



IS MYANMAR AN EMERGING ECONOMY? SUGGESTIONS FROM VIETNAM AND THAILAND

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**4th OEEET Workshop on Emerging Economies:
Why do some economies emerge while others do not?**

Outline



- I. **Myanmar reforms and take-off**
- II. **Is Myanmar an emerging economy?**
- III. **Vietnam “Doi Moi”**
- IV. **Thai economic miracle**
- V. **Comparison with Vietnam and Thailand**
- VI. **Preliminary conclusions**

I. Reforms and take-off

- 50 years of military regime ('62): nationalized economy, autarky, stagnation and poverty.
- The election of 2011, a new constitution, and the start of the reform process.
- Opening up of the economy, release of political prisoners, Suu Kyi in the parliament and catalyst for change, market oriented reforms, ease of sanctions, strong FDI inflow and high GDP growth culminated in free and fair elections in 2015.

What triggered and supported the reform process?

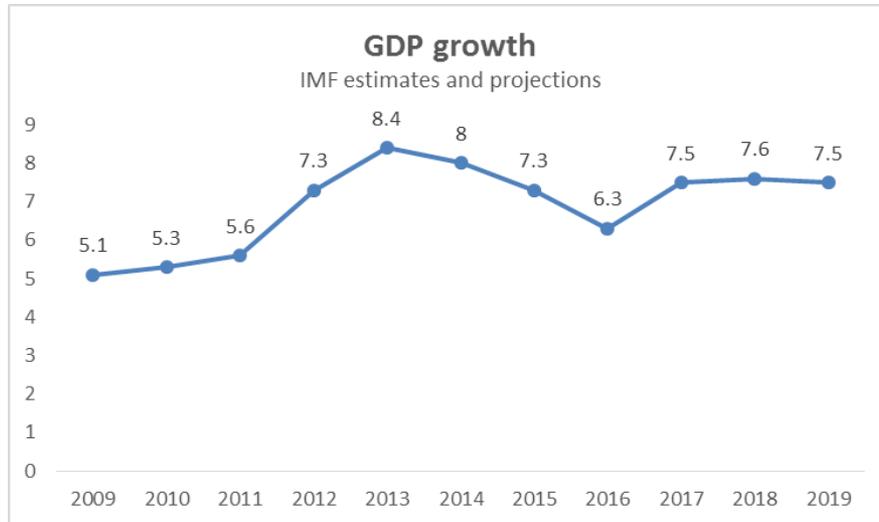
Internal factors

- People's will, protests and CSOs
- Suu Kyi as a catalyst of the request for change
- The road map to a “disciplined democracy”
- Myanmar non-aligned foreign policy

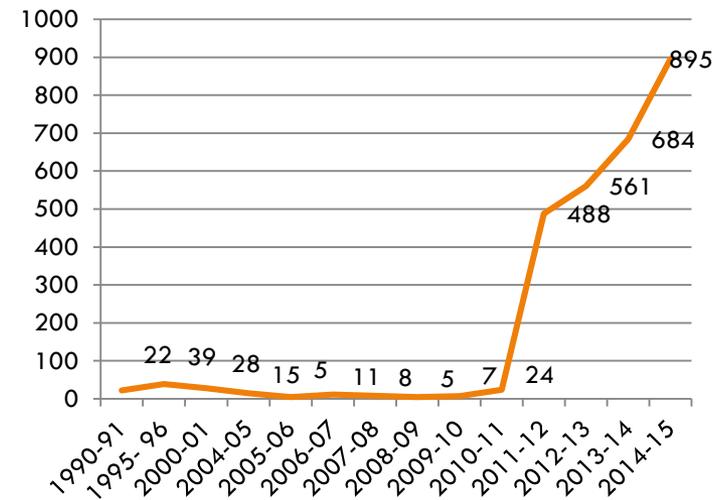
External forces

- The rivalry US-China
- US pivot for Asia
- Re-engagement of the international community
- FDIs and ODA

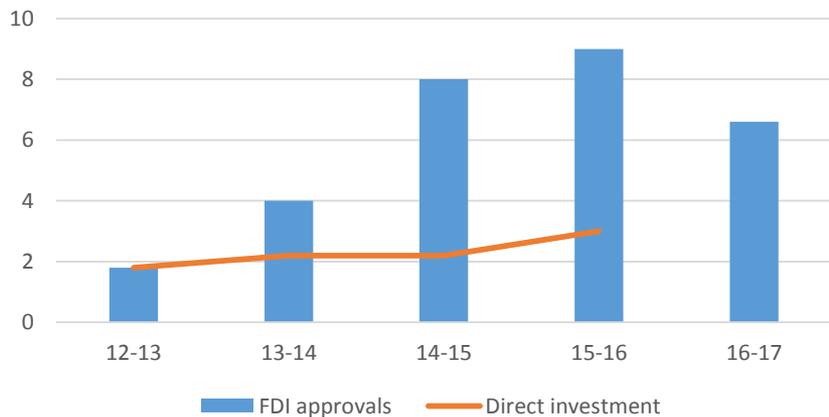
Economic take-off after the elections 2011



Foreign Enterprises in Myanmar
(Central Statistical Organization)



