

3 December, 2000

Participants of Monetary and Fiscal Policy WG

10:10-15:00 Room 203

Myanmar

(Task Force Member)

H.E. Brig-Gen D.O. Abel (Minister at the Office of the Chairman of the SPDC)

U Soe Lin (Director-General, Foreign Economic Relations Department)

U Than Lwin (Vice Chairman, Central Bank of Myanmar)

Daw Myo Nwe (Director, Foreign Economic Relations Department)

U Hla Maung (Ambassador)

U Kyi Shein (Director-General, Budget Department)

Daw Khin San Yi (Lecturer, Institute of Economics)

Japanese

(Task Force Member)

Dr. Konosuke Odaka, (Professor, Hosei University)

Dr. Takehiko Kondo (Professor, Ritsumeikan Asia-Pacific University)

Dr. Hideki Esho (Professor, Hosei University)

Dr. Hisanobu Shishido (Professor, Hitotsubashi University)

Mr. Ryu Fukui (Deputy Director-General, Development Bank of Japan))

Mr. Masaaki Suzuki (Senior Assistant Manager, National Life Finance Corporation Research Institute)

(Ministry of Finance)

Mr. Yoshihisa Ueda (Deputy Director-General, International Bureau)

Mr. Mamoru Umemoto (Director, Development and Finance Division)

Mr. Tatsuro Maezawa (Deputy Director, Deputy Director, Development and Finance Division)

Mr. Hiromi Yamamoto (Development and Finance Division)

Ms. Yukako Mizunuma (Development and Finance Division)

Mr. Masao Uno (Director, Office of International Research and Cooperation)

Mr. Shizuki Muto (Office of International Research and Cooperation)

Mr. Toshio Daito (Office of International Research and Cooperation)

(Ministry of Foreign Affairs)

Mr. Seiji Kojima (Deputy Director-General, Economic Cooperation Bureau)

Mr. Katsuro Nagai (Deputy Director, Development Cooperation Division)

Mr. Yoichi Suginaka (Development Cooperation Division)

Mr. Reiichiro Takahashi (Director, Southeast Asian Division I)

(JICA)

Mr. Haruyuki Shimada (Planning Division, Social Development Study Department)

Participants of Trade and Industrial Policy WG

10:10-15:00 Room 400A

Myanmar

(Task Force Member)

H.E.Dr. Than Nyun (Chairman, Civil Service Selection and Training Board)

U Myat Thein (Rector (Retired), Institute of Economics)

U Maung Maung Yi (Director-General, National AFTA Unit)

Sein Myint (EC Member, Union of Myanmar Federation of Chamber of Commerce and Industry)

Daw Nu Nu Yin (Professor, Institute of Economics)

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Dr. Keiichi Oguro (Professor, Shizuoka Prefectural University)

Dr. Jozen Takeuchi (Professor, Nagoya University)

Mr. Mitsuhiro Iino (Research Associate, Shizuoka Prefectural University)

Mr. Tetsusaburo Hayashi (Director, Asia and Oceania Division, JETRO)

(Observer)

Dr. Naohiro Kurose (Professor, Senshu University)

(Ministry of International Trade and Industry)

Mr. Hidetaka Saeki (Deputy-Director for Development Cooperation)
Mr. Bunro Shiozawa (Director, Technical Cooperation Division)
Mr. Masahiro Fujita (Director, Southeast Asia-Pacific Division)
Mr. Toshio Mamiya (Acting Director, Southeast Asia-Pacific Division)
Ms. Kyoko Kashiwabara (Acting Director, Technical Cooperation Division)
Mr. Shigefumi Moriyama (Southeast Asia-Pacific Division)

(Japan Federation of Economic Organization)

Ms. Atsuko Katagiri (Japan-Myanmar Committee)
Ms. Atsushi Yamakoshi (Japan-Myanmar Committee)

(JICA)

Mr. Tatsumi Ueshima (Director, Mining and Industrial Development Study Department,
Industrial Development Study Division)

Participants of IT group

10:10-15:00 Room 400C

Myanmar

(Task Force Member)

H.E.Brig-Gen D.O. Abel (Minister at the Office of the Chairman of SPDC)
U Soe Lin (Director-General, Foreign Economic Relations Department)
U Aye Lwin (Director-General, ASEAN Affairs Department)
Daw Myo Nwe (Director, Foreign Economic Relations Department)
Peik Tin (Rector, University of Computer Science)
U Pyone Maung Maung (Manager, CE Technology Co., Ltd)

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(Task Force Member)

Mr. Tomoo Takahara (Chairman, The Japan-Myanmar CCI Business Cooperation
Committee)
Mr. Fumio Owaki (Japan Consulting Engineers Association)

Mr. Takanori Wajima (Senior Researcher, Myanmar Economic and Managing Institute)

(Ministry of Foreign Affairs)

Mr. Hiroshi Tomita (Director, The Second International Organizations Division)

Participants of Agriculture and Rural Development Policy WG

10:10-15:00 Room 202B

Myanmar

(Task Force Member)

Col.Thein Swe (Head, Office of the Strategic Studies, Ministry of Defense)

U Tin Htut Oo (Acting Director-General, Agricultural Planning Development)

U Tin Hlaing (Advisor)

Daw Tin Hla Kyi (Lecturer, Institute of Economics)

U Zaw Min Win (Secretary General, Federation of Chamber of Commerce and Industry)

Japanese

(Task Force Member)

Dr. Minoru Kiryu (Professor, Osaka-Sangyo University)

Dr. Takashi Kurosaki (Associate Professor, Hitotsubashi University)

Dr. Koichi Fujita (Associate Professor, Kyoto University)

Ms. Ikuko Okamoto (Researcher, Institute of Developing Economics)

(Ministry of Foreign Affairs)

Mr. Naoya Kishi (Southeast Asian Division I)

Ms. Mutsumi Sakaguchi (Development Cooperation Division)

(JICA)

Mr. Kazuhisa Matsuoka (Managing Director, Regional Department I)

Mr. Takehisa Furuichi (Technical Cooperation Section, Embassy of Japan in Myanmar)

(JICA MYANMAR OFFICE)

Minutes of Opening Session

Coordinator:

Ladies and gentlemen, now I would like to inaugurate the Tokyo workshop on Japan-Myanmar Cooperation for Economic Structural Adjustment in Myanmar. First, may I now draw your attention to the opening remarks from Mr. Kiyohiro Araki, the Senior State Secretary for Foreign Affairs of Japan?

Mr. K. Araki:

Your Excellency Brig.-Gen. D. O. Abel, Minister at the Office of the Chairman of the State Peace and Development Council, your Excellency Dr. Than Nyun, Chairman of the Civil Service Selection and Training Board, ladies and gentlemen, I would like to express my heartfelt congratulations on the convening of the second workshop on Japan-Myanmar Cooperation for Economic Structural Adjustment in Myanmar attended by the experts from both countries.

Historically, Japan and Myanmar have maintained strong friendship. It is regrettable that the recent political situation surrounding your country has hindered the overall relationship of our relationship. But Japan has been making effort to strengthen our friendship in various fields. One of the most important pillars of such efforts is our cooperation in the economic field. The core activity of which is our cooperation in economic structural adjustment in Myanmar.

After enjoying the remarkable economic growth called the "economic miracle", Asian countries realized the overwhelming impact of globalization in the wake of the financial crisis in 1997. Now, Asian countries will not survive in the era of global mega competition unless it pursues vigorous economic reforms aimed at regaining confidence from the market. This applies not only the countries that have achieved certain economic growth to a certain extent like Thailand, but also to the countries that are going to take off to achieve economic development like Myanmar.

Myanmar is a country with rich natural and human resources. In order to make use of such potential in real economic development, it is necessary for Myanmar to integrate itself into global market economy.

With all these in mind, the late former Prime Minister, Mr. Obuchi, expressed at the Japan-Myanmar Summit Meeting in November last year that Japan is willing to support Myanmar's economic reforms. Japan's such effort is aimed to fully utilized the distinguish ability of the Myanmar people and to help Myanmar's nation building inline with the trend of global economy. Those objectives will be pursued through candid discussions among Japanese and Myanmar experts on Myanmar's economic structural adjustment, which is an urgent issue on the brink of the 21st century. To make a start, the first workshop is held in June this year in Yangon, where I'm told, his Excellency Lieutenant General Thin Nyun, Secretary One of the SPDC, expressed strong hopes of successful

cooperation and strong commitment to his continuous efforts for that success. I'm also told that the experts from both sides made frank and sincere discussions.

Since then, the Japanese experts have prepared for today's meeting in order to respond positively to the enthusiasm expressed from the Myanmar side. I am told that the second two-day workshop from today is aimed to establish the overall framework of the joint taskforce and to make substantive discussions over the sub topics for each of the working groups, namely, "Fiscal and Monetary Working Group", "Trade and Industrial Policy Working Group", and "Agriculture and Rural Development Working Group". It is assumed that such undertaking will lead to the drawing up of joint policy recommendations with the medium and long-term scope for Myanmar's economic structural adjustment. I strongly hope that frank discussions here will further enhance the traditional friendship between us and that such discussions will surely path the way for Myanmar's development for the context of global economy.

