



HIGH LEVEL DIALOGUE ON ASEAN-ITALY ECONOMIC RELATIONS

TOOLS FOR ECONOMIC COOPERATION: PPPs, FREE TRADE AGREEMENTS & FINANCIAL INNOVATION TO SUPPORT GROWTH IN ASEAN COUNTRIES

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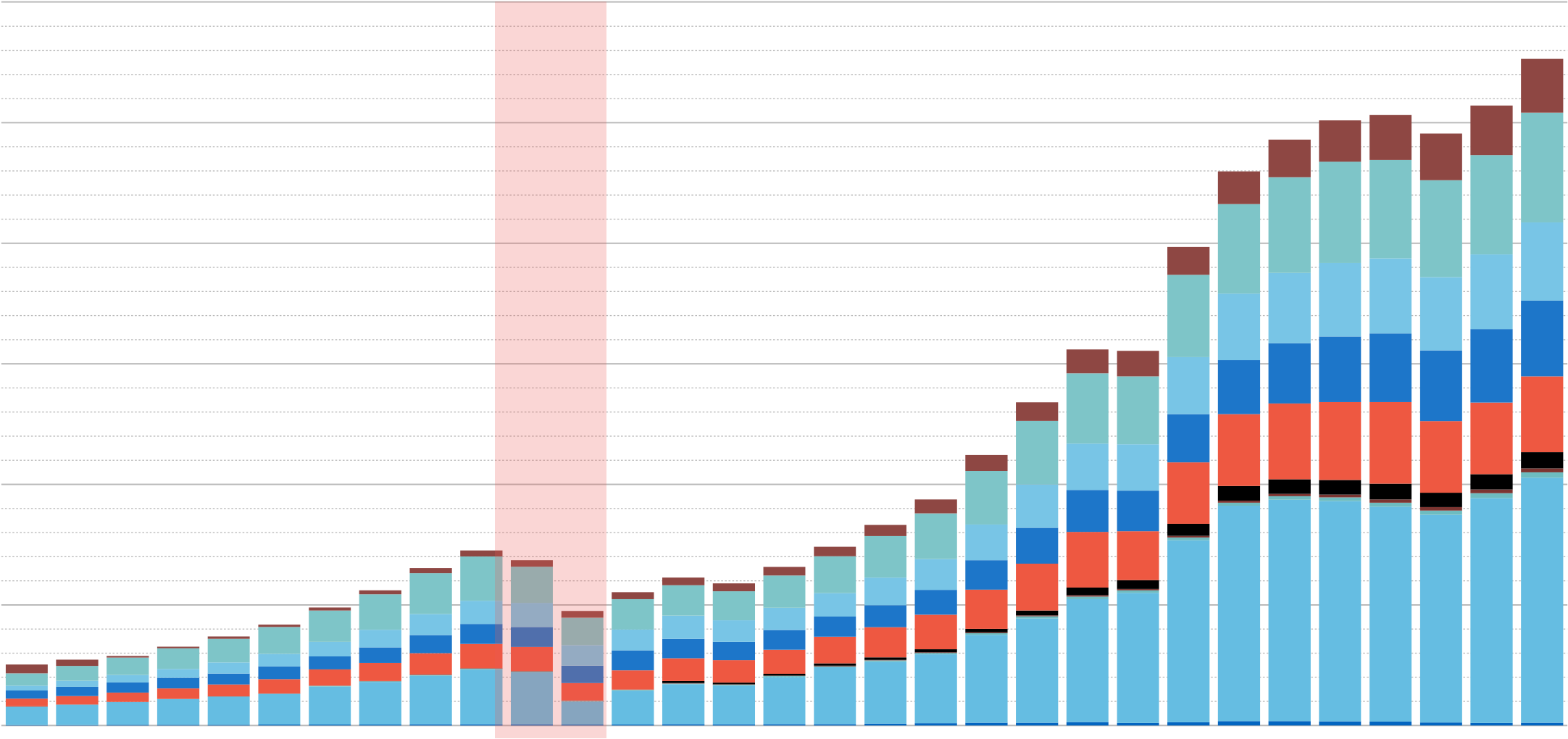
MELIÁ, HANOI

