

U Myint
Yangon
9 January 2010

**Second Development Partnership: Roundtable and Development Forum,
Naypyitaw, 15 December 2009**

Press Briefing
Room ME 103
Myanmar Egress Capacity Development Centre
Thamada Hotel, Yangon
9.30 a.m., 9 January 2010.

1. I wish to refer to the above meeting in which I participated as a resource person. As such, I have been approached by many young people from the media, to give my perceptions on the meeting and its outcome. I thank these young people for the interest they have shown and I am pleased to respond to their queries. My comments and views are as follows.

2. As you are aware, this meeting was held in response to a request from the Government of Myanmar to ESCAP. ESCAP in turn invited Professor Stiglitz to participate as a principal speaker as well as a member of a panel of experts. The meeting itself was jointly organized by the Ministry of Agriculture and Irrigation, the Ministry of National Planning and Economic Development, and ESCAP.

3. Due to Professor Stiglitz's stature, the meeting attracted a lot of local and international attention and many useful comments were made. Since these comments raise interesting issues and concerns, I shall deal with them first, and then give my views on the substantive matters taken up at the meeting and recommendations made that I anticipate may be taken up for follow-up action.

4. Let me therefore start by dealing with a comment made by several observers that high profile personalities have held talks and conducted meetings in Myanmar before without getting anywhere, so why should this one be different. In this connection, specific mention was made with respect to Professor Jeffery Sachs, another world famous economist, who came to Myanmar in 2003, but nothing of much significance seems to have resulted from the visit.

5. I don't believe the above assessment is fair to Professor Sachs, or to the Myanmar authorities. This is because Professor Sachs and his family came on a private visit to Myanmar in 2003. He met a few of his personal friends here. As he did not come on an official visit he made no official calls or hold any formal meetings or discussions with the Myanmar authorities. I recall a few of my colleagues and I met him at an informal gathering at the Traders Club Lounge on the twenty-first floor of that hotel. He told us the gathering was purely to serve a fact finding purpose and he requested us to brief him on our perceptions of the state of the economy and major developmental policy issues facing the nation. This we did. Hence, Professor Sachs did not come to Myanmar to talk or to give advice to anyone, and much to our regret, no one had an opportunity to listen to him.

6. Regardless of my regret concerning Professor Sach's private trip to Myanmar, I agree that when a high profile personality comes on an official visit to give advice, and interacts with the people here, there should be some tangible results. This is certainly a valid concern. Hence, Professor Stiglitz, ESCAP's Executive Secretary Dr. Noeleen Heyzer and a few others including me, spent several brain-storming sessions in Yangon as well as at Naypyitaw on how best to deal with this matter, and at the same time to come up with something beneficial for Myanmar within the mandate we are charged with.

7. As a result of the brain-storming sessions we came to the conclusion that drawing upon the expertise and good offices of Professor Stiglitz and Dr. Heyzer, and supported by local academics and government officials from the ministries concerned, the meeting should aim at achieving three priority objectives, namely:

- (a) to submit proposals regarding enhancing rural economy and poverty reduction, in an appropriate way, to the high authorities of Myanmar so that the proposals are given consideration by the authorities, and receive their endorsement and approval in order to initiate a process of change in Myanmar, starting with the rural economy but later expanding into broader development policy issues;
- (b) to come up with concrete recommendations for follow-up action on the proposals made; and

(c) in close consultation with the Myanmar authorities, to disseminate findings and recommendations of the meeting to the people of Myanmar and to the international community, through press conferences and press releases as well as through reports, both in English and in Burmese languages.

8. Another important observation made was that the meeting did not appear to have come up with new ideas. This seems to bother some people. It does not bother me, because I believe that we should have no difficulty or reservation in repeating a useful idea that is good for the country regardless of who may have said it before. What is important is, how and in what context the idea is presented so that the authorities will take note and give proper attention and consideration it deserves.

9. Moreover, I feel that there are certain well established measures that will have to be undertaken to initiate the process of economic reform in any country. If these measures are not taken, then we will have to keep repeating them until they are. This applies to the IMF, World Bank, ADB and to any one else who wishes to bring about change in the country. For example, if we take a closer look at IMF reports on Myanmar, we will find that they are saying the same things over and over again over the past twenty years. This is because the same economic problems are with us for the past twenty years. These problems get worse with passage of time when the required remedial measures are not taken to address them. Anyway, for those who feel strongly that we should come up with new ideas in the economic area which no one has thought of before, we shall be happy if these new ideas could be conveyed to us. We shall certainly take due account of them in order to strengthen our presentation to the Myanmar authorities.

10. Aside from concern over the need to say something new, I note some comments were made about our Naypyitaw meeting that seem to imply that the only people worth talking to in Myanmar are the generals. And according to this view, the generals are poor listeners, or are hard of hearing. So it is a waste of time to talk to them as nothing useful will result. I have two things to say about this.

11. First, I would like to draw attention that in addition to the generals there are other people living in Myanmar, numbering something like 50 million plus, among whom there are many who are willing to listen, would be worthwhile talking to, and

who are keen to engage with the outside world.