Taking this opportunity, by the way, let me touch on the trend of the international community on the recent situation of the country. At the last ILO governing body, it is decided that the ILO resolution on forced labor adopted in June will come into effect. With regard to this, Japan maintained that Myanmar government's measure taking towards the resolution of the forced labor issue since June should be recognized at certain progress. And Japan was exploring the possibility of resolving the gap made between the Myanmar government and ILO through cooperation and dialogue. So, it is very regrettable that at result, the resolution with the penetrative nature was finally put into practice. Nevertheless, the Myanmar government has made clear that it will stick to the legislative and administrative measures to ban forced labor and I welcome their attitude.

We have to admit therefore that the views from the international community on your country are being severe, but I would like to emphasize that at this very moment, it is of vital importance for your country to vigorously undertake our cooperation for Myanmar's economic structural adjustment.

It is true that among the various opinions on the current situation of Myanmar, some opinions are not quite fair, but no voices can be heard, which publicly argue against Myanmar's efforts for economic structural adjustment to prepare for new era of the global market economy. Such efforts for economic structural development also means the deepening of the country's contact and communication with the international community with the view to realizing its own economic growth.

I think it is the duty of our country, Japan, as an old friend of Myanmar to foster an international environment where your country's efforts to cooperate with the international community will bear fruit. Japan's cooperation for the economic structural adjustment in Myanmar is one of the most important endeavors among such mission. Many of the Japanese participants of this workshop are those whose love with the country is a love that asks nothing in return. So, I hope all the member participants will fill our enthusiasm for the development of the economic system of your country.

And I also hope that your country will undertake this important endeavor enthusiastically.

Last but not least, I would like to pay my deepest respect for those from both sides who have made strenuous efforts for convening this second workshop. And I sincerely wish all of you a great success. Thank you very much.

Coordinator:

May I now invite Mr. Seiji Kojima, Deputy Director-General of the Economic Cooperation Bureau of Japan, for the opening address?

Mr. S. Kojima:

Thank you very much. His Excellency Brig.-Gen. D. O. Abel, Minister at the office of the Chairman of the State Peace and Development Council, his Excellency Dr. Than Nyun, Chairman of Civil Service Selection and Training Board, ladies and gentlemen, on the occasion of the Tokyo Workshop on the Japan-Myanmar Cooperation for Economic Structural Adjustment in Myanmar Economy, I would like to express my sincere gratitude to all the members of the task force who have made tremendous efforts to convene this workshop. Here I would like to give a few words.

This cooperation was preliminary the kick-off at the workshop in Yangon last June. The whole initiative can be traced back to the Summit Meeting November 1999, where former Prime Minister Keizo Obuchi, and his Excellency Senior General Than Shue, the Chairman of the SPDC made an agreement on this cooperation. With Myanmar's strong commitment on this cooperation in the background, which his Excellency Lieutenant General Thin Nyun, Secretary One of the SPDC, expressed in his opening address, issues concerning the current economic situation in Myanmar were candidly and enthusiastically discussed. As a result, both members of the task force came to share common views not only on the current economic situations in Myanmar but also on the necessity to jointly draw up policy recommendations with medium and long term scope in consideration of Myanmar's domestic situation. Moreover, task force members shared their views to consider possible assistance to tackle urgent issues in Myanmar's economy. I would like to highlight these elements as the fruitful outcome of the workshop.

This cooperation from the medium and long-term point of view aims to draw up efficacious policy recommendations through joint research and surveys undertaken by the task force members of both countries. It is hoped that such progresses will greatly contribute to structural adjustment in the Myanmar's economy.

In line with the cooperation for policy recommendation, Japan is ready to offer possible cooperation with focus on technical cooperation for capacity and institution building in such areas like statistical methodology and economic analysis. In regard to the short-term agenda, the Japan side is also prepared to offer timely support to meet the Myanmar's needs making full use of expertise from the

academic and private sector along with the government. I firmly believe that the Myanmar side will make the utmost efforts for the smooth implementation of this cooperation.

The Tokyo workshop mainly aims to establish the overall framework of the joint task force and to agree upon the subtopics to be tackled hereafter in each working group. I am pleased to hear that the joint task force has been so far making steady progress on its selection of members as well as other arrangements needed to conduct joint research. Some of the Japanese members have already visited Myanmar to exchange views with their counterparts and conducted the preliminary field research. Knowing such preparation is being fully coordinated prior to the workshop, I truly hope that fruitful discussion will be held on the basis of these efforts.

Let me explain the program of this Tokyo Workshop briefly. Today, we are going to hold an individual session for each working group and then go on to the general comment where each working group is to give a summary of each discussion. And tomorrow, the closing session will be held to summarize the overall discussion of this workshop. Based upon this summary, two types of documents will be prepared, to be agreed upon by both sides as the fruitful outcome of the workshop.

One is a kind of memorandum on the understanding on the framework of the overall cooperation, which is the manifestation of both sides' strong intention on this cooperation. And the other is the scope of work of JICA's development studies, which is to play a core role of this cooperation. These documents are supposed to represent the general frameworks on future cooperation.

For the prosperity of all human beings in the 21st century, one of the most crucial challenges is to find a way to deal with the trend of the globalization, which is now being accelerated by the IT revolution. It is a serious challenge for Myanmar's prosperity and development as well. Globalization runs with tremendous speed and dynamism and it is a tough task to stand against such surging trend. I would rather say that globalization itself should be regarded as a good opportunity to realize Myanmar's development potential.

On the other hand, the history of development cooperation tells us that for development to be successful we should take into full consideration the unique historical and traditional background of each country, needless to say, this is true in Myanmar's case. For sustainable development through structural adjustment in the Myanmar's economy, the important task of this cooperation is to work on the ever lasting proposition that is how we deal with the international trend of globalization while taking into consideration the particular background that each country holds and make use of it. It is by no means an easy task. However, I firmly believe that it is highly possible for us to work on such a proposition and find the bright future of Myanmar's development with the close cooperation of both countries, moreover with the wisdom of our task force in various fields. I truly hope that this workshop will be a good opportunity to renew our commitment on Myanmar's economic structural adjustment as well as to promote future collaboration for future work. I believe that this cooperation can be regarded as one of the core projects amongst other cooperation being undertaken between

Japan and Myanmar. It is my sincere hope that this cooperation will serve not only Myanmar's economic structural adjustment but also to strengthen the long time friendly relationship between Japan and Myanmar. Thank you very much.

Chairman:

May I now have the honor to invite His Excellency Brig-Gen D.O. Abel, Minister at the Office of the Chairman of the SPDC of the Union of Myanmar, for the opening address?

Brig-Gen D.O. Abel:

Thank you. Your Excellency Mr. Araki, honorable Professor Odaka, chairman of the Joint Myanmar-Japan Task Force, distinguish colleagues from the Japanese Task Force and friends, Ohayoogozaimasu. First of all, on behalf of the government of the Union of Myanmar, Myanmar Task Force and myself, I wish to express my gratitude to the government of Japan, Ministry of Foreign Affairs, the Ministry of International Trade and Industry, Ministry of Finance for hosting here in Tokyo this second Workshop on Myanmar-Japan Cooperation Program for Economic Structural Adjustment in Myanmar, and making all the necessary and excellent arrangements. We are happy to be with our colleagues once again to study jointly and formulate policy measures, strategies for implementation of this measures and for the micro structural adjustment on Myanmar's economy. I wish to apologize to our friends for the very short notice we gave them to arrange our mission's visit to Tokyo. We are here and we hope to have a productive and successful meeting with your cooperation. When all is said and done and when we conclude our workshop, I would like to quote Shakespeare's words and say, "all is well that ends well."

As you all very well know, the creation of this workshop started in 1999 November in Manila by our two leaders, the late Prime Minister Obuchi and Chairman Prime Minister Senior General Than Shue.

As a follow-up to the high level commitment that was made by the two Prime Ministers in Manila, the visit of Secretary One of the SPDC, Lieutenant General Thin Nyun in early June this year to Tokyo to attend the memorial service of the late Prime Minister Obuchi, afforded opportunity to meet Prime minister, His Excellency Prime Minister Mori, and renewed and affirmed the desire of the late Prime Minister to conduct joint efforts to assist Myanmar. The Task Force headed by Professor Odaka, comprising of high ranking officials from the three ministries, Ministry of Investment, Ministry of Industry and Ministry of Finance, Ministry of Foreign Affairs later part in June 2000 to conduct the first workshop. The kick-off meeting was held on the 24th of June followed by the first workshop declaration. His Excellency Lieutenant General Thin Nyun himself presented his remarks at the ceremony opening the workshop, which was complemented by his Excellency Mr. Yoshio Mori, Prime Minister of Japan. Task Force members will recall that during the first

workshop, micro economy, fiscal and monetary policies were discussed on Jun 25th and trade, investment, industrial policy, agricultural and rural development, etc. were discussed in the closing session. We also found that it was of paramount importance that IT should not be left out. Following the workshop, both sides agreed on the structural formation of the Task Force and for the discussion to continue encompassing three major sectors including IT. These discussions are to be coordinated by the coordination and supervisory groups. The strategies and policy recommendations that were results from these discussions are to be submitted to the two governments for eventual implementation where Japan will assist us to implement their recommendations.