6 JUNE 2019

RECENT CHANGES IN THE REGION

A GROWTH ORIENTED TRAJECTORY

GDP (current US\$)

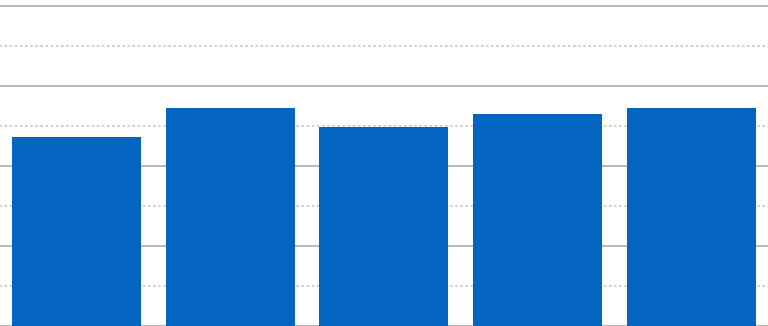


- Brunei Darussalam
- Indonesia
- Cambodia
- Lao PDR
- Myanmar
- Malaysia
- Philippines
- Singapore
- Thailand
- Vietnam

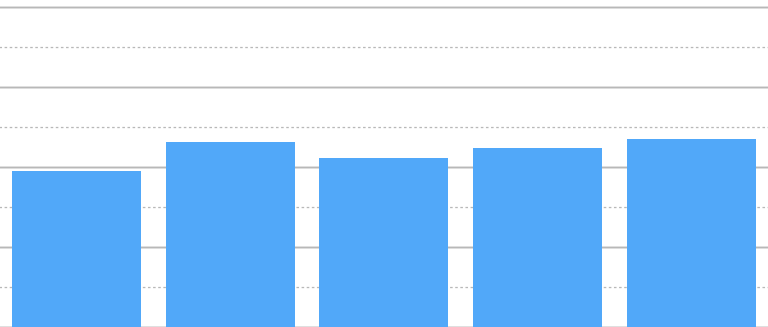
RECENT CHANGES IN THE REGION

A GROWTH ORIENTED TRAJECTORY

GDP Growth Rate: Myanmar
(% per year)



Per Capita GDP Growth Rate: Myanmar
(% per year)



- Myanmar's GDP is expected to grow by 6.6% in 2019 and by 6.8% in 2020
- Myanmar's inflation rates are forecasted at 6.8% in 2019 and 7.5% in 2020
- Per capita GDP growth for Myanmar is expected at 5.6% in 2019 and 5.9% in 2020
- Since the beginning of our political transition, Myanmar has retained its status as one of the fastest growing economies in the region, and indeed the world
- The poverty rate plunged from 48.2 percent in 2004/5 to 32 percent of the population by 2015, primarily due to higher agricultural production and earnings

PUBLIC PRIVATE PARTNERSHIP MODELS

CHALLENGES FACED

The issue:

Public-Private Partnership models can drive relevant foreign direct investment in ASEAN countries, but appropriate legal frameworks and financial structures are required. What measures can be taken in order to promote these collaborative schemes and attract investors?