12. Second, the military establishment here, like any other such establishments, is not a monolith. It has its hardliners and soft liners, conservative wing and liberal wing, and poor listeners and good listeners. But I can assure you that there are many in the establishment, including some holding responsible positions, that share our concern to make Myanmar a better place. Like most of us they face constraints and like us they are looking for space and opportunity where they can assist in bringing about change for a better future for the country and its people. We should therefore aim at creating this space for ourselves as well as for them. I hope it is realized that Professor Stiglitz's visit here is not only to share his knowledge with us but to help create this space, for us as well as others in the country that want change.

13. Next, I must draw attention to another issue that has bothered me over the years but that was much in evidence as a result of Professor Stiglitz's visit to Myanmar. It has to do with inadequacies in our society regarding conflict resolution and our inability to satisfactorily deal with those who hold views and ideas and who recommend courses of action that we disagree with. Despite being devout Buddhists, we do not appear to be good at mediation and reconciliation and we do not seem to have sufficient capacity to resolve conflict and difference of opinion among ourselves in an amicable and peaceful manner.

14. The deep division among us concerning engagement with the Myanmar regime, has naturally resulted in diverse views with regard to the merits of Professor Stiglitz's visit to Naypyitaw at this time. Differences of opinion and outlook among dedicated people reflect a natural human condition. They are desirable and have a useful function because exchange of views and dialogue among such people not only sharpen focus on issues but also enable us to get a better appreciation of each others positions, and thereby help us to come up with a more balanced and unified approach in dealing with complex problems related to nation building that people in Myanmar are faced with today. The world will be a boring place and less dynamic if everybody agrees with everyone else and we are all singing the same song. Obviously, the advantages of such a dialogue will only come if we are willing and

able to engage in such a dialogue. At the same time, we must also be more tolerant of those who hold ideas different from us and we must extend to them the normal decorum and courtesies in interacting with them.

15. In view of the prevailing uncertain and complex situation in Myanmar, it is not surprising that several people from both within and outside the country have expressed reservations concerning the advisability of Professor Stiglitz's visit to Naypyitaw at this time. Most of these people are my friends and colleagues. Some are young, highly motivated and have deep concern for their country. I have high regard for them. But with respect to Professor Stiglitz's visit, I regret that for some of these people, their emotions seem to have clouded their good sense and judgment. Hence, if such people feel that Professor Stiglitz's visit was ill-advised, then they should have come out more with well-reasoned arguments supported by relevant facts so as to let us know why they take this position. We would welcome such a response and will do our best to try to take into account the concerns they have expressed. Unfortunately, this was not done in some cases. Instead, objection to the visit was raised based on allegations that Professor Stiglitz was being manipulated by the regime and he came to Myanmar for financial gains.

16. I have a serious problem with this view and approach. This is because I am sure there was no manipulation and no government agent was pulling strings that led to Professor Stiglitz's visit to Myanmar. He came solely at the initiative of Dr. Heyzer and in response to an invitation extended to him by ESCAP to participate in the Naypyitaw meeting. As for financial rewards, ESCAP is not a funding agency and it has no spare cash to throw around. Besides, you don't have to be a Nobel laureate in economics to realize that in order to maximize profits from a lecture tour, the last place you should come for that purpose is Myanmar. Actually, it is more effective to fight ideas with better ideas, rather than by calling names, or by resorting to personal attacks based on unfounded and false accusations, and using language that would embarrass people in the fish market.

17. I feel that I should respond to another issue that has been raised, namely the contention that visits and interaction with prominent personalities, especially Nobel laureates in economics are of little or no value to Myanmar and its people. To place

matters in proper perspective let me quote the problem as it is eloquently put by its proponent – my fellow country-man, a dedicated scholar and a good friend who is residing outside and out of harm's way. It goes thus: “We Burmese seem rather star-struck – enamoured with big names, institutional prestige, social standing, etc. The result is that we fail to appreciate what is valuable amongst ourselves. ... I find that both slavish and anti-democratic. I have nothing against outside experts. ... My sad complaint is our own elite's colonial and slavish attitude towards outside world. ... We go ga ga upon hearing “Nobel” prize or Harvard or Oxford or *London School of Economics and Political Science* (italicized texts are added by me). Personally, I am disgusted beyond words.”

18. If anyone is disgusted beyond words because Professor Stiglitz came to Myanmar, that is that person's problem. It should not be looked upon as the problem of the Burmese people. Let me explain why.

19. The idea that the people of Myanmar, and especially the decision-makers in the country, are overly impressed with foreign big names is debatable. The problem we thought, was just the opposite. The authorities here do not have a high opinion of foreigners; big name, small name does not matter. Forget Harvard and Oxford for a moment. We are having great difficulty trying to bring about change in mindset of our leaders that involves no greater effort on their part than just to look across the border at India, China, Thailand, Vietnam and even Cambodia and Laos – to observe and take note of what foreign expertise, advice, technology, capital and foreign way of doing things have transformed the economies of these countries. At the same time doing things our way; relying on our own efforts; and without bothering about what is happening around us, and in the rest of the world; and refusal to listen to any advice, domestic or foreign; have made us the richest country in the region with the poorest people.

20. Then we have the interesting notion that by inviting Professor Stiglitz and others like him to Myanmar, and exchanging thoughts and ideas with them, amount to a form of colonial servitude. The colonialists left Myanmar 62 years ago but it seems the hang-ups about them continue to haunt us even now. So let me try to give my response to this by telling a little story.

