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Myanmar Law Updates

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# IMF's Regional Economic Outlook For Asia Acknowledges Myanmar Re-Integration And Growth

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## Introduction

The International Monetary Fund (**IMF**) has recently published its Regional Economic Outlook - Asia and Pacific: Shifting Risks, New Foundations for Growth.□

The report is broadly optimistic and states that the global economy is showing signs of improvement and that growth in Asia is set to pick up gradually in the course of 2013, to about 5¾ percent, on strengthening external demand and continued robust domestic demand.

## Myanmar - Reintegrating With The World

The report notes that sharply higher exports and imports in Myanmar in the first quarter of 2013 reflected an improved business environment and the suspension of sanctions and acknowledges that Myanmar has continued to make rapid progress on its ambitious set of reforms, which aim to comprehensively modernize the economy and re-integrate it into the global economy. The report further states that for Myanmar, moving to a higher potential growth trajectory will depend on ongoing reform momentum to promote private investment and that there is a need to contain fiscal deficits to set the stage for higher and stable revenues to fund the country's considerable development needs.

The Governments of Myanmar has set out a number of economic and political goals which in addition to opening the economy, include raising growth in a sustainable way, reducing poverty, and achieving greater equity. The authorities' key macroeconomic policy priorities are to maintain low and stable inflation within a consistent macroeconomic framework; and build international reserve buffers in light of the ongoing liberalization of imports and the foreign exchange regime. These goals and priorities are set out in the Nay Pyi Taw Accord for Effective Development Cooperation and the Government's Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding addressed to the IMF. So far in 2013 Myanmar has cleared its arrears to the Asian Development Bank and World Bank, and entered into an agreement on the concessional rescheduling of its arrears with Paris Club creditors. International sanctions were also further relaxed and the financial sector strengthened its links through the establishment of international transactions.

The IMF is assisting the authorities with monitoring the progress toward these objectives through a Staff-Monitored Program (**SMP**). To build the institutions and instruments needed to ensure macroeconomic stability, the SMP focuses on the following areas:-

1. Eliminating remaining exchange restrictions and multiple currency practices in line with Myanmar's AEC commitments;
2. Modernizing the financial sector, including the Central Bank of Myanmar, to facilitate macroeconomic management and growth; and
3. Laying the foundations for improving fiscal revenues in the medium term for sustainable development spending.

To mitigate risks from capacity and statistical weaknesses, underlying policies have been tailored to the authorities' implementation abilities. The IMF will also support the authorities' efforts through intensive technical assistance in all of the policy areas covered by the SMP. The more immediate and macroeconomic focus of the SMP's policies will complement planned engagement by the World Bank and ADB on structural reforms to boost long-term growth.

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