We are pleased that the second workshop is now taking place in Tokyo. I am glad to note also that the workshop has been structured where by the working groups could dedicate more time to their respective sectors, pinpointing areas of structural policy reforms that they would recommend.

Although the program that we have embarked upon has a lifespan of two years for completion, on our part, we feel that whatever could be implemented after each meeting should be implemented especially in the area of information technology where the longer we wait, the more widened will be the gap and making the digital divide a too big a chasm for us to handle.

We sincerely hope that the Joint Task Force will find the ways and means for starting projects when possible while the work continues jointly by the members of the Joint Task Force till it is completed as stipulated in two years.

I understand too that during this workshop agreements on the scope of work will be signed by both leaders of the Task Force. This act works well. In my opinion, these are essential for the smooth implementation of our assignments. I am happy to hear also that both sides are ready and willing to discuss issues that will form the backbone of the structural adjustment program. The Myanmar Task Force came to Tokyo with full determination to contribute its part for the success of the joint mission that we have undertaken. In doing so, we should also remember the importance of compiling the records of our discussions and the research papers that were presented and will be presented by both sides during the workshop, such as this, which would serve as useful reference materials when the matters discussed are to be implemented.

Before I conclude, I wish to express once again our thanks to His Excellency Mr. Araki, Professor Odaka and all our friends here who have made excellence arrangements for convening this workshop and accorded us a warmth welcome to Japan. I wish the workshop every success. Thank you very much.

Chairman:

This brings an end to the opening session of the workshop. After a brief coffee break the program will be followed by morning session where each working group will be held separately. Fiscal and monetary policy working group will be held in Room 203, trade and industry policy working group

will be held in Room 400A, IT sub-working group will be held in Room 400C, agriculture and rural development working group will be held in Room 202B. Thank you very much.

Minutes of General Commentary

Mr. Chairman:

Your Excellency, our friends from both countries, ladies and gentlemen, I'm pleased to learn that you have had some heated discussions in your individual working groups and here we have gathered together to get informed about what the other groups have discussed and come to what conclusions and so on. With General Abel, I will try to wheel the discussion. We ask your cooperation so that we can come to concluding our agreements as to what we will do following tomorrow's concluding session. So without further delay, shall we begin to listen to the reports from each individual working group? Shall we start now? May I suggest that we start in the order which is printed in the program, namely we start with the Fiscal and Monetary Policy Working Group and then proceed to the Trade and Industrial Policy Working Group, followed by the IT sub Working Group and then finally the Agriculture and Rural Development Working Group. If that is agreeable to you, let us start with Fiscal and Monetary Working Group,

Prof. Kondo:

Thank you very much Mr. Chairman. My name is Kondo, Professor of Ritsumeikan Asia-Pacific University. My university is a new university just started in April, with close cooperation of Mr. Governor Hiramatsu in Oita Prefecture; Hiramatsu is famous for the campaign so-called one competitive product in one village. Mr. Chairman, as for the Fiscal Monetary working group, we had the meeting under the coordination of Mr. Ueda and Mr. Umemoto, both are very high-ranking ministry officials of Japan, and Mr. Ambassador U Hla Maung. Discussions were made, in my impression, in a cordial and frank atmosphere. I also note that the sessions were informative and also practical dialogue. In our morning session, we listened to three presentations namely made by Mr. U Than Lwin and Professor Shishido and Mr. Fukui. All are excellent papers and re distributed on your table and if it is agreeable to Mr. Chairman, after my summary, I think Mr. Lwin will have the floor because I think his paper is a very important document for substantial discussion. In the afternoon session, I presented the preliminary list of discussions of our working group always under the control of Myanmar side. On that occasion, I do attentions to two points. First, we have no intention of interfering with the domestic matters of Myanmar. Myanmar's authorities with their domestic procedures should of course formulate macro economic policies. And second, this is not the Japanese government's view; in a sense it is solitary non-paper prepared by the academic people of

this committee. This non-paper as you look it on your table, it covers several aspects of the matter. First the statistic, second revenue, third expenditure, forth financing the budget deficit, fifth state enterprise reform, sixth restructuring of the banking system, seventh exchange rate unification program. Having saying this, I added several comments with the permission of the chairman of the group. First, my intention is wish to avoid to the maximum extend possible, the duplication of the job with the IMF consultation exercise. I hope our discussion at the later stage will be more action oriented. Second, I think each country has its own difficulties in their macro economic policy management, not only Myanmar, Japan is not at all exception in this respect. So the real problem lies in how quickly and how effectively we take a realistic measure towards sustainable, non-inflationary, medium-term growth. In this respect, listen to the morning session presentation and listen to the discussion in our meeting, I submitted one very raft sketch of our future discussion and future exercise. In my view, four scenarios, four ideas could be tabled at the present stage. As for the priority, among the priority items in our non-paper, the first priority is to start with the exchange rate problem. In this respect, my impression is that it is very encouraging that the Myanmar authorities very clearly and repeatedly mentioned the importance of the unification of the exchange rate as the number one priority in the near future. The second possible solution will be to start with concrete measures to mobilize further the domestic resources. In this respect, on the fiscal front, some reviews of the taxation, tax administration, will be made and also on the monetary front, the review of the monetary policy, including the liberalization of interest rate should be made. That will be the second possible solution. The third solution will be to establish some term lending schemes focusing, for instance, in the small and medium size enterprise development that is for the matter of the establishment of the so-called term lending system. Relating to this point, one view is suggested that we could share the experience of the Japanese experiment of the postal saving system as one of the possible area of technical assistance by Japan. The forth possible solution will be started with the establishment of the national bond market for reducing the budgetary deficit of financing.

After my presentation, we discussed very candidly and very frankly. Many comments and many views were expressed on this non-paper. Among others, first, some items are interrelated so it is practically very difficult to distinguish one item from the other and the package could be made as a package. This is one of the comments. Second, data improvement is very important for whatever possible solution. Third, the enhancement of the capacity building can be treated more independently from the policy scenario. Forth, customs actions will be carried out steadily in the context of after. Fifth, tax compliance and accounting procedure in Myanmar is still an important exercise to be made. These items can be improved and one should educate taxpayers. Sixth, on the agriculture taxation, one view was that at least the partial reforms of the present taxation to the agriculture should be made and detail studies of the agriculture taxation will have to be included in our future agenda. Seven, micro financing has been made under the umbrella of the UNDP in the recent months for the

poverty eradication. Ladies and gentlemen, there are several discussions or several views expressed during our discussion time and I want to introduce here as several examples. As the conclusion, there was general endorsement of the non-paper prepared by the Japanese members of course with some reservation, which covers chronologically almost all important items. When each time a mission visits Myanmar, some of the items can be deepened in detail and we can move on ahead. That was the general conclusion in our one-day discussion. Thank you Mr. Chairman.

Mr. Chairman:

Thank you very much Professor Kondo. Could we hear reports from the Myanmar side?

Professor Kondo:

I would like to give the floor to Mr. Lwin, the Deputy Central Bank Governor.

Mr. Lwin:

Thank you very much Chairman. I don't know whether I need any explanation because Professor Kondo has explained everything what we have discussed and what we have agreed upon. I really comment him for bringing up the non-paper and bring all the issues that we have already discussed and touched upon and what we have agreed and what we have some reservations on this point. Nevertheless, let me give you some brief overview. In the morning session, we have covered a number of papers including my own. In fact, the paper presented by Professor Shishido has also invoked quite a lot of issues, which we should implement immediately and which we should face out in a number of years. Also Mr. Fukui also has given a very thoughtful paper and we are very grateful for that and for the discussion. And having the map along the way. Coming to my paper itself, just to have a glimpse on that paper. Our group has included a number of prominent people, beside myself, we have U Hla Maung who is an ex-ambassador and formally the Director General of the Planning Department of the Ministry of Finance, and he has a long history of experience. And U Mamola, who is not present at this moment, also contributed quite a lot of ideas to this paper. Formally he was the Governor of the Central Bank. U Kyi Shein is the Director General from the Budget Department and Daw Khin San Yi is from the Institute of Economics, senior lecturer of Economics. Our group has been meeting quite a lot of time before we prepared the paper for this instance. In contrast to the paper that I have presented in June for the first meeting, our paper emphasize on the recommendations, what we should recommend and just to provoke the recommendations and also to provoke the Japanese side to response to these recommendations. In fact, first of all, I deal with the recent economic develop as well as before and I think I have already distributed the paper. And then I come to the issues, which Myanmar is facing at the present moment. For example, the main issue is what was discussed by the prominent Japanese participants is the unification of the exchange rate,