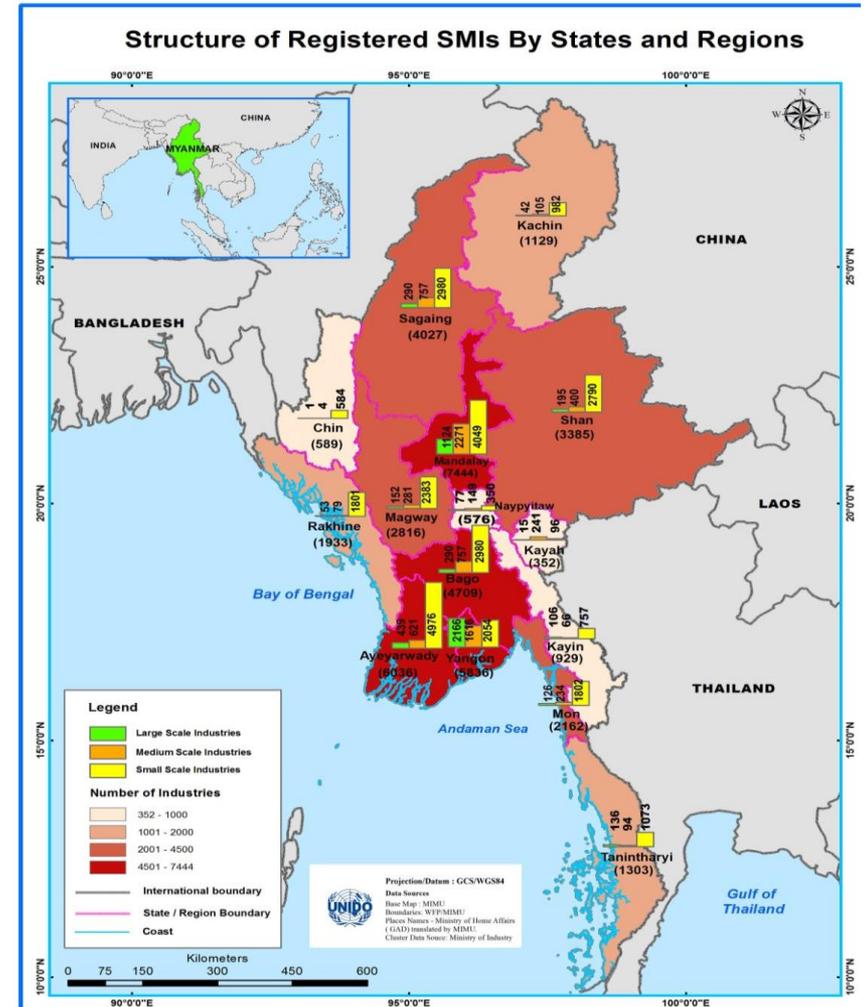
Foreign Direct Investment (Bil \$)



Selected economic indicators

IMF projected data 2016/17 (April-March)

GDP	66.3 Bl. \$
GDP growth	6.3%
GDP per capita	1,269 \$
Export	11 Bl. \$
Import	17.7 Bl. \$
Trade balance	-6.7 Bl. \$
Top export	Natural gas and petroleum, wood products, legumes
Top import	Vehicles, iron, steel and other metal products
Top trading partners	China, Thailand and Japan



Selected socio-economic indicators

IMF projected data 2016/17 (April-March)

Inflation	7%
Tax revenue/GDP	7.7%
Fiscal balance/GDP	-4.4%
FDI/GDP	5.9%
External debt/GDP	15.4%
Gross national saving/GDP	19.3% (2015)
Total investment/GDP	24.4% (2015)

Poverty, inequality and human development

Population 2015	53.8 M
Poverty rate (2010, WB)	37.5%
Poverty rate (2010, GoM)	25.6%
GINI (2010, WB)	0.29
HDI ranking 2016	145/188
Life expectancy at birth	66.1
Expected years of schooling	9.1

II. Is Myanmar an emerging economy?

- Openness: import knowledge, exploit global demand, favorable geopolitical context?
- Leadership and good governance: credible commitment to growth, credible commitment to inclusion, capable administration?
- Market allocation: prices guide resources, resources follow prices?
- Macroeconomic stability: modest inflation, sustainable public finances?
- Future orientation: high investment, high savings?
- Low conflict risk?

III. Vietnam “Doi Moi”

- Before “Doi Moi”: command economy, ineffective resources allocation and failed price-wage-currency reform resulted in hyperinflation.
- The “renovation” (1986-89): reforms to stabilize and open the economy, and trade agreements resulted in strong economic growth, export and investment boom.
- Annual average GDP growth over 7% (1994-2015), poverty reduction from 63% (1993) to 17% (2008). Improvement of human development indicators (primary education up to 95%, life expectancy from 65 to 75)

Vietnam “Doi Moi”

- Key factors: pragmatic leadership and effective policy making cycle; strong institutions and broad foundation for infrastructure; equitable initial investment in human development; successful combination of internal and external resources; land and agriculture sector reforms; pragmatic and sequenced trade liberalization; continued investment in human development; social solidarity and equity in policy and implementation; future orientation; political stability
- Weaknesses: limited technological spillovers from FDIs, limited productivity improvement, failure in providing medium and high skills, importing and assembly factory for other regional countries, growing inequality, not global enough yet.

IV. Thai economic miracle

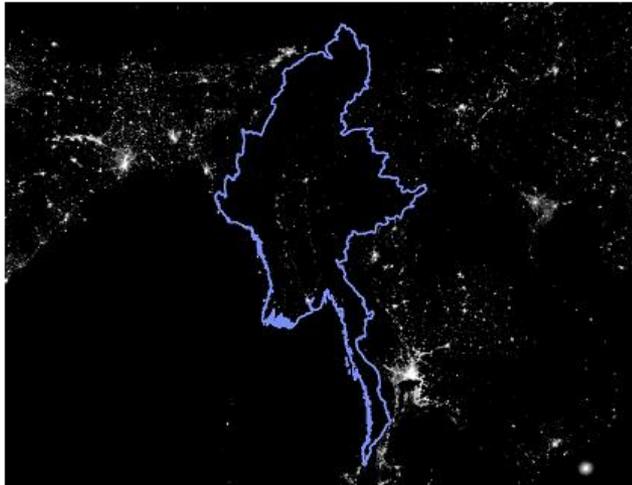
- A long period of stagnation before the sudden miracle: European and Chinese merchants used to export their profits, no revenues for the state, no import duties and no investment to support the creation of a local industry.
- 1950-2000 average annual GDP growth 6.6%, human development indicators increased significantly (poverty reduction from 30% to 10%, universal primary education, life expectancy from 50 to 68 years).
- From agriculture (diversification) to export-oriented manufacturing, factor accumulation and productivity growth.

