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**MYANMAR'S INTEGRATION  
WITH GLOBAL ECONOMY:  
OUTLOOK AND OPPORTUNITIES**

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## **Preface**

The reforms initiated by President Thein Sein have made considerable progress, and so far more than expected in terms of speed and substance, with less tension felt by the various stakeholders. The political reforms, such as the release of political prisoners, the dialogue with Ms. Aung San Suu Kyi, the easing of media censorship, the freedom of assembly and holding demonstrations, nominating reformist ministers other than women ministers, the well advanced talks with the armed minority groups, and so on, have been conducted under his strong leadership and paved the way to ease or lift the sanctions imposed by the US and the European Union. Among the measures, the easing of media censorship and suspending the Myitsone dam project were perceived with surprise.

The drastic change of the relationship with the US after the visit of Ms. Clinton, the US Secretary of State, in November 2011, was the biggest diplomatic achievement of Thein Sein's administration. The various political reform measures carried out after that might well be the tools required for rebuilding the former relationship with the US. In fact, the US decided de facto to lift the remaining economic sanctions in November 2012 when President Obama visited Myanmar. The gradual easing or lifting of the economic sanctions has aroused the interest of business circles in the developed countries towards Myanmar.

In parallel with these political reforms, economic reforms have also proceeded, such as shifting to a market-oriented economy, an open policy for trade & investment by easing the import-export licensing system, introduction of a floating rate exchange system, promulgation of the new foreign investment law, and other related decrees. Such measures have effectively attracted more foreign investment into Myanmar year by year. For example, Japanese companies have been rushing to this country and regard her as the last frontier in South East Asia.

The ODA from developed countries and international organizations has also resumed after the easing or lifting of sanctions and it has been a great help to improve the economic infrastructure needed for both public welfare and industrial development. Among other things, the improvement of transportation including the roads, railways, and ports is indispensable to link Myanmar to the regional supply chain that is crucial for effective and strong economic development and handling economic integration within the AEC.

Accordingly, it is appropriate for us to conclude at this stage that the reforms have proceeded on the right track, and are heading in the correct direction for the substantial

economic growth needed for poverty mitigation, with improvement of the living standard of the people as the ultimate objective of the reform process. A virtuous cycle is now in place as mentioned above.

Challenges remain, however, to ensure that the reform pathway for human resource development, including in the public sector, and good governance for effective decision making at each policy level, maintains its momentum. The widening income gap is a high risk factor to ensure sustaining political stability, as seen in some other countries in Asia. The Myanmar Comprehensive Development Vision (MCDV) by ERIA and the Ministry of National Planning and Development (NPED), which was submitted in November 2013, proposes two polar strategies by identifying Yangon and Mandalay as key centres of influence. The desired concrete road map for this strategy is also a challenge for the next stage.

We hope that agreement in the peace talks with the armed minority groups will be successful as soon as possible, and that political stability after the general election in 2015 can be achieved.

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