which we have touched quite extensively on this thing in comparison with what have been implemented in Vietnam. I think we have come to the consensus that the unification process should be rather a gradual one although we realize what the Professor Shishido has mentioned, whether the one-shot unification or the immediate measures or rather we should face out with this. So we have to study and also to take stock of the cost and benefits of facing out and what should be the impact on the economy would be by making a one-shot affair. So that is one of the issues that we have discussed and we have agreed on this issue that we have to make a further study and keeping the study as Professor Kondo has suggested on some further visits. We also have studied some of the issues like the budgetary deficits, as you all have understood that Myanmar has been having a very low foreign savings. In the phase of this, we have no choice but to refer to deficit financing, which is fairly large in the early part of the decade. But now we are trying to bring down the deficit level, although some success also with mixed results. At the same time, there are some suggestions from the Japanese participants on what we should have done to look over the matter. When we cut down the expenditure, what should be done with the social sector? That is also an important factor. We have to look over with regard to the social sector including the education and the like of other sector. We also have to think over the impacts as I have said before; you have to weight the costs and benefits of having the budgetary scaling down. That is also one view that we are very grateful for the Japanese side to pinpoint the costs and benefits we should look over. In the case of financial sector, we realized that the financial sector should have been well looked over in the very first instance because this is the very sector, which has brought some of the Asian countries and beyond that that has brought the economic crisis itself. The financial sector is also a very important area that the banking should be looked over; the integrity, the streamlining and also the viability of these financial institutions should not be forgotten. We realize that the financial sector is also a very important sector that we have to be more careful in studying the facts of the financial management of the banks. So that is one sector that we have looked over. We have in fact given some thoughts on the constraints we are facing. On the constraints we are facing, we have the outline with meaningful need that the financial systems for the public sector should not be overlooked. That is one point that we have made. And the exchange rate unification is going to have a wider implication. In the fact that with absence of technical expertise and sufficient sort of resources, this is not going to be successful or it will be very difficult to implement in the first phase. We also reviewed and come to the consensus, as the Excellency has also agreed that the Central Bank status should be strengthened gradually. That is one area I think we have to look so that there should be better check and balance between the fiscal and monetary policies. That is one area I think that we have looked carefully and assess the impact of this policy. Finally, I think we have come up with the transparencies of the fiscal leader and I am very pleased to report that lately the Myanmar Authorities have been very much pleased to provide data to the ADP and IMF. In fact we have provided data, which have been

considered sensitive, but still the Authorities have released some of the data that we have held previously. I have to mention that not that we have been holding some data, but the fact was also due to the deficiency of this data itself. So it maybe we thought that some of the data were not consistent, which will have to be left out in presenting to outside, for the publications. So I have to request for your understanding that even though we are not releasing all the data, this is not because of the lack of transparency but because we think that some of the data have to be looked over for consistency between one and another and I think this we have done with the IMF and we have to look carefully and we also need an extensive institution of technical assistance in this aspect. In fact, when I was working with the IMF, I have asked a number of statistical departments, I mean a number of the senior officials from the statistical department, that we need a multi-sector technical assistance for Myanmar. In fact, the staffs of the IMF have been very willing to provide. Not only the IMF but also the capital department of the World Bank is willing to provide sufficient technical assistance. Even at that time the World Bank has agreed one technical expert to look over the possibility of having a capital market in Myanmar at that time. But they backed up later on. I think gentlemen, you must know the reason, I cannot give you any details but the staffs of the World Bank and the IMF are very frustrated in this aspect. What I'm saying is that the Fund and the IMF staffs are very willing to provide technical assistance but some of the factors, which are holding them, are beyond realization. So that is the fact that I am reporting to you and I am very grateful for the discussion and for the ideas I obtained from the Japanese participation and Professor Kondo and the non-paper you have provided is a very good guidance for us to go along. Thank you very much Mr. Chairman.

Mr. Chairman:

Thank you very much Mr. Lwin. I will talk about procedures. We have discussion, which is reserved for fifteen minutes after the presentation. I suggest that we proceed to the next group. But before doing that, if there is any question, simple question, technical matters or classification, we could pause here for a few moments. Do you have any thing to add?

A:

I would like to ask you how your working group handled about the policy reform because this issue is strongly relating with our working group. So I would like to know your decision after your discussion. Are you going to push through all these, I am now looking at the tentative list of the discussion items, the reform SEEs. Does your working group push through all these within two years?

Mr. Chairman:

Do you have any response? Could you try to be rather brief?

Professor Kondo:

Thank you very much for raising the question. I forgot to add one thing but all we discussed was in the spirit of reform. That is my answer to your question. Thank you.

Mr. Chairman:

May we go to the next group, which is Trade and Industry? Professor Ebashi?

Prof. Ebashi:

Thank you Chairman. Our working group on Trade and Industry is consist by two sub-working group. One is trade and industrial policy and one is IT promotion. As for the IT promotion, Mr. Daw will present the results of the discussion after me. I am going to touch upon, report to you our result of discussion on trade and industrial policy. Our goal of discussion set to reconfirm the contents of the policy adjustment package and second, to agree the concrete work plan, the third is person in charge of each study and also we wanted to agree about the necessity of hiring research organ or research organ for us to consign. We used two materials for discussion. One is Table one, which was distributed to you on your table now. This is a policy adjustment package and research plan. And one is the inter-linkage of the trade and industrial policy measures. Myanmar side presented us their useful report on Myanmar trade and industrial policy. These materials will be used from now on for our working group.

I would like to explain about the contents of discussion in detail. Since we had basic agreement when we visited in November, so our discussion went on very smoothly with a very friendly manner. Could you look at Table 1, the policy adjustment package and research plan? The first column we touched upon the area of problems, which confronts the Myanmar Conference. The second is policy option and the third column is concrete tasks. The forth column is the specific study, theme, the policy measures and the fifth is research plan in the first phase, the way of research and person in charge. The first four issues, one is the formulation of industrial vision and development strategy. Going down the development in private manufacturing industry and formulation of export promotion policy and its implementation, and attraction of FDI. Those four areas were chosen as the priority areas for us to tackle in this working group. And the other two have seen reforms and improvement of infrastructure. Those two issues are being challenged and tackled after the work of four areas. As for the formulation of industrial vision and development strategy, basically the point was agreed that this industry vision and development strategy, this work would be completed two years later. However, we should prepare several studies and those four studies will be done. In addition, the Myanmar side proposed the study on setting up appropriate industrial promotion organization like the Malaysian MIDA. This study should also be included in this formulation of industrial vision and

development strategy. And next, development of private manufacturing industries, the work plan is basically agreed, the minor changes, please look at the research activity 2-2, the sample survey on private manufacturing industry, the number of sample should not be listed here, so we cut this. And also look at the 2-3, the formulation of master plan of textile garment industry development, Myanmar side recommended to add footwear, so we changed this to formulation of master plan in textile, garment, footwear industry development. The next, formulation of export policy and the implementation, please look at the 3-4, the research in the export promotion policy in neighboring countries. Myanmar side requested to us to add the research on the export promotion policy and appropriate institutions of neighboring countries, and appropriate institution is agreed to be included here. As for the FDI attraction, 4-3, comparison of recent investment climate among ASEAN. Not only ASEAN, we decided to cover the neighboring Asian countries, not only ASEAN. Those minor changes are seen but basically we agreed on this research plan. This morning, I looked at the paper of working group of agriculture and rural industry. This paper is very well composed and I think our working group will make a similar work plan and also schedule for each research work. And also I must add that, as for the person in charge listed here from Myanmar side, still not be decided. The Myanmar side should need the permission from Minister Abel, so I would like to know before you leave who will be in charge of each research plan. Also I request the Myanmar side which appropriate research organ will be chosen as our counterpart for us to consign several researches. I thank you very much.

Mr. Chairman:

Thank you very much Professor Ebashi. Who would represent the Myanmar side on the trade and industry? Please.

Myanmar side:

Thank you Mr. Chairman. I think I have nothing more to say because Dr. Ebashi covered all we have discussed today. But taking this opportunity, on behalf of the Myanmar working group and on my own behalf, I would like to express our sincere thanks for the kind invitation extended to us to participate in this second workshop. And also let me express our deep appreciation for your warm hospitality accorded to us since our arrival at the airport. I would like to recall the first workshop held in Yangon in June of this year. There we have identified almost all the issues of trade investment and industry business community has been facing. Also we had some common understandings on these issues. As you know, trade and industry are closely interrelated to each other. Trade is an engine of growth. Without investment, there is no technology and production. Without decent production, trade cannot be expanded, and then the economy will be stagnated. For the economic structural adjustment, we have to look into trade, investment and production sectors. In

general we note to improve our trade regime, industrial environment and industrial base. But I think how, when and what measures we have to undertake is the most important question here. Therefore, for Myanmar working group to answer this question, we proposed two general recommendations. First one is to set up export promotion organization because when we look at our balance of trade, you can see there continuous trade deficits, which became wider and wider. I think that indicated the urgent need to correct our trade balance especially I think we have to boost up our export sector. That is why we need to undertake these urgent measures. Second one is to set up an appropriate institution for industrial promotion at the implementation level, especially for the promotion of SME or SMI like MIDA of Malaysia. But the Japanese working group proposed six areas. We dropped two areas and we agreed four areas. I think we came to close the gap. In this case, I would like to thank our coordinator, Mr. Seiji and His Excellency Dr. Than Nyun, and Dr. Ebashi and his colleagues and also myself and my colleagues. We have very keen interest and I think without proper preparation we cannot come to conclude our agreement. So I thank you all. Thank you.

Mr. Chairman: Thank you very much, Mr. Maung Maung Yi. Is there any questions or technical matters to be cleared up? I see no hands so may we go on to the next group, which is the IT group. I understand that in this case, Myanmar side will make the first report. Mr. Aye Lwin.