21. The story goes back several decades ago when I graduated from Rangoon University and went for further studies in the US on a scholarship offered by Cornell University's Southeast Asia Programme. While I was studying there, the British historian D.G.E. Hall, was a visiting professor at Cornell. Professor Hall was a famous historian of Southeast Asia. He taught history at the Rangoon University during the colonial days. My close friend and colleague, the historian Dr. Khin Maung Nyunt tells me D.G.E. Hall has been his teacher and he has fond memories of him. Anyway, as the only Burmese student in Cornell's Southeast Asia Programme, Professor Hall took an interest in me and told me interesting stories about his days in Myanmar, which was called Burma at that time.

22. One story I remember well was about the student boycott of Rangoon University in 1920. In that incident the students felt the new rules of the university promoted colonial interests, rather than the needs and welfare of the students or of the country, and hence to show their dissatisfaction they boycotted classes at the university. They left the university campus and opened a protest camp at the Shwedagon Pagoda where they held meetings and classes among themselves. Their meeting place is marked by a small stone pillar known as the boycotters' monument. It can still be seen today, neglected in an obscure corner of the Shwedagon Pagoda complex, but young people often gather around it.

23. The Rangoon University boycott was considered an important landmark in the anti-colonial movement of the Burmese people. However, Professor Hall told me that while the students were engaged in this anti-colonial struggle, they had invited him, a member of the colonial establishment, to come and lecture to them at their protest camp in Shwedagon, because he was their teacher, their "saya". Professor Hall gladly acceded to their request, and that, he told me proudly was the crowning achievement of his entire career.

24. We should also take note from this episode the respect we pay to our teachers in our culture. There maybe an ex-prime minister and an ex-president, but there is no such thing as an ex-teacher in our culture. Once you are a teacher, you are a teacher for life. And a saya is a saya, even if you belong to the colonial establishment. We accord to him the same respect as we do to any other saya. That

is something precious in our culture which we should preserve and uphold, and always bear in mind even if we have left the country and residing outside.

25. So our predecessors in the height of their anti-colonial campaign invited a colonialist professor to their protest site to lecture to them without any one going berserk and calling them colonialist slaves. In fact, they are considered patriots in the fight against colonialism. Ninety years have elapsed since that incident. But we continue to have an unhealthy fixation with colonialists' misdeeds and a tendency to blame colonialists for the economic and social ills afflicting us today. I look forward to the day when Professor Stiglitz comes to Myanmar, his visit is looked upon like in any other poor country, as something uneventful and normal and that does not cause tantrums and hysteria among some people. It is about time we grow up.

26. Some well-meaning people upstairs have imposed upon the Burmese people what they should not read, what they should not write, and what they should not see and talk about. These measures they tell us, are to serve a greater purpose and are necessary to promote peace, stability, and unity in the country. Now a well-meaning person from outside is telling the Burmese people that they should not listen to Nobel laureates and other Big Names because he detests such people and he wants to protect the Burmese people from becoming colonialist slaves.

27. I appreciate the concerns that have been expressed. The good intentions are not in doubt. But isn't it a good idea to allow the Burmese people to read, write, see, and talk as they wish according to what their good sense, judgment and conscience dictate, as well as to listen to whoever they want, and then decide for themselves what is good and bad for them? Is that not what democracy is all about? Or should the Burmese people continue to live under restrictions imposed by some self-appointed and well-meaning authority and others in order to deliver them from all sorts of evil (defined by their personal likes and dislikes) and to promote greater good (defined by their whims and fancies)? These restrictive measures are looked upon by the Burmese people as a form of bullying. And some time ago a retired colonel had remarked to me: "to be bullied by a foreign colonialist is bad. To be bullied by your own people is far worse."

28. I think I should also say a few words about another interesting observation,

namely the issue concerning going ga ga over Nobel laureates, Big Names, Harvard and Oxford, etc;. I am not so sure that the key members of the regime here hold Nobel laureates in high esteem. As far as I am aware, Nobel laureates are not in their good books. As for the rest of us, I shall restrict my remarks only with respect to the views of the teachers, students and staff of the Yangon Institute of Economics, because I was directly involved and had first hand experience on this matter at that institute.

29. The teachers and students of the Institute of Economics do not go ga ga over Nobel laureates. This is because we have our own home-grown Nobel laureate living just a few blocks down the road from the Institute. However, we took advantage of Professor Stiglitz's visit to Myanmar by inviting him to our "*Saya Kadaw Pwe*" – ceremony where students express gratitude, ask forgiveness for indiscretions and sins committed, and pay respect and homage to their teachers.

30. Professor Stiglitz accepted our invitation and came to our ceremony despite his tight schedule. He was warmly welcomed by the teachers and students of the Institute and was extended the usual courtesies and respect befitting a teacher, a *saya* from Columbia University in the United States, who wrote books and articles from which we all benefitted a lot. We regarded him as one of us and he joined 200 retired rectors, professors and teachers of the Institute when 500 present rector, professors, teachers, staff and graduate students paid homage. I think Professor Stiglitz felt very much at home with us and in responding to the occasion, he conveyed his good wishes to us and made a brief but insightful statement on the new thoughts and directions the economic profession is heading and the challenges and opportunities that these pose for us. He also read out a message of greetings from our own *saya* Dr. Ronald Findlay, formerly a professor at the Economic Institute and who is now a professor at Columbia University and a close friend and colleague of Professor Stiglitz.