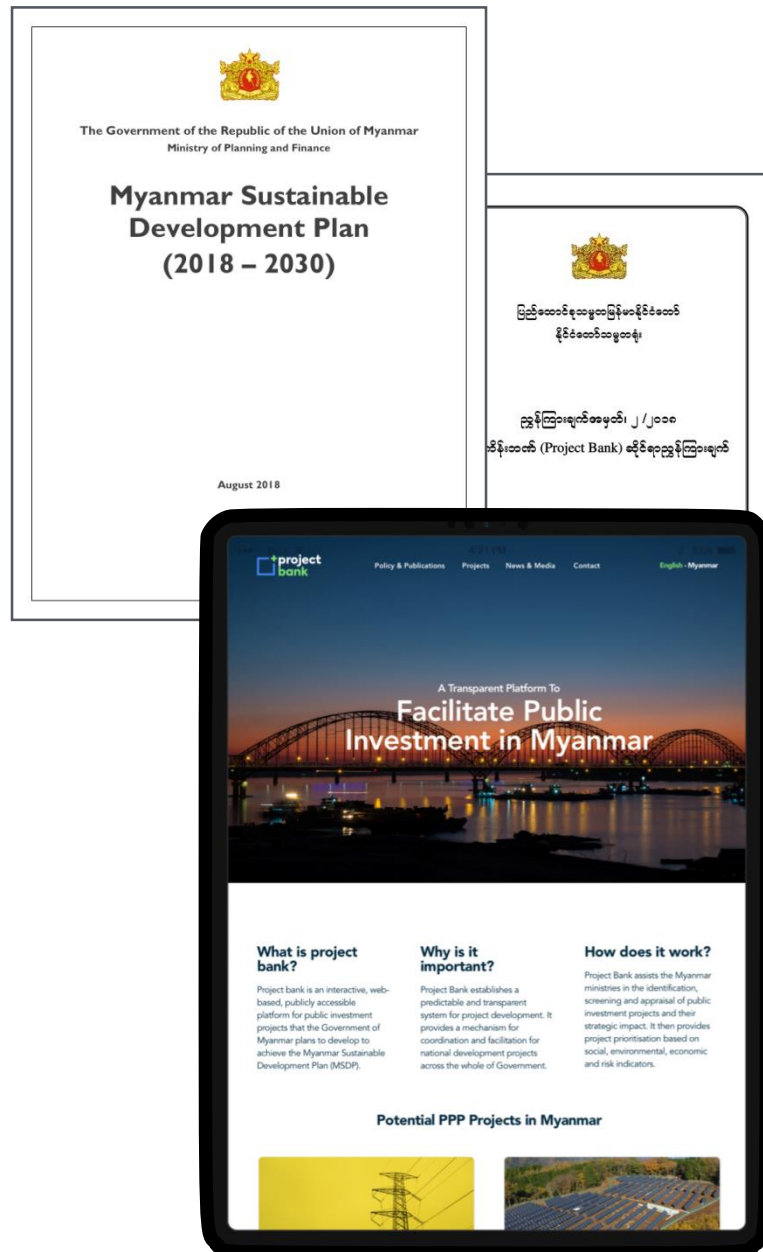
The Myanmar Context:

- Limited experience, weak policy and legal frameworks, but improvements being made
- New Investment Law 2016, New Companies Law 2017 contribute improvement of investment environment
- Limited data available to government and investors
- Strong political will exists but challenges faced in execution
- Limited capacity to identify bankable projects
- Private sector is often the first to propose projects, with limited ability to scrutinise and appraise on the public sector side
- Infrastructure projects (eg : Power sector, GMS Highway Corridor) funded by ADB and World Bank are executed by development partners in term of LOI, Tender, Procurement, Consultant, etc.

PUBLIC PRIVATE PARTNERSHIP MODELS

MYANMAR'S APPROACH

- Myanmar Sustainable Development Plan 2018-2030
 - Expression of National development Vision, Single Strategy providing overall frameworks
- Project Bank Notification 2/2018
 - Establishes a PPP Center within MoPF and PPP Units within Implementing Government Agencies (IGA)
 - Offers guidance on unsolicited PPP proposals, contractual requirements, M&E and environmental and social considerations
- Project Bank
 - Interactive, web-based, publicly accessible database / project information bank that includes projects that Implementing Government Authorities (IGA) plan to develop to implement the MSDP and its Strategic Action Plans
 - Strengthening the development of Projects that will enable the Government to effectively implement the MSDP
 - Providing a mechanism of coordination and facilitation for project development and management amongst Government agencies to achieve national development objectives effectively
 - Establishing a predictable and transparent system for project development
- SOP
 - SOP for investment related government agencies have been developing
 - New Ministry, MIFER and MOPF leading the task



FREE TRADE AGREEMENTS

OVERVIEW

The issue:

Free Trade Agreements amongst European Union and single ASEAN countries are increasing. What is the state-of-play and what opportunities are opening-up for the business? What role can Italy play in this scenario, also in lifting the prospects toward the resumption of region-to-region negotiations?