Mr. Aye Lwin:

Thank you Mr. Chairman. The IT working group was so-chaired by Excellency Mr. Tomoo Takahara and myself, as you know. And with his kind request, my co-chair Mr. Takahara, I am making this brief report.

The IT working group this morning and in the afternoon had a very cordial and productive exchange of views on the structural adjustment or development that is to be made in the IT sector in Myanmar. We all in the IT working group realized that we must try to be the most dynamic of whole working groups as the structural adjustment that will be considered and recommended could be impacted positively by the structural adjustment or development in the IT sector in Myanmar. We had the pleasure of being informed by Mr. Hiroshi Tomita, the Director of the Second International Organizations Division of the Ministry of Foreign Affairs, who briefed us first hand accounts of Okinawa Charter and the steps leading to the welcome announcement made by Prime Minister Excellency Mori on the U.S billion-dollar IT comprehensive package. We had pleasure also of listening to Mr. Nagai of the Ministry of the Foreign Affairs of the steps taken by Japan since that 15 billion dollar comprehensive package announcement, the dispatch of feasibility and assessment commissions to the Philippines, Thailand and Cambodia, and the comparison of what was to learned by this mission and which prompted me as the co-chair to ask that the IT mission be sent to Myanmar as soon as possible. The earlier the mission gets to Myanmar, the earlier will be, we

believe, the development of proposals and subsequent approval and implementation. In the discussion on the Japanese side, we found focus more on the IT working group coming up with the recommendation of policy changes. Myanmar side focused on coming up with recommendations on the application side. Meaning coming up with projects that could be started or rather working towards starting proposal projects was possible. We of course recall the call made by our leader this morning, Brig. Gen Abel, that, "although the program that we have embarked upon has a lifespan of two years for completion. We feel that what ever could be implemented after each meeting should be implemented especially in the areas of information technology where the longer we wait, the wider will be the gap and making the digital divide becoming too big a chasm for us to handle." He also expressed his hope that the joint task force would find ways and means...

...Of the joint task force, till it is completed as stipulated within two years. So Mr. Chairman, our efforts in the IT working group are generally in that direction. Having said that, I wish to invite, with your permission Mr. Chairman, Mr. Takanori Wajima on behalf of the two co-chair to report on what the IT working group have agreed after a productive discussion this morning and this afternoon. Thank you Mr. Chairman.

Mr. Chairman: Thank you very much Mr. Aye Lwin. Certainly we will invite Mr. Wajima to make further reports.

Mr. Wajima:

Look at the reports of what we have discussed in the session today. After opening remarks by Mr. Tomoo Takahara and U Aye Lwin, an explanation about the IT charter was done by Mr. Tomita, Director of the Second International Organizations Division of the Ministry of Foreign Affairs. Following that, explanation of the state of IT promotion, and the declaration toward e-ASEAN framework was done by Myanmar side. In the afternoon session, explanation about the package plan was done by myself and there I noted that discrepancy was found between Myanmar and Japanese views for the package plan. However, ways for implementing the tasks will be considered by both sides later including mobilizing as a resource person. Also we agreed that each task should be prioritized by terms of realization and importance. Above all, we have come to mutual understanding of the following critical areas; they are building information infrastructure and HLD in the filed of IT, and developing IT industry and application and to identify pilot case and to conduct feasibility study in the near future. Thank you.

Mr. Chairman: Thank you very much. Are there any questions? If not, shall we move on to the final group, which is agriculture and rural development. Mr. Kurosaki, are you the one to report? Thank

you.

Mr. Kurosaki:

Thank you Mr. Chairman. In our group of agriculture and rural development, we had a very fruitful and lively discussion on how we can implement the activity plan and the perspective of the agriculture and rural development working group. For this afternoon's session, I have just distributed one sheet of paper, which shows Figure 1, activity plan and perspective of the agriculture and rural development working group. This is a figure, which is already included in the document package distributed this morning. I just added correction, which we discussed this morning. In our group, we will concentrate in three major topics, which are listed on the left-hand side of this figure. First topic is production, which includes land used, farming system, agricultural input and so on. Second topic is marketing, processing and trade. Actually this is a topic, which is closely related to industry and trade sub-group of this project. Third topic is employment income and consumption, which includes the issues on agricultural hired labor, rural reform sector and so on. In addition to these three main topics, two topics, which are sort of infrastructure part of this working group, are listed. One is statistics; another is micro economy and agricultural and rural sector. We will pay enough attention to these two. But in our plan, three major topics are investigated in detail. And in this chart, in the middle, we listed the expected effects, which we should include in our policy recommendation reports, which should be produced from this project. On the right hand side, we listed a very preliminary version of our ideas, about what kind of action plan we can expect. In this part we added a couple of things also we corrected. Basically our correction is that we make the expression for more general ones from the specific ones and then we added for instance, change into pilot project for rice production increase to pilot project for food crops production increase and so on. And then we added a couple of important points, which are not listed on this one, for instance, technical cooperation to R&D and agriculture mechanization and so on.

First we agreed with this kind of activity plan and perspective. And in the second part, we had to discuss about how we can implement these activity plans. That was explained in detail in the documents, which were distributed in the morning. I don't repeat them all but in that work plan we made, work plan by individual member of Japanese working group, and we had a very detailed and fruitful discussion that this is not a relevant topic. To implement this issue we need to do this and that, that kind of thing.

Probably it is better to summarize our ideas in the schedule. If you have that document, please look at Page 10, which shows appendix one, schedule draft planned. To implement our activity plans; our methodology will be based on four basic parts. And among the four, two are most important. The first one is the construction of GIS, GIS is Geographical Information System. And the second one is rural micro surveys. We will implement household surveys of sample villages as well as village or

selected district level rural surveys. These two parts are the most important part of our plan and this part will be conducted in cooperation with Myanmar counterpart and the other two are construction of economic motor of Myanmar agriculture and the last one, the forth one, is the sample survey of agro-based industries. In this part of sample survey of agro-based industries, we will include not only agro-based industries in a narrow sense, but we will include rural industries and small-scale industries as well. And of course this part will be implemented in close coordination with the industry and trade working group of this project.

Basically we have agreed on our plans to implement these investigations and we hope to produce the reports with this kind of recommendations. I will stop here and my counterpart will supplement my presentation. Thank you.

Mr. Chairman:

Yes, please start Mr. U.

Mr. U:

Thank you Mr. Chairman. This morning was a very cordial and friendly discussion and Myanmar side distributed our own presentation on the recent development of agriculture development in our country and we particularly stressed the needs in our paper. Because, in fact, when we talk about structural adjustment, agriculture has already been adjusted. Other adjustments may fall more on other groups than on our groups. But in order to be in line with our mandate, as our counterpart has explained, we have come to an agreement on our future implementation plans. In our paper we mentioned the priority needs and all these are very well reflected in the work plan prepared by the Japanese task force and I would like to congratulate our counterpart for the very well composed strategic plans and all the detail implementing schedules. Here what I would like to stress here is the inter-sector coordination that are necessary within other ministries of our government and also among the different working group. For example we have already mentioned about GIS and agriculture, which is very much the baby of IT group. In our country, we are now digitizing the land use maps, agriculture maps, with our own resources. We have 14 states and divisions and with our own resources, we managed to complete one division now. With this exercise, we are planning to cover the whole country. But in the near future we will concentrate on selected districts and test our methodology and then we will expand it on a country-whole basis and for that I think we need to work very closely with the IT group. Another area is the agro-base industries. And we will be talking more on food industries and small rural and cottage industries. And for that we will have to work very closely with the trade working group. In the implementation of the surveys, data collections, we have identified the counterpart groups. For example, for agro-base industries, the UNFCCI, which encompasses private sector and not only agriculture but also industry and trade, will be the

counterpart. And for other surveys, the Myanmar Academy of Agriculture, livestock, fisheries, forestry sciences will be working on behalf of our working group. So the main activities for the future implementation, the working group will be working as the secretariat and will coordinate with other ministries. For example, for the trade matters, particularly we need to coordinate with Myanmar Agriculture and Farm Produce Trade and also with Central Statistical Organization, and for credit also with relevant agencies. And here I notice that the fiscal and monetary policy will also encompass the rural credit, which we have also discussed that it will be a very important sector because we need much more comprehensive rural resource mobilization and also medium and long-term credit for the rural development and agriculture development. And finally again, I would like to thank our counterparts for the most valuable inputs and also I would like to thank the organizer of this meeting. Thank you very much.

Me. Chairman: Thank you very much Mr. U Thin Htut Oo. Are there any questions on technical matters? If not, we can then go into open discussion. Do you have any discussion? You have raised your hand. No? With the help of our co-chairman, General Abel, we would like to spend about 15 minutes to an hour for open discussion, the aim of which is we can coordinate all the programs, each one of those, that the working groups have developed, so that, with the agreement of all the participants, we can sign the documents tomorrow in such a way that the JICA will release the budget for the work task forces to get going. Maybe General Abel has some suggestion as to how we should proceed with the discussion. I have one or two suggestions, if I may. As Mr. Thin Htut suggested shortly before, we have identified already several areas where the joint consultation or corporation is highly appropriate such as the issue of agriculture tax between fiscal monetary policy and agriculture and rural development for small and medium firm development, which will be undertaken, I think, between fiscal monetary policy and trade development task forces, information gathering, which he has just shortly before mentioned between IT group and agriculture and rural development and finally, small rural-base industry development, which of course is related to both trade and industry group and also agriculture and rural development. Anyway, such coordination plan should be developed and formally endorsed by all the participants. That is one thing.