31. We expressed appreciation to Professor Stiglitz for sharing his views and ideas with us and for conveying to us the greetings and good wishes from Dr. Findlay who is always in our thoughts and especially on the occasion of *Saya Kadaw Pwes*. We extended an invitation to *saya* Stiglitz to visit the Institute of Economics

whenever it is convenient for him to do so.

32. I think I have already spent a lot of time responding to some of the interesting comments that we have received concerning our meeting and so I shall now turn to making observations and presenting my perspectives on the meeting itself.

33. In doing so I would like to begin by quoting a well-known remark from Deng Xiaoping, when he initiated the economic reform process in China, which says: "It does not matter if the cat is black or white, as long as it catches mice."

34. Taking after Deng, we can perhaps describe the situation of those people who want to initiate the economic reform process in Myanmar by saying something like this: "It does not matter if the mouse is black or white, as long as it is not caught by the cat". I request that you keep in mind that mice take considerable personal risks in trying to bring about change in Myanmar and some have paid dearly for alleged misdeeds and indiscretions. With that in view, I will try to give my perspective on what may be considered useful outcomes of the meeting.

35. To start with, a brief remark about the organization of the meeting and participants will be desirable. So let me say that the second development partnership meeting consisted of two parts.

36. The first part was the Roundtable held in the morning of 15 December 2009 at which introductory remarks were made by Dr. Heyzer and Professor Stiglitz. Technical level presentations were then made, followed by comments on the presentations from a panel of experts (both domestic and foreign), and then the session ended with a question and answer period. The Roundtable was attended by over 80 participants consisting of government officials, members of UN agencies, and representatives from the academic community, business community, NGOs, mass media and civil society organizations.

37. The second part was the policy level Development Forum held in the afternoon. It was addressed by Myanmar ministers as well as by Dr. Heyzer and Professor Stiglitz. In addition to the participants at the Roundtable, members of the diplomatic corps attended the Forum and took part in the discussions.

38. As we all know, the meeting received good media coverage. The presence of

media representatives throughout the meeting was partly responsible for this. In addition, the press releases issued by the ESCAP information service and the press conferences held by Professor Stiglitz and Dr. Heyzer at which the main issues and recommendations made at the meeting were highlighted, generated considerable media interest and coverage.

39. In view of the above, what I think will be useful for me to do at this stage is to try to come up with some concrete proposals to follow-up on the issues and recommendations made at the meeting. In undertaking such a task we should not be overly ambitious. We need to keep in mind that there is no way we can deal with the problems of rural economy and poverty in the country by holding one meeting. What we can do, for a start, is to take up a recommendation that is accorded high priority and to initiate follow-up action.

40. I would like to propose that the recommendation to restore Myanmar as a major rice exporter in the world would be a good starting point to serve such a purpose. The reasons for making this proposal are as follows:

- The recommendation to restore Myanmar as a major world rice exporter was accorded high priority and received support and endorsement by the meeting;
- This is a challenging recommendation, but which I believe is feasible and within our capacity to deliver. It is also a challenge worth undertaking because it will require us to consider and respond to the major issues identified at the meeting, and especially those put forward by Professor Stiglitz and Dr. Heyzer;
- Rice is the mainstay of the agricultural economy and provides livelihood for the majority of farm families;
- Reintegration of the rice farmer and the country's rice industry into the world rice market will provide incentives to increase both the quantity and quality of rice and thereby leading to higher incomes and employment opportunities for the rural community;
- Such reintegration of Myanmar's rice industry into the world market will mean increased international competition for local participants in this industry.

Veteran rice dealers in the country with vast knowledge and experience in the industry will survive and thrive in the competitive environment. Others, who know little about the rice business, but who are making huge profits based on connections, cozy deals and special favours will not survive and will go out of business. This will level the playing field in the industry which is essential for its revitalization and growth;

- Higher productivity, output, incomes and employment in the rice farming sector will contribute to alleviating rural poverty and enhance greater food security at home. At the same time, re-emergence on the international scene as a major rice exporter will restore rice as an important source of foreign exchange for the country and will also assist in addressing the rising food security concerns in the region and around the world;
- In short, revitalization of the rice economy and rice exports presents one area where concrete follow-up action can be taken on the key recommendations made at the meeting. It is also an area that holds high promise for fruitful cooperation between the government, academics, business community, civil society organizations, and development partners. These are given consideration and are elaborated below.

41. To initiate follow-up action on the recommendation to restore Myanmar as a major rice exporter, it will be useful to start with a brief account of where Myanmar stands at present in the world rice market.

42. What is clear from our official statistics is that the importance of rice in Myanmar's total export earnings has been declining over the past years. In the colonial days, in fiscal year 1938/39, Myanmar exported 3.3 million tons of rice which contributed 46.7% to total export receipts. Myanmar was the number one rice exporter in the world at that time. Over the period 1990/91-1999/00, the volume of rice exports averaged 249,000 tons per year which amounted to 7.5% of the 3.3 million tons exported in 1938/39. Rice accounted for 6.6% of total export receipts during this period.