Thai economic miracle

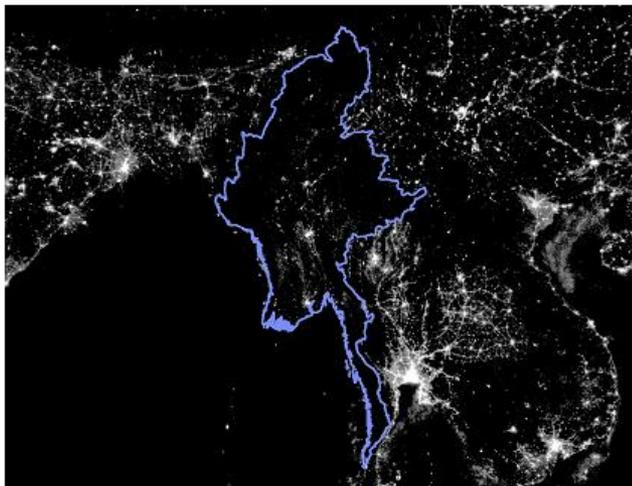
- Key factors: dynamic entrepreneurs and supportive state (business oriented), political and macroeconomic stability, openness, export orientation and FDIs, future orientation, very high labor force participation of women.
- The miracle ended in 1997, middle income trap, aging population, not enough investment in secondary education and research, high inequality, pollution: not enough state intervention?

V. Myanmar, Thailand and Vietnam: a preliminary comparative exercise

1992



2010



Growth and poverty (ADB, WB data)

	Period	Average annual GDP growth	Poverty headcount ratios	
Myanmar	2012-2016	7.4%	37,5% (2010)	30.6% (2015)*
Thailand	1976-1990	8%	21.9% (1981)	11.6% (1990)
Vietnam	1994-2015	7.4%	63.7% (1993)	16.9% (2008)

GDP growth (annual %)

World Bank national accounts data, and OECD National Accounts data files.

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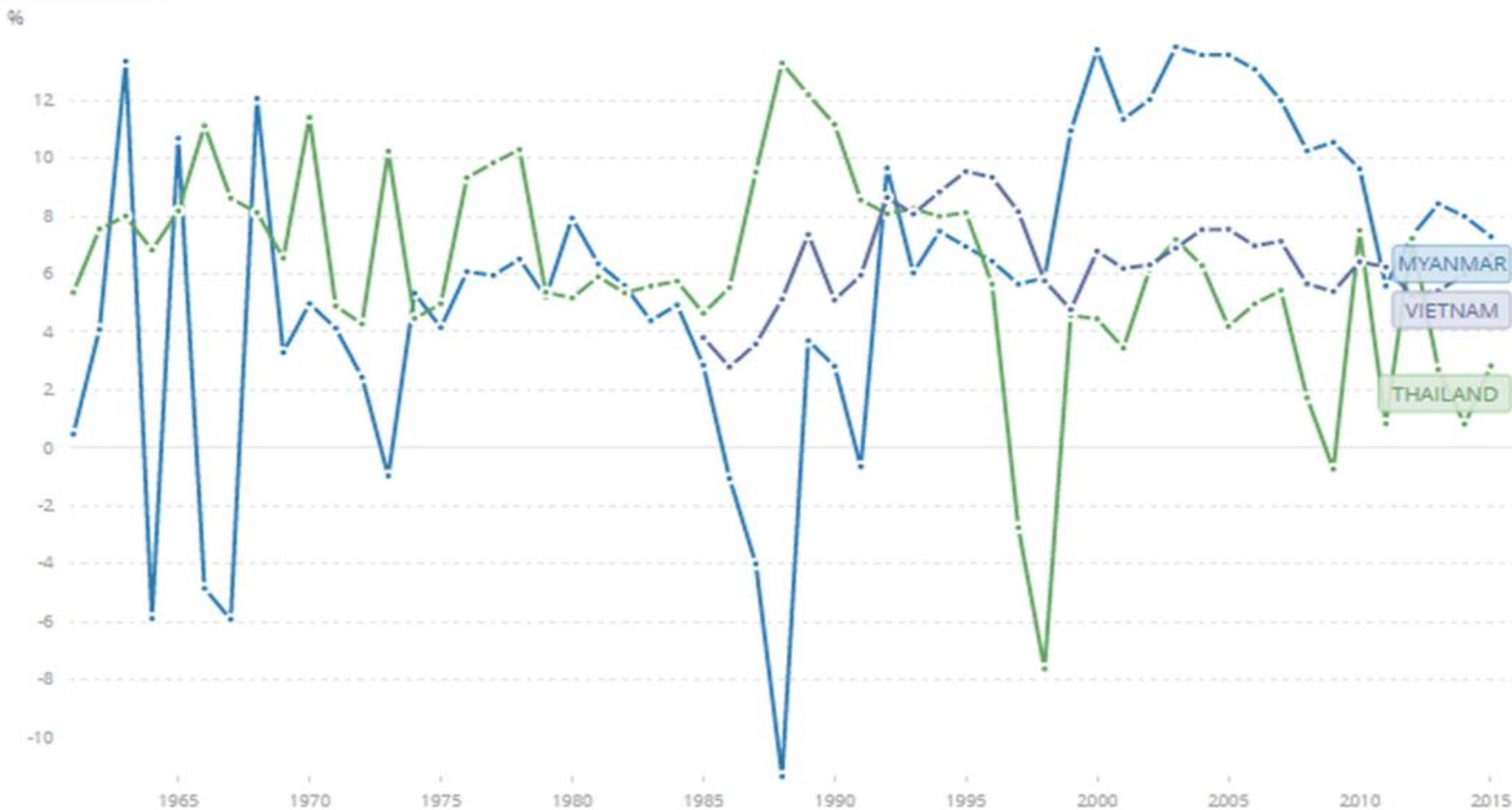
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Map

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Details



GDP per capita, PPP (current international \$)

World Bank, International Comparison Program database.