Another point I would like you to discuss before we adjourn is to make sure who will make what by when. I think we can look at the agriculture and rural development group as a sort of model. I fully understand that the conditions are different from one group to the other so we cannot expect the same thing to come from all four groups, but for instance, with regard to the monetary and fiscal task force, I'm not so sure who will do what by when. It seems to me, particularly if I may state my own impression, this group deals with something, which is very urgently needed, in some cases, we may come up with some conclusions even before two years term, that is to say in which case we might have something concreter by this time next year, for instance. I am particularly interested to know

who will do what by when. And this applies also to the IT group. I wasn't so sure. Mr. Wajima, what you will undertake on this. You have this very detailed map but I wasn't quite sure which one of those items listed on this chart would be undertaken by whom and by when and so on. So maybe I will ask General Abel to lead the discussion.

Gen. Abel:

Thank you Professor Odaka. I think, also all my colleagues present here from both Japan and Myanmar, I think we had a very strong session this morning, we had a wonderful lunch this afternoon and that didn't stop us from having another strong session this evening. I think the results have been very legible. In the fiscal and monetary working group, Professor Kondo has presented some very salient points that I have noted down and will carry home, and also from Myanmar side, Deputy Governor of the Central Bank has presented his points, which are in line with what we would like to do. Recommendations by both sides are there, and I have noted four major points. One for the fiscal and monetary study group, the study cost and benefits of the study should be weighted, one. Two, crisis Asian financial crisis impact had and what really caused this crisis. Nobody has come up with a study on that. Can such a situation reoccur? Three, if we are going to re-align exchange rate and do something about it, we seriously think that bridging resources will be necessary. And four, we have to strengthen the Central Bank's capacity of control and authority as stipulated the law of the Central Bank of Myanmar, which we drew up together with the World Bank, the IMF and the legal departments. The final point I would like to make for that subject is an in-depth study and recommendations we made, as I earlier mentioned this morning, we, Myanmar, would implement what ever we can, although this study period is for two years, whatever we can do we will carry out in between because every minute, every hour, every day counts. So we think that whatever we can implement, we should do. Trade and industry working group thanked Professor Ebashi for his very frank and valuable remarks and here there two points that I would like to mention is that if we are going to really do something, we need to be institutionalized. Therefore, we should have all ministries, all organizations, all private organizations concerned institutionalized and also trained like they do in Malaysia, like MIDA, that is one. And the second point is research work in trade, industry, and investment, where standards and conformities could be researched into and also other matters, which will link us with international conditions and norms. I will nominate Myanmar counterparts for Japanese counterparts during your research study and we hope that this study will be carried out as soon as possible and recommendations made to the highest authorities. From the Myanmar side, U Maung Maung Yi presented his point of view to set up an export promotion organization and set up industrial promotion organization, etc., he also quoted MIDA and I think that we can study this as soon as possible and Myanmar can start implementing this program in consultation with the trade, industry and investment working group. IT working group's presentation was made by U Aye Lwin,

coordinator for Myanmar side, I think the discussion was most dynamic because very suddenly I was asked a question to join them from the fiscal and monetary working group, I rushed upstairs and I was there in the midst of the presentations being made by Mr. Tomita and Mr. Nagai, a very comprehensive presentation that was discussed during the G-8 conference in Okinawa. As we all know, in this age of mobilization, IT plays a very important role. And to quote Mr. Takahara, during the closing session at the first meeting in Yangon, he said "we have discussed everything today except IT." and today IT is the hottest item on the agenda. So I think he should be happy about it and we should study the capacity in Myanmar and try to capitalize on what we have, what we can do and what sorts of support the Japanese government would give to us. As you all very well know, the world today is very short of IT engineers, India itself has produced a very large outflow of Indian IT engineers to the United States and to the EU and there is also a very large outflow of IT engineers from other parts of the world, and Myanmar has capacity to produce such engineers with a little support, a little more high technology and I think we also can create a very productive situation in the IT sector. In agriculture and rural development, there has been very good discussions, and detailed work plan has been organized and I am sure this will be implemented in a very acceptable manner for both parties. As you all very well know, in the first quarter of this 21st century, the world will be faced with two major problems, one is energy problem and the second is the food problem. Today in the world, there are about 330 million people going without food everyday. So I think the agriculture sector in line with other ministries would like to stress, according to what I have read from their reports, four major points. One is GIS agriculture to work together with IT group that would coordinate Myanmar and we hope Japan will help us also. Agro-base industries where by today we export every thing in bulk, if we can value add and work in agro-base industries, I think that will really benefit the economy. Counterparts for the survey of the program, for each topic of the program, rural resource mobility, which will be the most important point, to mobilize rural resources so that we can work more effectively. Here, as Professor Odaka suggested, there is a linkage now that all four groups and all four groups within themselves would have to see common sectors that are overlapping and decide who will do it because if these overlapping sector is left out, I think there will be a gap in our program. And I agree with Professor Odaka who said we should make sure who will do what and when so that we have a specific program to deliver and make sure that program is something the rest of the world can look at. So with this, I would like to once again thanks Professor Odaka for chairing this meeting and for all the Japanese resource personals and government officials who have been here giving us a warm welcome, lovely lunch and wonderful discussions I think we can go on and to all our colleagues who have made this meeting so successful. Thank you very much.

Mr. Chairman:

Thank you very much His Excellency. So the floor is opened for anybody to come and jump in and discuss, raise issues and so on. I invite particularly the members of the coordinating and supervisory groups.

Chairman: My vice-chairman Dr. Than Nyun would like to say a few words.

Dr Than Nyun:

Thank you very much Mr. Chairman. As General Abel has just mentioned, we have had a very fruitful day and it is in fact the tradition of the task force since June when we met. While our Japanese friends were away, we have been working as well and we know now that our Japanese friends have also been working in their own country. Now that we are together, we are very happy that we bring ideas together again. Another thing is that I do meet many new faces here again, also very good. It shows that the people who were in the task force are in fact the top tip of the iceberg where actual interest of the individuals on Myanmar is in fact much more. To see so many academic people's son whom I have not met for many years to meet again today, so this is also very encouraging. There are only two things that I want to add to the general discussion, which is that, as I looked at the presentations from the four groups, of course these are four groups but it is like sort of describing an elephant, really. We have to look into the whole picture. So at one stage, we have to look at these four papers together. Not necessarily at the final stage but probably at intermediate stages as well. I see all the issues identified are similar and they would go into each other. I would like to focus on one issue as an example, a very fundamental issue, which is the unifying of the exchange rate. This issue runs whole way into the agriculture sector, into the industrial and trade sector and of course certainly with the fiscal and monetary sector. This is fundamental and as some discussions in the industry and trade sector who had then showed, some of the things that were identified as problems, would have been taken care of once the unifying of rate stands. So this is very fundamental. I am very happy that our Japanese friends were ready to talk about this in open manner. And I was very encouraged by His Excellency Araki this morning in his opening speech, where he mentioned that Japan feels that it is a duty to help Myanmar. He felt that there is an obligation. Not just out of share interest, he used the word "duty". This is a very encouraging aspect and we are happy that you have in fact identified and are ready to talk about this in an open manner. And the paper that U Than Lwin, the Deputy Governor of the Bank, presented is something, which we have been dealing with for more than ten years. In fact, this problem has been there for a long time. But during the socialist time, of course the problem can be slightly in the planned economy, slightly moved sideways. But no move at the time such as now. And General Abel is the man in the hot seat all the time, he has been involved. So it isn't that we are not aware of this, but we have to do it in a very proper manner. And this issue as I have mentioned earlier, goes all the way through. I'm

giving it in fact as an example, but using it as an example, I am also sort of underlining the importance of this. And I am glad that the Japanese side talked about this in an open manner and we have been there. We hope that, at least I hope that one of the outcome of this task force and this joint endeavor in order to fulfill the duty; I say the duty because on our side, of course, it is our duty to do something for our own country. Mr. Araki also said that Japan feels too that it is Japan's duty as well to help us. So we would say it is the duty to get this done. And by and by, in the non-paper that Professor Kondo, Professor Kondo and I have been having private discussion and so on. We mentioned only about the plan of action, the implement of plan. Establish a plan and then implement the plan so we hope that this encompassed everything in this sense. What the answer really is that issues do go into each other. I want to pick up another example, which is mainly statistics. In all the four papers, I saw statistics being mentioned continuously. Financial side, statistics; industry and trade, again statistics; agriculture, again statistics. So we can unify the process in a sense. And IT are the people who will in fact do this in this day of Internet. We have already signed the e-ASEAN agreement. Component of one of this is the e-government situation, where all government functions including data collection, data dissemination and so on, which would have to be posted on the web page and things like that. Here also is another issue, which can be unified and brought together. And of course, all of it should be unified in an overall paper concerned as the title of our task force, Economic Structural Adjustment of Myanmar. is not just agriculture or industry and trade or fiscal, but everything. Now there are other things, which haven't really been covered but have to be brought in. Human resource development, power energy, power environment and things like that. Of course these four areas are what we are doing now, but we still have to bring the others together. So in conclusion Mr. Chairman, I want to say that this is sort of changing gear in our activity, and the industry and trade group already has ideas of what to do in the next month, the following month and six months later, and a year after. So we hope that all this work will be of great achievement one day. Thank you very much.