43. The importance of rice in Myanmar's exports declined further in 2000/01-2007/08 period. It only contributed a yearly average of 1.6% of total export earnings

during this period. Obviously, this also implies Myanmar's well-known reputation as the "rice bowl" of Asia has lost much of its splendor. Thus, in 2007 the total world exports of rice amounted to 28.69 million tons. Thailand is now the number one rice exporter in the world. It exported 8.5 million tons in 2007 which accounted for 29.6% of total world exports of rice. Vietnam came in second, exported 4.6 million tons, accounting for 16.0% of total world exports. Other major players in the world rice export trade in 2007 were India with 4.0 million tons, USA (3.3 million tons), and Pakistan (3.0 million tons).

44. How about Myanmar? According to official statistics, Myanmar exported a total of 358,500 tons of rice in fiscal year 2007/08. This represents 1.2% of total world exports of rice in that year. It may further be noted that Myanmar's share of 1.2% represents the share in total *volume* of world rice exports. If instead, we consider the total *value* of world rice exports, Myanmar's share would even fall further, as Myanmar exports mostly low quality rice that fetches a price per ton far below that of its neighbours. Moreover, Thailand exported as much as 10.1 million tons of rice in 2004. In contrast, there have been years when the volume of Myanmar's rice exports sank into insignificance in the world rice market. For instance, official statistics indicate Myanmar exported only 14,500 tons in fiscal 2006/07.

45. The availability of adequate supply of rice for domestic consumption, to have a surplus for export to earn foreign exchange, and to tax rice production and trade to generate revenue have been a major preoccupation of successive governments in Myanmar. As stated earlier, rice cultivation is the main occupation of farmers who form the majority of the country's population. In fact, rice growing for the Burmese farmer is not only a means of livelihood, but is a way of life. Hence, the rice issue has been, and continues to be, a politically sensitive matter in the country and it raises deep social and economic concerns.

46. As we all know, rice is also the staple food of the people of Myanmar. In thinking about food and its importance for a household, it will be useful to recall a generally accepted principle in economics, known as Engel's Law, which states that for any country or society, a family at a lower level of income devotes a larger

proportion of its expenditure to food. Then with rising incomes, the share of food declines while there is a corresponding increase in the share of other items such as housing, consumer durables, transport, education, health, recreation and family welfare services. According to surveys conducted by the Central Statistical Organization of the Ministry of National Planning and Economic Development, food takes up a very large share, amounting to 72% of total consumption expenditure of an average family in Myanmar. Of this total food expenditure, about a fifth is devoted to buying rice. In the countryside and villages, the share of food (and especially rice) in total consumption expenditure is higher. This is particularly so in the rural areas of Chin State where food accounted for 76% of total household consumption expenditure with the share of rice in total food expenditure coming to roughly a quarter. Compared to this, the proportion spent on food for an average household in a developed country like the USA is around 14%. Not only in a developed country, in no other country in the Asian region does an average family devote such a high share of household consumption expenditure to food as in Myanmar. In Japan the share of household consumption on food is 23%, in Thailand it is 32% and in Malaysia, 37%. The share spent on food is lower in other least developed countries as well. For example, in Bangladesh the share is 52%, in Cambodia 57% and in Laos 61%.

47. The large percentage spent on food indicates a low level of income. The income level of the average household must be substantially increased so that the family has enough to spend on other items that are considered desirable in any modern developed society. Of the large share spent on food, the largest chunk of this, amounting to 20% to 25% is spent on rice. Hence, bringing rice on the market at affordable prices will go some way in easing hardships of the poor people in Myanmar. That is why I want to concentrate on the rice issue in following up on the recommendations made by Professor Stiglitz.

48. In addition to the reasons I have given above, there is another consideration why with regard to the rice issue, undertaking follow-up action with respect to restoring Myanmar as a major rice exporter has an advantage. The reason for this is as follows.

49. Up to now, a key element and an overriding preoccupation in the development strategy of Myanmar has been strengthening of its agricultural base that would foster growth of other sectors as well. This objective was adopted beginning in the early 1970s, and hence we have been building the country's agricultural base for nearly 40 years. Unfortunately, what constitutes an agricultural base has never been defined. Hence, we are not sure how far we have come in building this agricultural base. We are also not sure when the agricultural base will be built so that we can move on to building other things.

50. The lesson to be drawn from this is that in order to initiate concrete follow-up action, we need to deal with variables that can be defined, are measurable and have data that are available and reasonably reliable. Rice exports best meet these requirements. Since export shipments take place from a few ports, collecting data is administratively simple and inexpensive. The data can also be checked from the country to which the exports are shipped, which will appear as imports of that country. It is true some amount of rice move out of the country through informal channels which will not be reflected in official statistics. But this is not unique to Myanmar. Cambodia, Laos and Vietnam have the same problem and we will have to live with it. But keeping this limitation in mind, we can set up a rice export target in quantitative terms which will be time bound; say for instance, to increase rice exports from the present volume of roughly 1 million tons to 2 million tons in 3 years.

51. Once a rice export target has been set in quantitative terms and in a time-bound way, we can then take follow-up action by setting up a small working group. We can call this working group "Rice Technical Advisory Group" (RTAG) or by any other fancy name we want, so long as the name does not upset anybody. As you know, form is more important than substance in this country.