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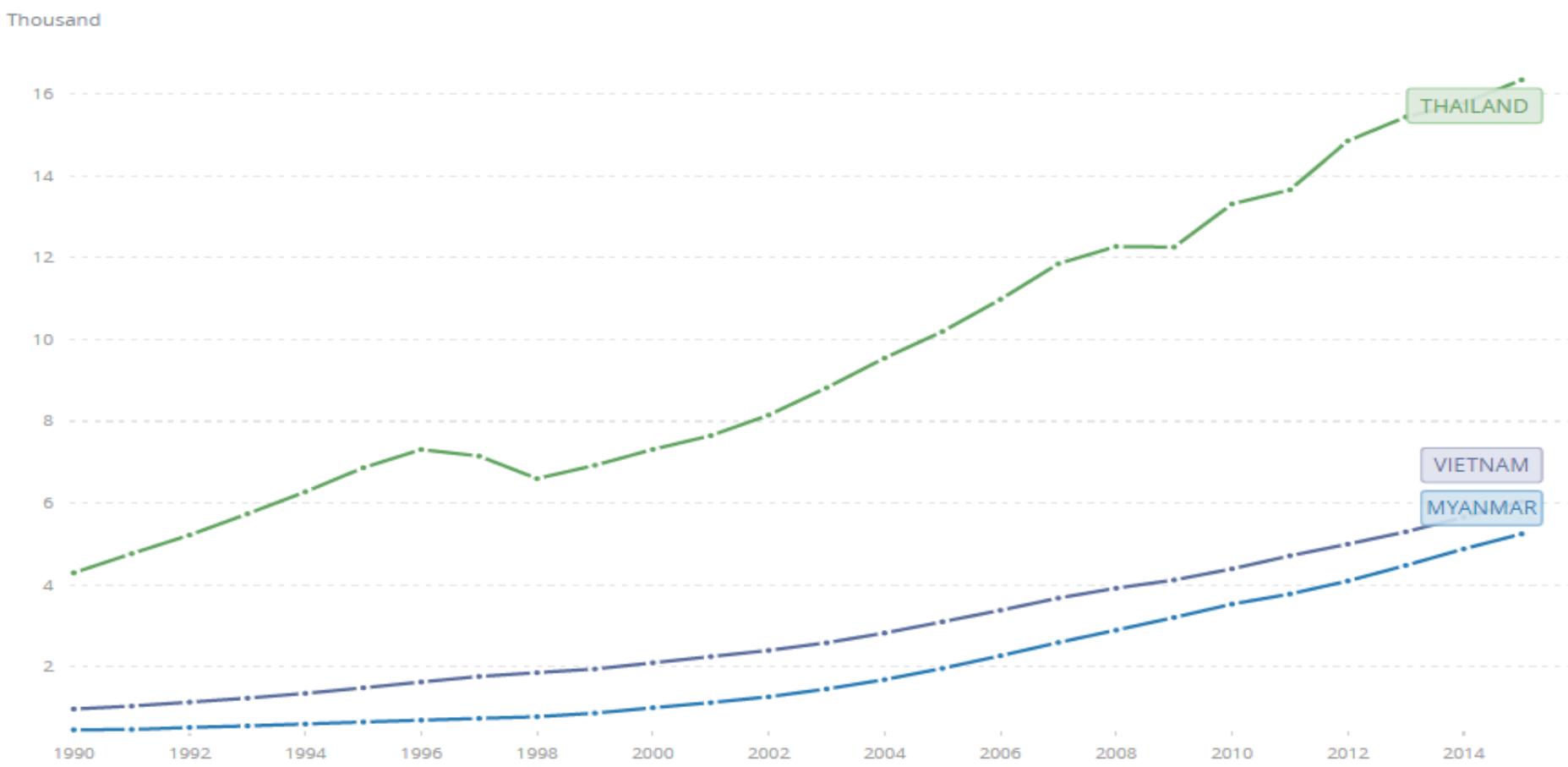
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Map

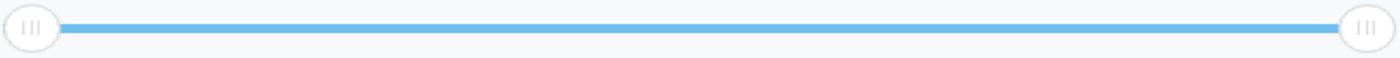
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1990 - 2015



Inflation, consumer prices (annual %)

International Monetary Fund, International Financial Statistics and data files.

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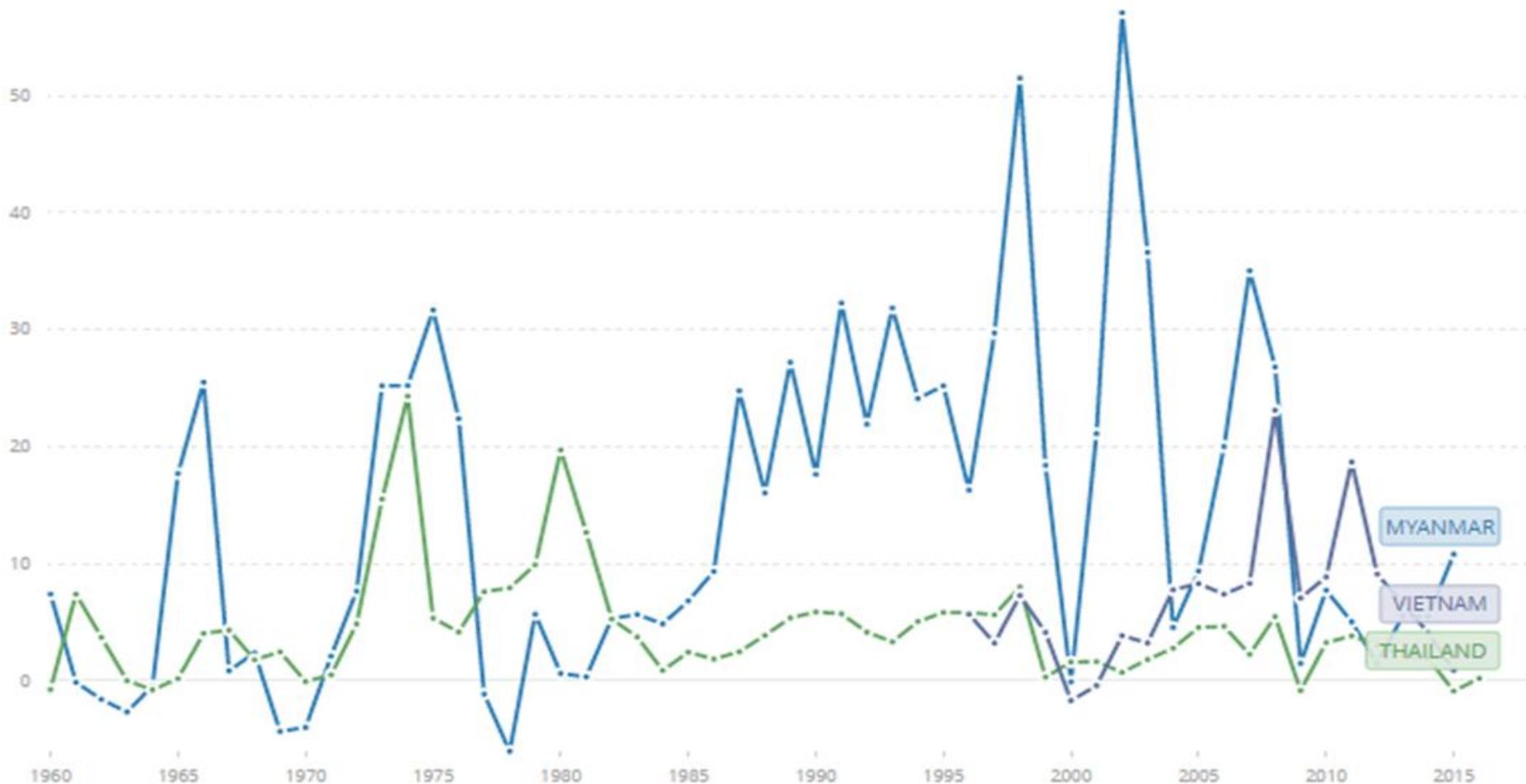
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%