Mr. Chairman:

Thank you very much Dr. Thank Nyun. Listening to your speech, it just occurred to me that somebody probably needs to coordinate all the four group's reports. And then it occurred that I might have to do it with the help of yours. In this connection is it a little too much for me to ask the leader of each one of those four groups to leave with me a sheet of paper tonight where you have revised work plan stating briefly who will make what by when so that I can make report tomorrow and then you can have a chance again to discuss general issues with an overview of all the four groups, will that be too much?

A:

Professor Odaka, it is very unfortunate that I have to say a comment again on behalf of my working group. First of all, I reiterate my personal impression listening with much care and much interest the recommendation made by the Dr. Than Nyun. Exchange rate program is by nature is the most delicate sensitive question, not only to Myanmar, but also to any country in the world. I have been following this very important matter for last several years, and my frank impression is that already there is much change in the sentiment treating this delicate problem in side the Myanmar decision makers. That is why, very frankly, I have the very candid and frank impression. I highly appreciate this progress made up until now by the Myanmar Authority. And this kind of progress of sentiment, what shall I say, I'm not quite sure it is appropriate or not, it is a sort of the positive change in the sentiment. That is a very important part of remarkable economic management in my sense. We cannot underestimate this aspect of the matter. Because of this character, because of this nature, the macro economic management program is quite interesting, quite attractive but it is difficult to deal with. So relating to the question by Professor Odaka, namely, who will do what and when, frankly speaking, it is a totally open question at the present stage as far as the fiscal and monetary working group is concerned. We have to think it over after today's discussion. But today we reached almost the agreement on agenda item. That is already a big progress, a big step forward for our discussions, for our exercise of the later stage. It is totally wrong to underestimate what has been done, what has been accomplished.

Morning session and afternoon session. So I have to be too frank, but I refuse towards to show him in the paper, who will be in charge, for instance, in the unification matter of the exchange rate problem to Mr. Odaka.

Chairman:

But at least you can leave the message what we have agreed upon. Can you not? You can list up all the items to be discussed together or study together.

A:

I thank you very much for the softening of the position compared to your first, Professor Odaka. As for the contents, we talked based on the non-paper. There are some rectifications of the paper based on upon the discussions, maybe that will be done by Mr. Maesawa, a very able, young officer of the government that could be handed over to you and it is very self-evident of the outcome of our discussion. Thank you very much.

Chairman:

At any rate, I suggest that we depart tomorrow with full knowledge of what we have agreed upon and what we will do in this work together. So I expect something from you in spite of problems that you may have. I see no problems with agriculture and rural development group and I sort of see there is a little problem with trade and industry group. How about Mr. Wajima, could you give me something that I have requested before you go home today? Or anybody else in the IT group with close consultation with Myanmar representatives?

B:

Your question is relating to the cooperation with the agriculture and rural development working group or?

Mr. Chairman:

What are the items that you are going to undertake in this joint task force in two years time?

B:

I see. We have discussed today items very generally and one thing we can specify is the pilot case study. This is maybe a threshold for us because with our working group was set up a little bit later than other groups we have to collect information more than others.

Mr. Chairman:

But can your group leave me with a sheet of paper stating what you will do as a group?

B:

We will add that later after communication with the IT members back in Myanmar. At least we have specified four critical areas and this is maybe a milestone.

Mr. Chairman:

But this is not possible, four areas or five areas or whatever that you are going to do. Because we are not necessarily clear what your intentions are and where you are going.

B: Oh yes.

Mr. Chairman:

Maybe I'm the only one who is not clear. But I do hope that you will cooperate. You maybe tired but your cooperation is highly appreciated. Any other comments?

C: May I?

Mr. Chairman: Please.

C:

I belong not only to the IT in the trade and policy working group, I am also the member of the supervisory group led by Brig. Gen. Abel. Here, I think, as it is a large body to integrate and to coordinate the work, there are two things, which are not very clear but can be cleared up straight away if everybody agrees. One is as put up by U Tin Htut Oo in the agriculture group; there are some overlapping areas between agriculture and industry. Because I have done some work on agriculture development, and I found out in my work, to develop agriculture sector in certain way, it cannot do it alone, the industry has to support the development with agro industry so as to absorb the landless laborers for example, that is a clear example. So this work of who will do the agro industrial development to support the agriculture development, I think our working group has not given much emphasis. We talked about maybe our urbanization; we talked about garment and textile but not quite a lot about agro industry. So I think this general body can decide, is not for me to decide, I'm just putting forward, as to whether we would do jointly, our two working group, on that area, or one of us will take the responsibility. Another area is, as Professor Ebashi has put up, SEE, privatization, reform of SEE and privatization, that is also very important. It has very important budgetary implications. So it has to do with fiscal and monetary working group as well as with our industry group. And maybe I was being very sleepy at the time, but in my mind, I am not clear who is going to do that also. So maybe this general body will give us direction and guidelines as to who will do the SEE reforms and privatization, both the macro aspect as well as the micro aspect. Thank you.

Mr. Chairman:

Thank you very much. Thank you for your suggestion. Do you have any suggestions?

Dr. Than Nyun:

I think having attended many conferences, sometimes having to bring on the drafting Coventry where you don't sleep at night, you see. So I do think there is some problem if you want a sheet of paper by tonight. Probably you can get a sheet of paper but not to spell out in detail who will do what when. In fact our IT group will also have the problem. So if you would kindly relax your demand and of course we are always, the academic standards that you follow, if it is just to spell out, just to summarize what has happened in each group, maybe some of you may have to go without dinner, but if you can just sit down. I'm just sort of being the intermediary sympathizing those haven't been in a situation such as this. You know, just to summarize what has been discussed and

also spell out as much as possible, so that it will assist you. And I think you too are in a difficult position because you have to bring everything together. I cannot do it on the basis of your own notes, which I know you have. So it will be very helpful for the chairman if each of the group can supply. And you also have your resource persons already, if you want you must try to assist by all means. But I think on the Japanese side, you already have very able resource, just to summarize, not to do exactly. Like the agriculture sector, it has to be detailed and it would not be helpful if, you know, later they want to change. Some of the thing we haven't even discuss about what to do when, you see, we haven't discuss so they have to supply it without having been discussed. So it is just if we can summarize what has been done like what we have discussed earlier, it would be probably helpful. Thank you.

Mr. Chairman: Thank you very much Cr. Thank Nyun. Any other suggestion? Maybe I was too over demanding.

D: I think Mr. Kondo will be very happy if you help to explain what sort of plan or action he wants to do with the unifying of the rates. We'll be very curious to know what plan or action. In his paper, it not only mentioned the plan and action but to implement. Probably since you are the author, probably you will be the one who will do the explanation.

Mr. Chairman: yes, Mr. Umemoto?

Mr. Umemoto:

Thank you very much. I am one of the coordinators; I would like to make our comment that just we have discussed among us because our idea is shared in the group and also with the coordination group. That is to say we will send, Japan will send an expert through JICA, and this expert will give some advise and study several issues. That is why we have established; we have made these items of issues on which we have agreed. For example, the most urgent issue is the unification of the exchange rate. This study should be done by our expert in consultation with Myanmar side. Already, Myanmar side has made an initial study of impact study of unification. You have already explained the impact on inflation, budget, SEEs, trade investment and social sector. So perhaps our expert will deepened this impact study with you. Other item should be also chosen based on the availability of experts. The financial sector specialist should be selected, or tax or bond market specialist should be selected. But these are based on the JICA experts within the availability of funds. Of course we, Japanese side, will also write down the terms of reference of experts. I think we have to consult with you what areas should be studied and should be done by Japanese experts. But this three-page discussion item paper is the base of the work plan, terms of reference of Japanese experts. This is our

understanding. But as far as the exchange rate unification, my personal opinion is that this is an over-arching, in a sense, you know, issue, but already Myanmar has admitted or openly discussed this issue, so the only problem the distortion of the economy, distortion of the market. But fortunately, more than 70 percent of transactions are made by the market rate. So in a sense, the response, or the answer is very easy, because we jointly narrowed the areas where the official exchange rate is applied. So, in a sense, in three years, we have to narrow down the areas from thirty percent, twenty percent, and ten percent. So this is rather easy task because we have already identified this issue and we have a kind of target in three years. This is already discussed in our working group. So I jointly would like to, from now on, make terms reference on this issue and would like to take up as much area of this issue. This is our schedule. I think Professor Odaka can share our ideas and also this is shared by the Ministry of Foreign Affairs. Thank you.

Mr. Chairman:

Thank you very much Mr. Umemoto, you have made me feel much better. Do the Japanese leaders of the working groups have anything more to say?