- Myanmar enjoys a variety of FTA (bilateral, intra-ASEAN etc...)
- ASEAN has opted for a regionalist, free-trade approach and is thriving as a result.
- The liberal economic order and multilateral system may be under threat but in ASEAN it is on an upward track.
- As Myanmar has opened up to the world, investment and trade have grown significantly. Trade policies have been, and continue to be, revised in line with regional and global commitments and in accordance with liberal economic principles.
- It is Myanmar's view that further strengthening a comprehensive, inclusive, rules-based approach to global economic governance, including FTAs, is necessary to maintain our individual and regional successes.
- Extend economic integration :
RCEP Negotiation is expected to be concluded end of 2019
Others external interest are increasing to establish closer economic cooperation
- Different level of development among 10 AMS is one of the challenges for region to region trade negotiation
- The registered investment from EU Countries is 6.808 billion US\$ (4.5 billion US \$ only and Oil and Gas Sector and UK, Netherlands and France are top investor.
- EU related investment through Singapore is 600 million US\$.
- Myanmar has signed BIT with 12 countries
- Myanmar-EU BIT is on going process

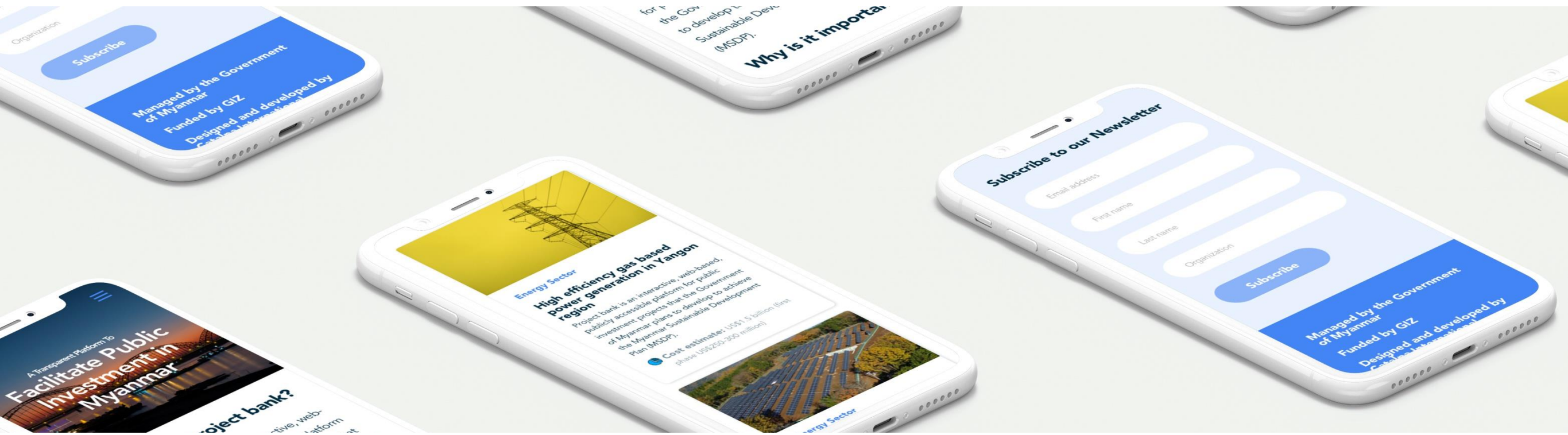
FINANCIAL SUPPORT TO SMES

PROGRESS BEING MADE

The issue:

Financial support is fundamental for local and international companies, especially SMEs, to expand their business. What solutions and approaches have been implemented to guarantee access to finance for businesses players in the ASEAN Region? What actions are still needed?

- Just 20% of small enterprises and less than half of medium enterprises have a checking or savings account.
- According to the Myanmar Micro, Small and Medium Enterprise Survey 2017 distributed by the Ministry of Planning and Finance, businesses in Myanmar rely on self financing for nearly 80% of starting capital while financial support from banks is just 8%.
- As a consequence, only about 3% of small firms and 13% of medium-sized firms currently have a bank loan or line of credit. One of the reasons for this low percentage is the heavy collateral requirements.
- ‘Two Step’ financing approach is demonstrating success
- Project on credit guarantee corporation (CGC) is in progress with the TA & Financial assistant from ADB.



Thank you very much for your attention.