Foreign direct investment, net inflows (BoP, current US\$)

International Monetary Fund, Balance of Payments database, supplemented by data from the United Nations Conference on Trade and Development and official national sources.

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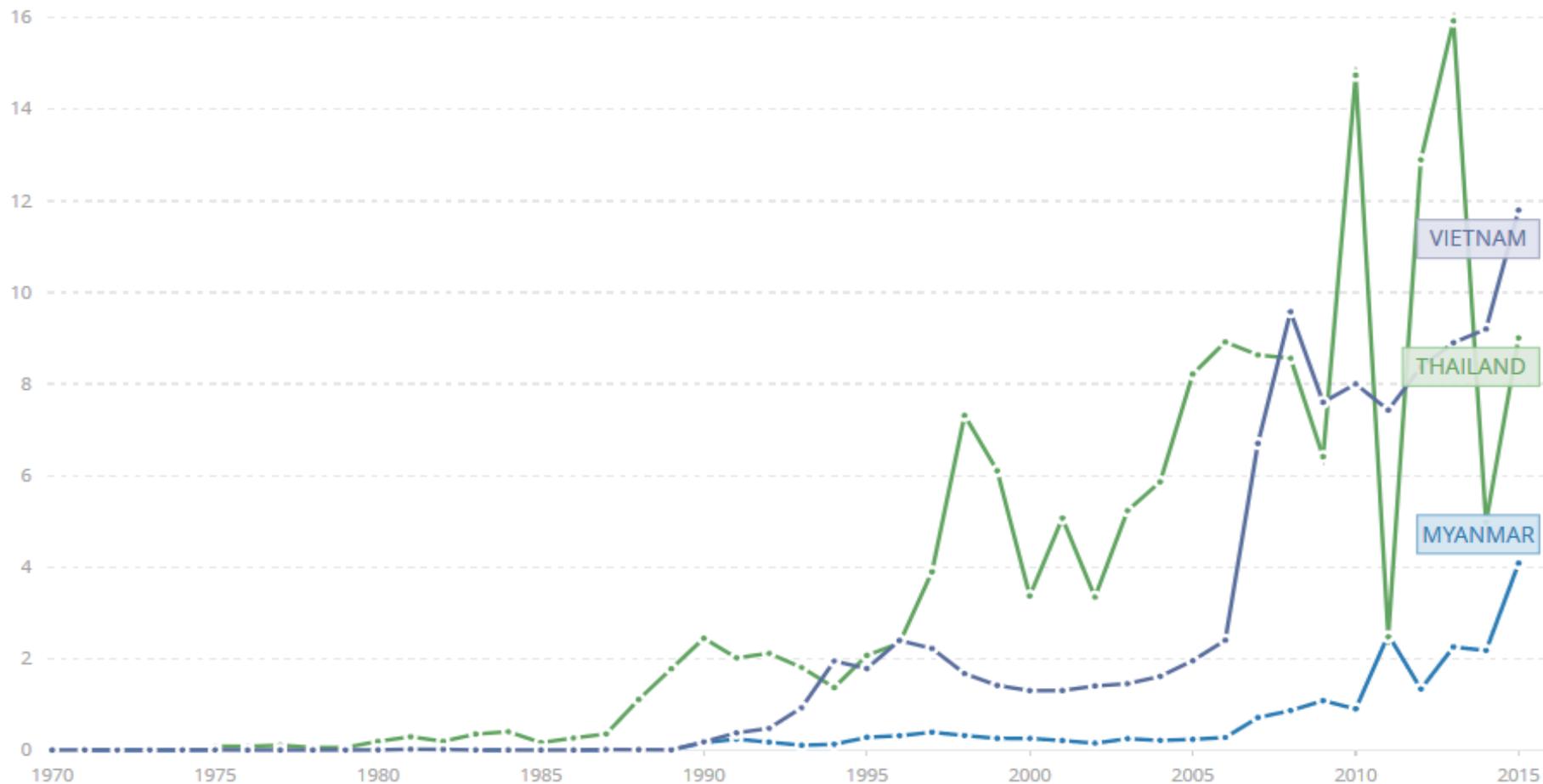
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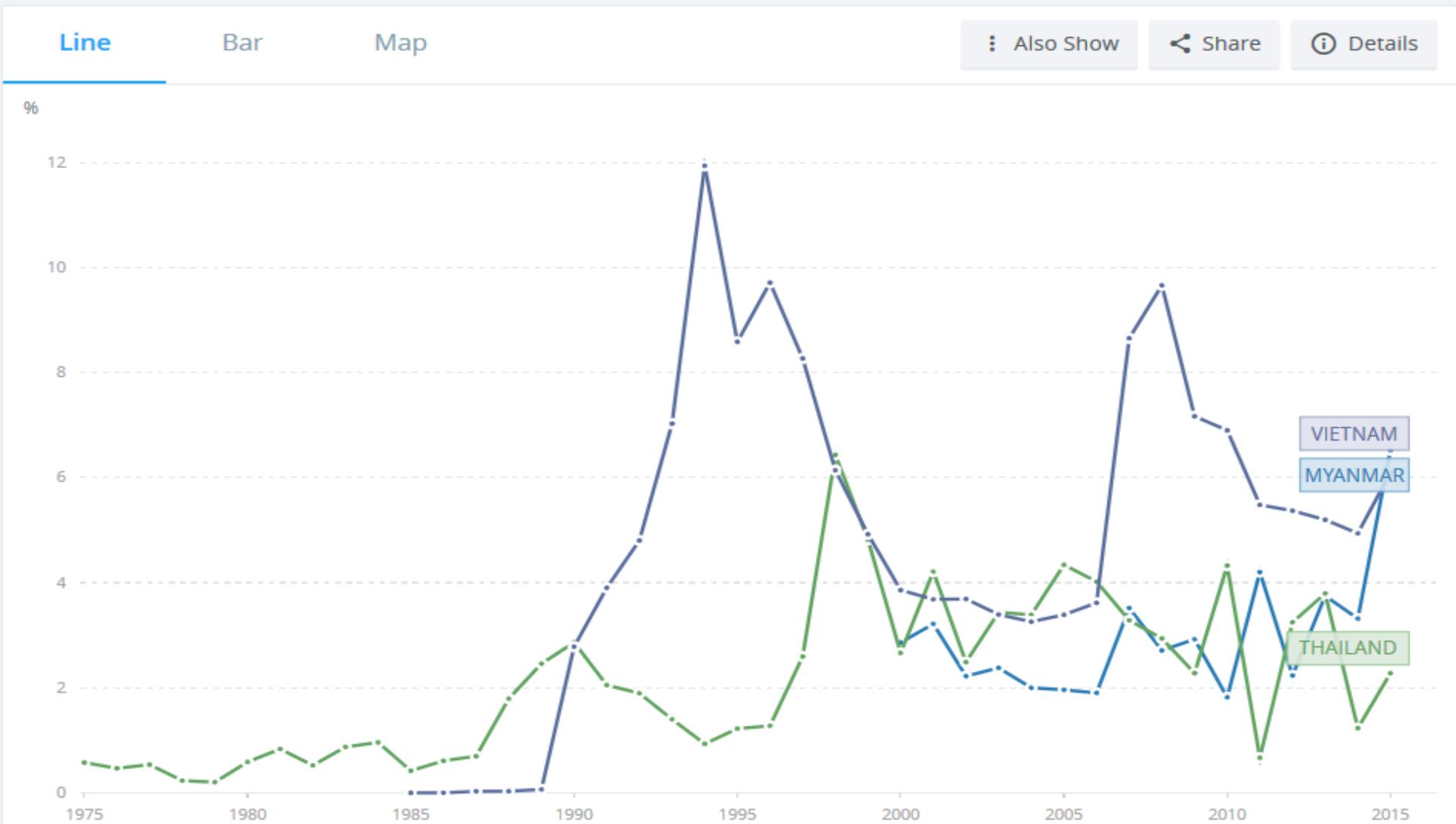
Billion