52. RTAG will be composed of technical experts from the government, business, and the academic community who have special knowledge and expertise on rice. The Group will have access to, and should receive technical advice and inputs from local civil society organizations and NGOs as well as foreign experts and academics who have wide experience with the rural sector in Myanmar as well as in neighbouring countries. The Group's task will be to draw up a follow-up programme

to address issues in areas recommended by the Naypyitaw meeting and especially by Professor Stiglitz. In each area (such as land reform, rural credit, employment creation, etc.,) there will be an overall objective as well as short and medium term operational projects with clearly defined quantitative targets which are to be achieved within specified time frames. This will enable monitoring, evaluation and review of the follow-up programme which will be undertaken by RTAG. The Group will keep the implementation of the programme under constant review and will take immediate steps to determine the underlying causes if divergences occur between the planned targets and outcomes. The divergences may be due to shortcomings in policies, implementation difficulties, or the targets may have lost relevance to the needs of the country due to changed circumstances. The RTAG will report its findings and recommendations for corrective action to the appropriate Myanmar authorities for consideration and guidance for further action.

53. The RTAG for its smooth functioning and efficient conduct of work, will be provided with an office, secretarial support, telephone, copying machines, fax, e-mail and Internet facilities, as well as with the necessary technical and administrative backstopping services.

54. The Tun Foundation Bank, in which I am serving as a director on its Board of Directors is a bank run on commercial principles but all the profits made go to charity. The Bank is setting up a Myanmar Development Resource Centre, like in neighbouring countries. The Centre will be a private non-profit institution approved by the government that will conduct policy research. We will be pleased to provide office facilities as well as all other requirements to the RTAG to perform its duties, free of charge. As an independent private institution, located in Yangon, we will also be cooperating closely with the development community, both bilateral and multilateral, in undertaking research as well as in providing training, conducting seminars and workshops, hosting conferences, and in disseminating information.

55. But going back to RTAG and follow-up action to restore Myanmar's status as a major rice exporter in the world market, one consideration that comes readily to mind is that to increase rice exports there is need to increase the exportable surplus of rice. Exportable surplus consists of current production, plus available stocks,

minus projected domestic consumption. To this some adjustments may have to be made for loss due to improper storage and pests and leakages resulting from illegal cross-border trade.

56. Thinking along these lines, we may take note that in fiscal year 2008/09, according to official statistics, paddy (unhusked rice) output in Myanmar is estimated to be 35.8 million metric tons. Myanmar's population is 58.4 million, and rice exports for the year are stated to be around 1 million metric tons. In the same year, Thailand estimates its paddy output is likely to be about 35 million metric tons, slightly less than Myanmar. Thai population for the year is estimated at 68.4 million, but its exports are estimated to be between 8 million to 10 million metric tons. Hence, the fact that Thailand with about the same level of paddy production as in Myanmar but with 10 million more people could export rice more than 8 to 10 times than that of Myanmar needs some explanation. A reason that has been given is that with rising incomes and higher living standards, the life styles and dietary patterns of the Thais have changed and they are eating less rice, which increases their rice exportable surplus and thereby their exports. This sounds reasonable and is certainly true, to some extent. In fact, our people in the Ministry of Agriculture and Irrigation, estimate our per capita rice consumption at 8.5 baskets (637.5 lbs) per year, compared to 3.5 baskets (262.5 lbs) for the Thais. But of course there are also those who advocate a simpler explanation. They think the large discrepancy in the rice export performance between Myanmar and Thailand is purely a statistical phenomenon, arising out of our overly optimistic paddy output figures.

57. In any case, the option to reduce domestic consumption of rice to increase its exportable surplus is not available to Myanmar. According to IMF, the per capita GDP of Myanmar in 2008 is estimated at \$446 while the figure for Thailand came to \$4,116. Hence, prospects for rising incomes and changing life styles to reduce the consumption of rice to have a significant impact on the exportable surplus are not in sight for Myanmar in the foreseeable future. Reliance to increase exports will have to be placed on increasing paddy output in real and not in statistical terms.

58. To increase paddy production, the need to provide farmers with the required incentives is crucial. This was lacking in most of the post independence era. Explicit

agricultural taxes, such as export taxes, and implicit taxes, such as government agencies paying farmers less than market prices, were adopted in Myanmar as they were easy to administer and extremely attractive for a country with a narrow tax base and limited administrative capability. Moreover, those who are desperately in need of cheap rice are the large masses of the urban poor. Unlike farmers and the rural poor, the urban poor is more politically conscious, better informed and organized and are easier to instigate into civil violence. Nationwide civil unrest usually starts with some disturbance in the cities and towns. So it makes good political sense to force farmers to sell a portion of their rice at much below the market price, and to resell this rice to the urban poor, state employees, soldiers, etc. at a very low subsidized price. Not only rice, but urban consumers usually get subsidized gasoline, electricity, public transport, housing, and other essential community services. These subsidies result in huge deficits in the government budget. When the deficits are met out of the government's general budget, which includes taxes and other charges levied on farmers, it means the rural sector is subsidizing the consumption of these goods and services by the urban sector.

59. An important policy initiative was undertaken in April 2003 to give our long suffering farmers a better deal. The compulsory delivery of a quota of farm output was abolished and rice export trade was opened up to the private sector. Not much has so far been achieved due to a number of factors. We plan to deal with these factors in our follow-up activities of the RTAG so that our farmers get the better deal they deserve and they get the incentives and support that they desperately need.

