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Statement by the Hon. **U THAN NYEIN**,
Governor of the Fund for **MYANMAR**,
at the Joint Annual Discussion

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**on Behalf of the Hon. Major General Hla Tun, Governor of Myanmar
to the International Monetary Fund and the World Bank Group**

I would like to express our appreciation to the host government and the people of the United States for the hospitality extended to our delegation. I would also like to thank the managements of the Bank and the Fund for their excellent arrangements made for this meeting.

At this point, I wish to congratulate Mr. Zoellick and Mr. Strauss-Kahn for their able leadership. Under their leadership and guidance, the institutions have made considerable contribution to the promotion of international cooperation and development.

I would like to take this opportunity to extend my deepest sympathies to all the governments and peoples of the countries that had faced natural as well as man-created disasters during this year. As a country which has suffered an unprecedented natural disaster, we sincerely can identify well the hardships and sorrows that those countries had to face.

In contrast to last year, we meet here at a time when the global economy remains bleak as down side risks remain. Due to high commodity prices, natural disasters and the recent financial turmoil, the global economy remains weak.

There is no denying that there is still much to be done in order to have the global economy on the path to sustainable growth. In this context collaboration and cooperation, not only between advanced countries, but also between advanced countries and emerging economies, are essential for global macroeconomic stability and prosperity. Effective, focused and flexible macroeconomic measures may be needed. The present issues of importance are to maintain the pace of growth, lower inflationary pressures and lessen the impact of the financial turbulence.

I would now like to brief the Meeting on recent developments of the Myanmar economy. As have been stated in previous year, we have been formulating and implementing short-term plans since 1992-93. 2007-2008 was the second year of the Fourth Five-Year plan and we have been able to maintain the momentum of the growth rates that have been previously achieved. The agriculture sector is still the mainstay of

the economy as its share in GDP is around 44 percent, while the industry sector's share is 20 percent and the services sector's share is 36 percent. It can be said that our economy is on the right path to sustainable growth momentum.

On the external front, the current account is in surplus, due mainly to surplus in the trade account. The surplus can be attributable to increases in exports and remittances from abroad. As such our foreign exchange reserves have also risen considerably.

In the fiscal front, although the budget is still in deficit, the deficit is on a declining trend. We intended and were trying to have a balanced budget this year. However, as we have to spend for relief, rehabilitation and prevention of contagious diseases for the victims of the cyclone, we expect this year's expenditure would be quite large. We are making efforts and taking necessary measures to increase revenue which we hope will help us off-set some of the increase in expenditure.

On the monetary front, supervisory and regulatory powers of the Central Bank have been strengthened and due diligence and care had been taken to ensure that the banking sector is not used for improper transactions, including money laundering and financing of terrorism.

The only thing that remains to be tackled is the inflation rate which is still relatively high but is gradually declining.

In May, the second month of this fiscal year 2008-2009, Myanmar was struck severely by Cyclone Nargis with unprecedented force, concentrating mainly on the region most important for agriculture, fishery and salterns. The cyclone also destroyed and damaged an enormous amount of households and displaced hundreds of thousands of people. Thousands of lives were lost while thousands are still missing. According to the Post- Nargis Joint Assessment (PONJA) report, the impact of the cyclone on the economy and people has been severe due in part to the fact that it happened right after the harvest of the summer paddy. As such, the recovery needs are significant and span all sectors and the estimation of the total economic losses amounted to about 2.7 per cent of the projected 2008 GDP. Internal and external assistances have been prompt, and timely assistance was rendered to us. I would like to take this opportunity to thank all the organizations that have provided us with humanitarian assistances.

Even with this unfortunate occurrence I am very much pleased to report to the meeting that during the first quarter of this year we have been able to achieve a relatively good growth rate. We are ready to put all out efforts to maintain our targets and are hopeful that we will be able to overcome whatever difficult tasks that lay ahead in order to achieve macro-economic stability and growth. In doing so we will be giving due

consideration for the development of the social sectors in order to meet all the MDGs in time.

We have been lucky in one way, as we do not have developed capital or financial markets yet and therefore we will not have direct impact of the recent financial crisis on our economy. However, in this globalized world where a country cannot stand alone, we understand that there would be some indirect impact on Myanmar. We stand ready to cooperate with all the countries in the region in order to overcome whatever challenges and risks that we might face in the future.

Myanmar has been a member of both organizations for over (56) years. We have always worked closely with these organizations and we will continue to do so in the future.

Thank you.