Foreign direct investment, net inflows (% of GDP)

International Monetary Fund, International Financial Statistics and Balance of Payments databases, World Bank, International Debt Statistics, and World Bank and OECD GDP estimates.

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Exports of goods and services (% of GDP)

World Bank national accounts data, and OECD National Accounts data files.

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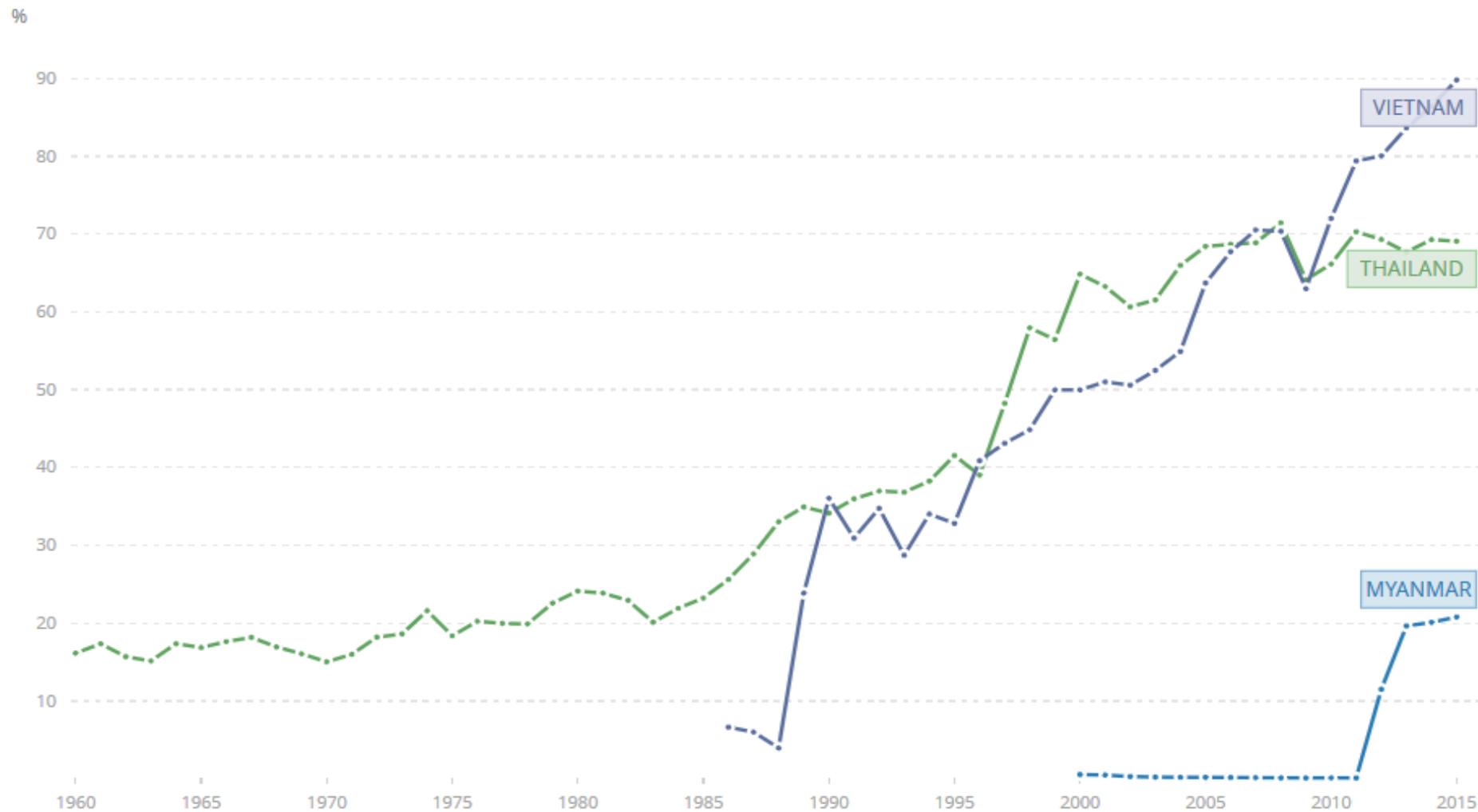
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Map