60. But what specifically are the measures and follow-up activities for RTAG to pursue to improve the lot of the farmers, to revitalize the rice economy and particularly to restore Myanmar as a major rice exporter in the world market, in light of the recommendations made by Professor Stiglitz at the Naypyitaw Roundtable and Development Forum? These are listed below.

61. We start with something obvious: in order to get to where you want to go, you need to know where you are at present. Hence, we need to improve our agricultural statistical base. A favourite method of agricultural survey is fondly referred to as the palm tree climber survey. Under this method the surveyor climbs a palm tree, looks

at the rice fields below and estimates sown acreage, mature acreage, yield per acre, fertilizer requirement, etc. Unfortunately, Nargis has wiped out all the palm trees at least in the delta area. So we need to come up with some other better methods. Our people in the Settlement and Land Records Department of the Ministry of Agriculture and Irrigation know these methods and has the knowledge and competence to conduct surveys to improve our agricultural data base. All they need is the mandate to undertake the task and resources to do it. We will be pushing hard for them to get the mandate and the required resources.

62. Aside from improving our agricultural statistical base, another obvious need is to boost rice yields. This can be done through increased and proper use of modern inputs such as fertilizers, pesticides, proper water control, improved seeds, and farm mechanization. Moreover, there is a wide range of issues related to better pricing, distribution, storage, marketing, grading, processing, taxation and organization and management of agricultural production so that farmers' incentives are not adversely affected, they get a fair reward for their efforts, and middlemen and others do not take unfair advantage of them.

63. A big issue highlighted by Professor Stiglitz and that has received major attention at present is agricultural credit. Nargis and the destruction it has wrought on infrastructure, natural and man-made capital, dwellings and means of livelihoods have dramatized the need for credit. But the credit crunch is a countrywide problem although its impact varies from region to region, from township to township, and even within a township.

64. In view of its seriousness, rural credit issue will be accorded top priority in undertaking follow-up action. In doing so effort will be made to build on what has already been achieved and to take due account of on-going activities in this area by the public and private sectors, civil society organizations, and NGOs to avoid duplication and to enhance cooperation among various actors and stakeholders. I should mention that the Tun Foundation Bank has applied for permission to set up a mechanism to provide rural credit and the application at present is under review by the relevant authorities. We should also keep in view that the UNDP has done a lot of useful work in this area and its experience will be drawn upon in planning future

activities. This also applies to the vast experience with regard to microcredit in the region from which we can draw valuable lessons. In this regard, we request Dr. Heyzer to invite Professor Muhammad Yunus to join us at the Third Development Partnership Meeting which we hope will be held at Naypyitaw in the not too distant future.

65. One important activity that we want to undertake right away with regard to following up on the rural credit issue is to conduct surveys of farm incomes and expenditures. In an unstable macroeconomic environment costs and prices are changing all the time but there is a need to get reasonably accurate estimates of farm incomes and expenditures for specific rural communities in order to launch credit programmes for them. Without such information it will not be possible to determine the amount of credit per acre that will be required and terms and conditions at which it should be provided to ensure these do not impose an undue burden on the borrower, while at the same time prospects of repayment are also reasonably good so that the credit programme can continue on a sustainable basis.

66. These income and expenditure surveys, can be undertaken by young people that have been trained by capacity building organizations both within and outside the country in techniques and methods of conducting such surveys. The dedication and hard work put in by these young people in undertaking Post Nargis assessment surveys have been impressive and I look forward to their involvement and support in undertaking surveys not only in the case of providing farm credit but also for follow-up activities in other areas concerned with enhancing rural economy and poverty reduction.

67. Another important issue raised by Professor Stiglitz is the need to reconcile the conflict of interest between the producer and consumer with regard to the rice price. As producers farmers would like to get a price of rice as high as possible. On the other hand, consumers would like to buy rice at a price as low as possible. How do you resolve this conflict? How do you go about establishing a price that is attractive for farmers to produce rice, while the price is also at a level that consumers can afford to buy? Professor Stiglitz says this can be done by reducing “transaction costs”. For example, Dr Ikuko Okamoto of Institute of Developing Economies of

Japan, a specialist on the rural economy of Myanmar, has estimated that of the rice price paid by the final consumer, farmers get 20%. The rest 80% goes to pay “transaction costs”, which are for transport, storage, marketing, grading, milling, port charges etc., along with tea money for small officials, and special gifts and donations for high officials. Now if these transactions costs can be lowered to 40% then price received by farmers could be increase by 20% and price charged to consumers can be lowered by 20% without disturbing the rice market.

68. Reducing transaction costs is a proposal that I think will be very interesting to follow-up. I am sure our business people will take it up with great relish. Aside from lack of a level playing field, chasing after transaction costs have made life utterly miserable for them.

69. Thinking about transaction costs such as milling, storage and grading lead us into another useful consideration, namely what is important is not the volume of exports but the money and revenue we earn from exports, or the value of exports. We have not done well on this score. As stated earlier, our rice exports are of low quality and price we get are far below what our neighbours get. So another follow-up activity we should pursue is to improve the quality of rice, get higher prices and increase export earnings. IMF recommends that efforts should be made to export more high quality rice not only to increase earnings but also because low quality rice is consumed by most people at home and its export could disturb the local market.

