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INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

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Statement by the Hon. **WIN TIN**,
Governor of the Bank for **MYANMAR**,
at the Joint Annual Discussion

**Statement by H.E. Brigadier General Win Tin
Minister of Finance and Revenue of the Government of
the Union of Myanmar at
the 1997 World Bank/IMF Joint Annual Meetings**

Mr. Chairman,

I am greatly honoured to have the opportunity of addressing the 1997 Annual Meetings of the World Bank and the International Monetary Fund. At this auspicious occasion, I wish to extend my heartiest congratulations to the government and the people of the People's Republic of China for successfully holding such a prestigious international conference soon after Hong Kong's return to its motherland. I also wish to extend my sincere thanks to Prime Minister H.E. Mr. Li Peng, Deputy Prime Minister H.E. Mr. Zhu Rongji, and Chief Executive of the Hong Kong Special Administrative Region H.E. Mr. Tung Chee-Hwa, and to the people of Hong Kong for their warm hospitality and the managements of the Bank and the Fund for their excellent arrangements for the meetings.

Taking this opportunity, I wish to congratulate Mr. Michel Camdessus and Mr. James Wolfensohn for their able leadership, under which their respective institutions have made due contributions to the promotion of international monetary cooperation and sustained world economic development.

We are optimistic that world economic and financial conditions are generally favourable for global economic expansion in the coming years. We observe that developments in advanced economies are turning for the better, while an increasing number of developing countries are benefiting from their pursuits of successful market-based reforms. It is most heartening to note that output contraction has been arrested and stabilized in most transition countries.

An overview of the Association of South East Asian Nations (ASEAN) shows that rapid growth still highlights the entire region. However, the recent currency turbulences of some countries of the ASEAN region have clearly demonstrated that these destabilization developments go beyond the realm of economic fundamentals and can be attributed to ill-intentioned speculators.

In reviewing the operations of the Fund and the Bank, a new SDR allocation is primarily beneficial for developing and transition economies, for which I am pleased to learn that a compromise solution has recently been reached. Similarly, the Eleventh General Review of Quotas also requires an early conclusion to further expand international liquidity.

Speaking of the debt burden of developing countries, the Fund and the Bank are commendable in creating the HIPC debt initiative, which eventually will profit the majority of

the least developed countries. Nevertheless, restricting the HIPC debt initiative with too many conditions for eligible countries can be counterproductive to its purposes, even though a strong track record for HIPCs is essential.

Mr. Chairman, let me draw your attention to recent developments in Myanmar's economy.

Following the successful implementation of the Four-Year Short-Term Plan (from 1992/93 through 1995/96), which achieved an annual average growth rate of 7.5 percent, a Short-Term Five-Year Plan was initiated in 1996/97. Although the growth rate slowed down to 6.4 percent in 1996/97, the trend shows that economic growth proves to be sustainable over the medium term.

These favourable developments entail the further enhancement of market-based reforms in 1996/97 and in the first half of 1997/98. In the monetary sector, the central bank raised its interest rate from 12.5 percent to 15 percent to reflect the market situation. In macroeconomic performance, the inflation rate subsided to 20 percent in 1996/97 from 25 percent the previous year. Improvement in tax administration was further enhanced, while tariff rates were reduced significantly, pursuing the ASEAN customs rules.

In order to be in harmony with the market situation, goods produced by the state sector and those imported are now valued at market prices, depicting a departure from the past practice of pricing such goods based on the official rate of exchange. Foreign direct investment on a stock basis increased \$2.8 billion in 1996/97 to a total of \$6 billion.

While Myanmar is endeavoring for all-round development in its transitional period, maintaining sustained economic growth with macroeconomic stability is given first priority. Simultaneously, the task of building economic infrastructure, institutional infrastructure, and social infrastructure, which are in immediate need in the market-based system of the country, has been ongoing.

In so doing, such huge development expenditures have been incurred against the country's limited financial resources, because all multilateral financial assistance to Myanmar ceased in the latter part of 1988.

Multilateral assistance to Myanmar has been unfairly suspended because of untrue reporting by media groups and false allegations by some countries. Nevertheless, Myanmar has persistently proceeded on its path of development, achieving satisfactorily strong economic growth during the past five consecutive years. Had it enjoyed adequate financial and technical cooperation from multilateral institutions, Myanmar's economic growth could have far surpassed its present pace.

At this juncture, I am pleased to mention that Myanmar has cooperated positively with the Fund and the Bank in its 40 years of membership. Even though Myanmar is experiencing times of stringency, as it has been endeavouring for infrastructure development through its

own financing arrangements, it has been punctual in servicing all its multilateral loans. Myanmar has already fulfilled its financial obligations to the Fund.

Unfortunately, following misleading allegations and unfair judgments on Myanmar's situation, under the guise of human rights violations by certain countries, it is regrettable that the Fund and the Bank have overlooked the true facts I have mentioned above and are still suspending their financial assistance as well as technical assistance to Myanmar. Although they have neglected Myanmar's relentless efforts for its development, Myanmar has received support from neighbouring countries and the ASEAN nations. Our neighbouring countries and ASEAN nations warmly, understandingly, and firmly have maintained close cooperation with our country.

Evidently, the warm welcome we received from the other ASEAN countries when we were accepted as its full member bears witness to the fact that Myanmar's image is contrary to that propagated by some countries and the media. Since joining ASEAN on July 23, 1997, Myanmar has been working closely with other ASEAN countries to mutually beneficial effect.

In this context, I would like to point out that the Fund and the Bank were established to provide financial and technical assistance to all member countries based on economic consideration, irrespective of political perspectives. In view of this, I would like to request that the Fund and the Bank avoid applying double standards and seriously reconsider all the points I have made above, to help resolve the pressing needs of their member country and extend tangible support to Myanmar.

As a responsible member of ASEAN, we are ready to contribute positively towards economic and political stability and harmony in the ASEAN family. By the same token, we are also eager to lend our support and cooperation to the Fund and the Bank in their regular and special operations, particularly on issues of concern to the developing countries as a group.

Thank you.