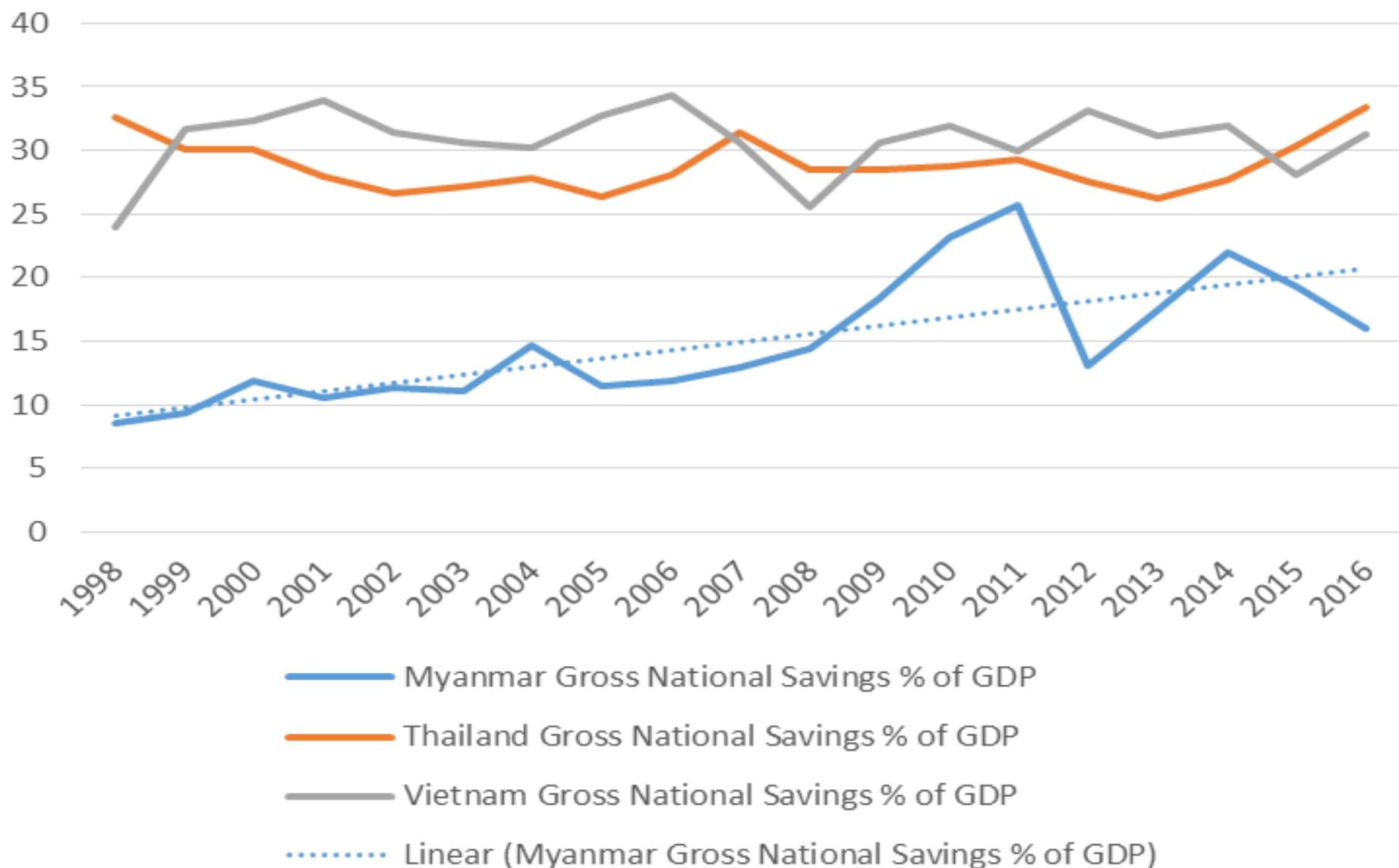
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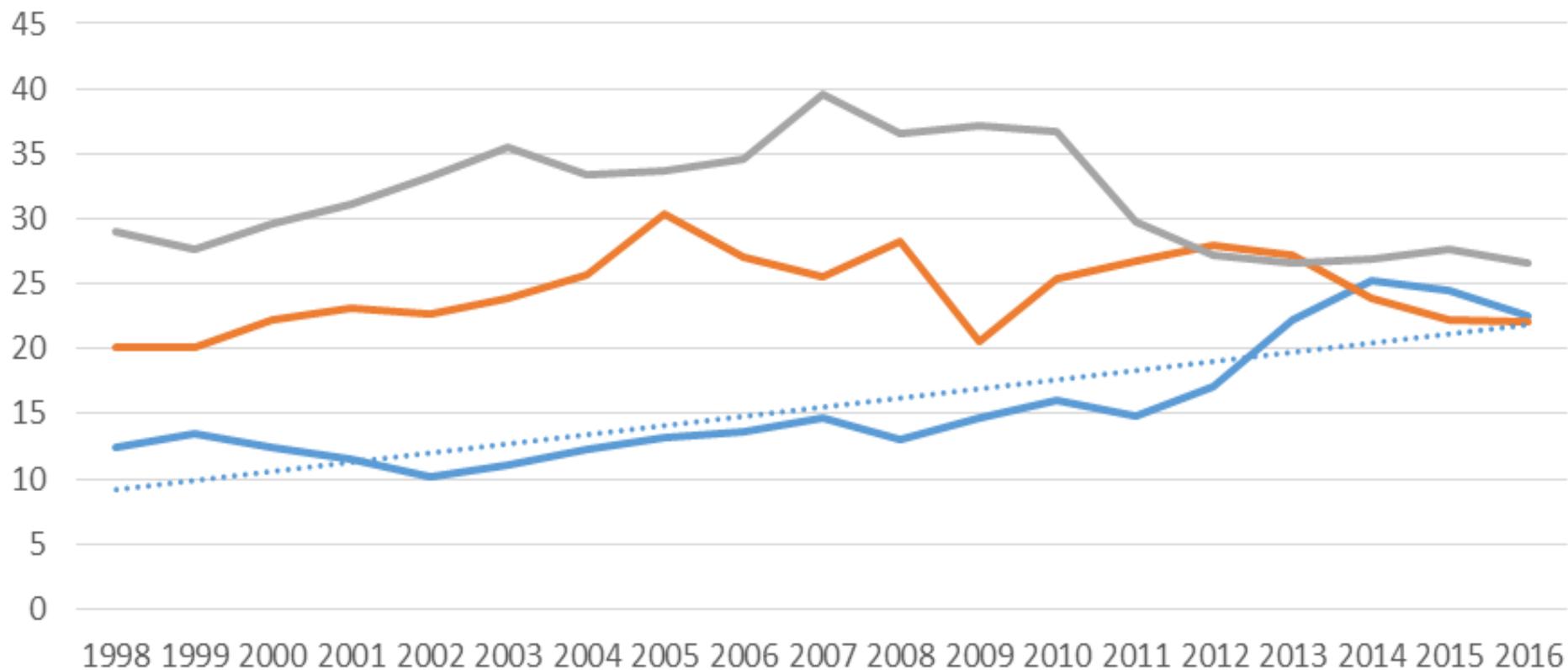
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Gross National Savings as % of GDP for Myanmar and Two Selected Regional Countries

