. Foreign Exchange reserve has increased further, and now stables at levels sufficient to manage comfortably the short-term exchange rate volatility. In addition, the main governing laws for banking sector will be replaced with the new laws in line with the international best practices. These laws will allow the foreign investors to participate in our financial sector. The Foreign Exchange Management Law was enacted on 10th August 2012. This Law removes all exchange restrictions and eliminates multiple currency practices.

Reform steps are taking place also in the banking sector, as the Central Bank of Myanmar adopted Banking Sector Development Strategy in which three phases are built as follows:

- Permitting Domestic Private Banks to run joint venture banks with foreign banks.
- Permitting Foreign Banks to establish locally incorporated 100 % owned subsidiary.
- Permitting Foreign Banks to open bank branches.

Following this brief review of our economic developments, let me now turn briefly to review our relations with the Fund and the Bank over the last year.

We believe that recent establishment of joint office of the World Bank, IFC and ADB in Myanmar enhances the relations and understanding between the Government of Myanmar and the Bank. It is very encouraging that the Bank Group is stepping up its re-engagement process with Myanmar. At this point of time, we are looking forward to the finalization of the arrangements for clearance of Myanmar's outstanding arrears. We would also like to express our appreciation to the IMF for its continued support to provide Technical Assistance to Myanmar. Even in the short time, benefits from such assistance are obvious in Myanmar. As such, policy and technical recommendations offered for the country's socio-economic development by the technical missions of both of the Fund and the Bank are duly taken into consideration.

In closing Mr. Chairman, I would like to take this opportunity to express again our sincere appreciation to the Management and staff of both institutions for their ongoing support for our country's development efforts. Now, may I conclude by wishing the Bank and the Fund continued success in addressing the difficult challenges that lie ahead. I sincerely extend my profound best wishes to the Government of Japan as well.

Thank you.