70. Looking at our past record, during the era of mandatory delivery quotas, high quality rice exports are problematic for the government because farmers usually provide the poorest quality rice they produce to meet their quotas. Moreover, such deliveries are dumped together at the government's buying depots so there is no uniformity with respect to the quality and variety of rice procured. However, with the lifting of the ban on private rice exports under the new policy in 2003, prospects for high quality rice exports become much brighter. This is because when the rice export trade is opened to the private sector, the private business person who has contact with the foreign buyer and knows exactly what the foreigner wants will pay the price and provide the required inputs to the farmer to produce the quality and quantity of the rice that is required. He will also collect, transport, and mill and process the rice

so as to meet the standard the foreign buyer has set. This is good for the farmer, the business person, and with increased exports and foreign exchange earnings, it is good for the country as well. But to obtain these advantages, there has to be a level playing field in the rice export business.

71. Another key recommendation concerns land reform. It played a big role in initiating economic reforms in economies like Taiwan and South Korea. In Myanmar farmers do not have land ownership rights, but have just land user's rights. Land ownership rights are not granted due to fear that when farmers are short of cash (which is their normal situation) they may sell the land off resulting in land alienation and absentee land-lordism.

72. When we talk of land reform in Myanmar we are thinking of coming up with measures to protect the farmers from losing their land use rights as it is happening in China at present. Another issue is that the land tax rates have been kept fixed at their level in the colonial days at a few kyats per acre which add next to nothing to revenue, which should therefore be reviewed. Some people also say farmers with land use rights should have right to use land as collateral to get loans. Another issue which we do not talk much about is that something like the enclosure movement that took place in England just prior to the Industrial Revolution is taking place in the Myanmar countryside. Every village has what are called the village commons, such as forests where village people can fetch firewood, meadows where their cattle can graze, and streams, lakes and ponds where they can catch fish. Now these are being fenced off by the local authorities to generate revenue for themselves and the common rights are no longer available to the village folk. Similarly, fishing rights in streams, lakes and rivers near villages are often given as concessions to private individuals and farmers are denied rights to them. I believe these are issues worth looking into in our follow-up activities.

73. Nargis and global crisis were mentioned as disasters that hit Myanmar which were beyond its control. When these natural and economic disasters strike, it is always the poor and livelihoods in the rural economy that are hit the hardest. However, the resilience of the rural economy can be strengthened to better withstand these misfortunes through creating non-farm employment opportunities.

For example, a farm household or a village that not only grows rice but engages in other economic activities has better chance of coming to terms with these disastrous events. Non-farm activities in the countryside can take place by setting up small enterprises in processing, construction, transport, repair, catering, and other services. In China these town and village enterprises played a vital role in the agricultural reform process, by creating jobs for millions of people and increasing rural incomes and output. With climate change brought on by global warming Myanmar like other countries will have to face more frequent and more violent natural disasters than before. Similarly, increased globalization will bring with it greater impact of economic disturbances originating outside its borders. Hence, there is a clear need to strengthen the resilience of the rural sector by promoting non-farm employment opportunities.

74. Since we are now living in a knowledge based economy, the importance of education and technology revolution that is upon us received considerable emphasis. With young and able bodied people leaving to take up better paying jobs in neighbouring countries only old people and young children are left in the villages and farmers in some parts of the country are facing a labour shortage. There may thus be a growing need to mechanize farming and to use less labour intensive methods in agricultural production.

75. We are also said to be living in the information age. For ordinary people two things are important in this age: access to internet and mobile phone. Here again, our situation is far less favourable than in neighbouring countries. For instance in terms of percentage of population that has access to the internet in the Asian region, Myanmar with (0.2 %) shares bottom place with East Timor. The percentages for neighbours are as follows: Laos (1.9%), India (7.0%), Thailand (24.4%), Vietnam (24.8%), China (26.9%), Malaysia (65.7%) and Singapore (72.4%).

76. As for mobile phone let me give you my personal experience. The supplier is a government monopoly and I had to fill an application form to buy a phone. I applied for one some time ago. My application was approved after 3 years. Then I paid 1.5 million kyats to purchase the SIM card. That is equivalent to 6 months pay of the highest government official. Now under a new rule announced recently my monthly

phone bill is estimated and I have to pay in three times that amount as advance payment for use of the phone. In poor neighbouring countries such as Cambodia and Laos, fierce competition among local manufacturers and sellers has brought down mobile phones prices to hit rock bottom and you can buy one for a few dollars. And everyone seems to be carrying one.

77. I will end my so-called press briefing on this happy note about our lucky friends in Cambodia and Laos. I am supposed to be talking about taking follow-up action on Professor Stiglitz's recommendations and what I have said above will keep us busy for the next ten years. So I should stop now.

78. But Professor Stiglitz's presentation at the Naypyitaw meeting covered much more. His comments on foreign investment and aid, managing natural resource wealth, resource curse and the Dutch disease are of high relevance for Myanmar. Professor and Mrs. Anya Stiglitz also brought a large number of thick books dealing with these subjects for us. I hope whatever financial compensations received from ESCAP, if any, at least cover the airline excess baggage charge for these books. I have handed the books to the librarians of several institutes in town. As for the contents of the books, and especially on the topics of resource curse and the Dutch disease, I will hold seminars on them at the Myanmar Development Resource Centre, when it gets off the ground. You are all cordially invited to attend.