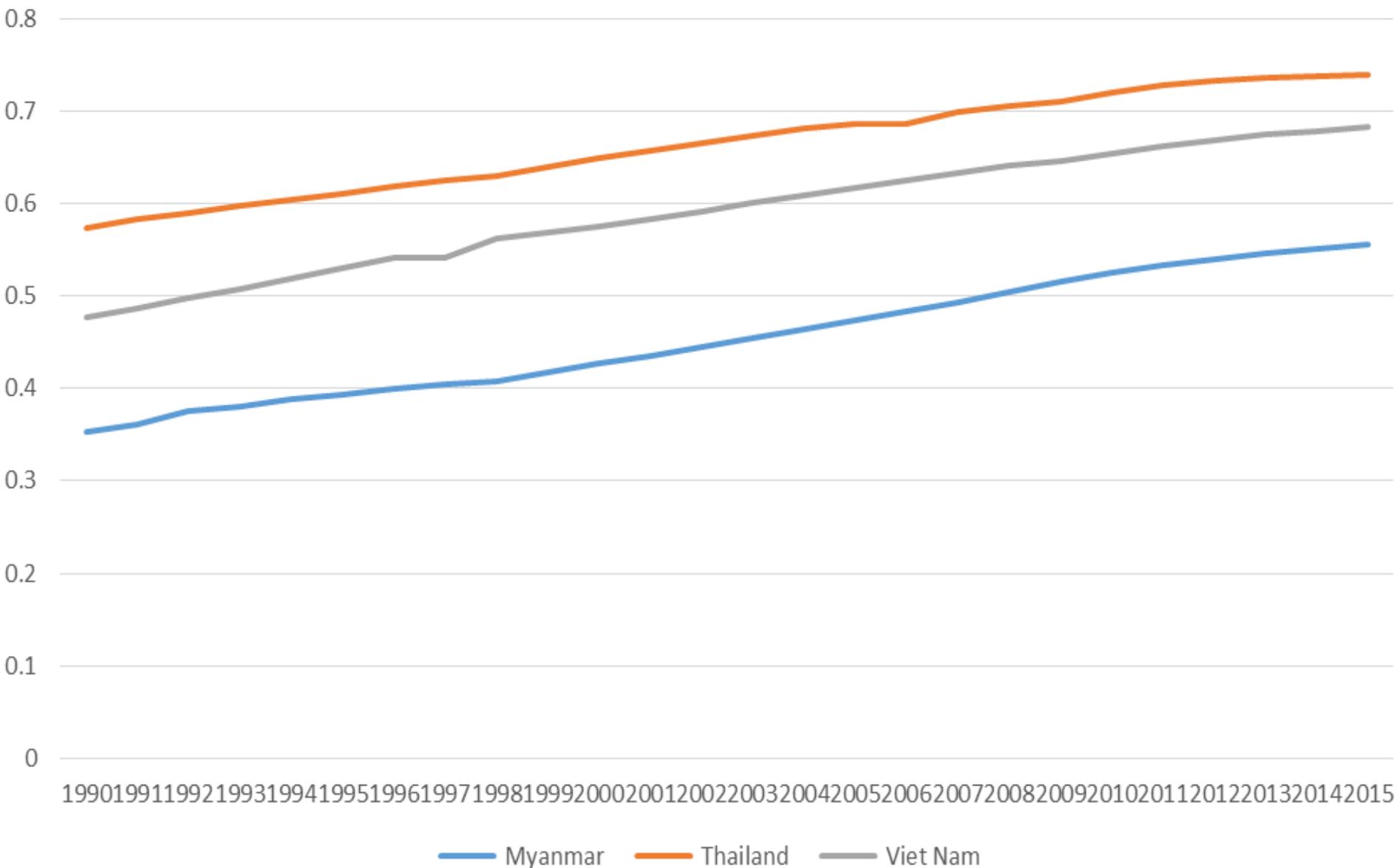


Total Investment as % of GDP for Myanmar and Two Selected Regional Countries



- Myanmar Total Investment % of GDP
- Thailand Total Investment % of GDP
- Vietnam Total Investment % of GDP
- Linear (Myanmar Total Investment % of GDP)

Human Development Index for Myanmar, Thailand and Vietnam (1990 - 2015)



VI. Is Myanmar an emerging economy?

Preliminary findings

Yes

- Low income per-capita and high growth
- Openness, strong FDI inflow in the period 2011-2014
- Future orientation
- Credible commitment to growth and inclusion
- Favorable geo-political context

No

- Political challenges, ongoing conflicts, risk of civil war/coup (low income, primary commodity export, large ethnic group, previous civil war/coup, geography)
- Weak institutions and inefficient public administration
- Recent decline in FDI and macroeconomic imbalances



Thanks!
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