D:

Perhaps tomorrow I would have a chance to response to some of the suggestions in a more systematic and official manner. So my comments are on a rather sketchy basis. I find the discussion by our working group basis, is very efficiently done, effective. But of course as pointed out by many participants, we have to think about the linkage of working groups and we should not forget about some overlapping issues that are very important. And concerning establishment of various organizations and also the way to handle the very sensitive, important issue that is the unification of exchange rates. I hope that I will have a chance to response to those issues. One thing, I didn't realize that IT is a major issue. Actually, I'm very happy to hear that you do not think approach this issue in either our way or either our basis. Some donors are not very happy about addressing IT because they tend to think that IT, to address IT tend to neglect poverty eradication, and poverty eradication and IT, the relationship is an exclusive one. Rather through out IT, you can address poverty eradication, delivering social services, education and medical services and you can encourage the participation of people in the development process from that point of view. We are very happy to see that emphasis on the importance of this matter. The suggestion made by one of the participants concerning on the dispatch of mission. I'm not quite sure if we can do that early. Actually, we have sent missions to three countries and we will send another mission early next year and we have many candidates. We have to think about it. But I will bear in mind the important suggestion made by the member of Myanmar. I should stop and I hope that I can response to you in a more official and constructive way tomorrow.

Mr. Chairman: Just speak up Mr. Takahashi.

Mr. Takahashi:

Thank you Mr. Chairman. I was just talking about the important suggestion made by U Myat Thein to decide which group is going to handle the potential overlapping issues such as reform of state-owned enterprises and this may require some internal discussion both on the Myanmar side as well as on the Japanese side. So I was just talking to our Chairman that probably decision can be made in the course of tomorrow morning's session, by which time both sides would coordinate among ourselves about the best option for which group is going to handle those issues.

Mr. Chairman:

Will that be agreeable with you? This maybe the Japanese way of doing things, but it was upon you to do something after this meeting but if you could develop solution to this problem that Mr. Takahashi has just suggested, I will be very happy.

Are there any other Mr. Kurosaki?

Mr. Kurosaki:

Regarding the issue of the overlapping of the theme, some of them could be better handled if we make this topic for this working group. But some other topics maybe better handled by several groups. For example, agriculture taxation and rural credit, which are mentioned by U Tin Htut Oo about the overlapping between the group on fiscal public finance and agriculture. But of course in the case of agriculture taxation, our side, agriculture group, will look at what are the effects of the distortion of taxation on production and household welfares in rural areas. Probably these kinds of issues will not be discussed by the group on finance and monetary issues. Probably there biggest issue is what is the best allocation of taxation between sectors or between eh source of income. So we will look at the totally different things although it covers the same topic of agriculture taxation. For those kinds of things, it is better to have both of the groups to work on these topics. The same is true with rural credit because from the monetary and public finance group, they will look at the issue of sector allocation and the issues of interest rates and these kinds are very important for agricultural credit. But on our side, what are the best use of credit and if credit is not available what will happen to production? These are our concerns. In that sense, it is better for the two groups to work on the same topic from different angles. Then in the final stage you can combine. But of course, at the same time, in the implementation stage, we can collaborate all together in that because some of the information can be shared. That is my basic understanding.

Mr. Chairman:

Thank you very much Mr. Kurosaki. It sounds good to me. Any other comments?

I think if you agree with you Mr. Kurosaki, with regard to overlapping issues we will deal with them, except that on each one of those groups where the topics happened to be related with possible close coordination between the relevant working groups. How would that be? And then the final coordination will be undertaken whenever it is necessary by the coordination group.

Yes, please.

E:

Just one point, while I agree basically with what the Professor has said, from the point of view of practicability, we can't go although, for example, fiscal and monetary be interested in the overall macro economic aspect, and we maybe interested with regard to SEEs for the micro aspects, we cannot go two groups because if you go, here they come again, why are they coming, another group. So we have to go as a team, to get all these. So the question is, if we go question, we have to go at one question, we cannot go one and another group one. That's my experience. So from the point of practical application, I think we still need to coordinate. That is my point.

Mr. Chairman:

That is a very good advice we should keep up in mind. Whenever we do some field research, we will coordinate so that we will not put an extra burden to the factories and so on. Thank you very much.

Yes.

Mr. Yamakoshi:

My name is Yamakoshi and I am from Keidanren. Since the coordination among the working groups are now settled, I would like to make a brief report on the coordination and some relation between this workshop and our meeting, Japan Myanmar Business Meeting, in February. Today, with the permission of General Abel, I would like to report that this afternoon the meeting between General Abel and our Chairman Mr. Toriumi, our Chairman Toriumi emphasized the importance of a kind of discussing the specific issues and he is very much interested in what is discussed here in this workshop, so we are going to have more closer contact, particularly with the Trade and Industry Working Group and I would like to kind of follow up the discussion here more in detail according to the interest of real business people. So I think we can just make a kind of coordination between this workshop and our activities. Thank you.

Chairman:

Thank you very much, Mr. Yamakoshi. Do you have any comments, questions?

Suddenly, it seems to me that it is more desirable for us to coordinate with the private sector. I belong to the private sector too.

Have we exhausted of the opinions and comments and questions and so on.

Would you like to say the final word?

We will end the formal discussion at this point. And there will be some business announcements.

Thank you very much for your cooperation.

From the Secretariat:

From the Secretariat of the workshop, we have some information for you.

Number one, after this session, only the members from Myanmar are kindly requested to be continue to be seated because we have some administrative matters to be made. It will take only five minutes.

Number two; the reception party hosted by the JICA president will start at 5:30. And the last one, tomorrow's meeting will start at 9:30 at the same time at the place as today. So members from Myanmar will leave from hotel at 8:30, the same time as today. Thank you very much.

Minutes of Closing Session

Mr. Kojima:

It is ready to start the meeting to the second day. I hope that the participants from Myanmar slept well yesterday after the constructive and fruitful discussion whole day. We have half day meeting today and after this meeting, the signing of the scope work will take place and before the signing ceremony, we will have a short coffee break. Today I will request Professor Odaka to summarize yesterday's meeting and after Professor Odaka's presentation, I will request His Excellency Brig. General Abel to make the concluding remarks, which will be followed by my concluding remarks. If this arrangement is acceptable to you, we will like to start. Professor Odaka, you will have the floor.

Professor Odaka:

Thank you very much Mr. Kojima. Your Excellency Brig. Gen. Abel, Your Excellency Dr. Than Nyun, distinguish task force members from Myanmar, fellow Japanese task force members, my friends, ladies and gentlemen, it is my privilege task this morning to summarize our discussion yesterday and to reconfirm the common tasks that lie before us at the joint task force for economic structural adjustment for Myanmar. Let me start out by restating that we have jointly selected three major areas of concentration, namely one, monetary and fiscal policies, two, trade and industry, including the IT industry as an important sub-topic, and three, agriculture and rural development. In the first topic, namely monetary and fiscal policies, we have agreed that there are seven major areas

about which we are particularly concerned with, namely in random order, increasing government revenues, serving government budgetary deficits, renovating state economic enterprises, monetary stabilization, banking sector reform and exchange rate unification. The methodology proposed by the third working group is that the Japanese counterpart will dispatch teams of specialists to Myanmar to conduct in-depth policies of the issues of common concerns, which may also serve diagnosing or advisory functions if deemed appropriate by both parties. In addition, separate field studies on macro economic issues may be carried out if they are proposed to and authorized by the working group. With regard to the second topic, namely trade and industry, the working group has identified four major areas of joint investigation while leaving two additional areas for future study, that is vision for industrialization and its strategy, small and medium scale industry development, export promotion and liberalization of income in foreign direct investment. In this connection, the Myanmar side of the task force has suggested that new institutions be established to assist such efforts. In addition, the IT sub-group has explored possible areas where we may identify common topics for further joint endeavor. Such topics and associated action plans shall be reported to the trade and industry working group in the near future as soon as the sub-group has come to common agreement so that arrangements may be made for their execution. The working group on agriculture and rural development has identified three main research areas, namely production, marketing and employment. In-depths empirical investigations are being set up in order to gain better understanding of the rural economy of the contemporary Myanmar. The group will draw up a set of policy recommendations on agriculture and rural development with due attentions also given to the encouragement to the agro-base industrial development. The members of the working group will be personally involved in executing and over seeing the progress of the investigation. Last but not least, as a matter of mutual concern of all the working groups, the essential role of the gathering of the precise information, especially statistic, have been repeatedly emphasized. Because of this, we will be most keenly interested in and will stand by any measures for supporting better working of statistical survey systems of the government of Myanmar. In all these cases, may I remind you upon final approval by our supervisory groups of such joint plans, formal arrangements with the administrative body of the project, namely JICA, are necessary prior to the actual execution. I am pleased to report to you in this connection, the JICA is in principal committed 100 percent to support the execution of the plans drawn up by the working groups. We will then initiate our action as soon as this scope of work is signed. Of course we are fully aware what we are about to carry out is primary knowledge based endeavor. It however is the most essential process that one cannot miss in order to come to full grips of the problems at hand and on the basis of such knowledge to draw primary prescriptions for policy action by identifying the most appropriate policy instruments to carry out the recommendations. The time span to be suggested in the scope of work is two years starting today. May I propose, Mr. Chairman, that we plan to meet again in this or similar manner,

perhaps twice a year in order to be fully informed of whatever progress has been made of our plans. This will enable us to examine whether or not any amendments or revisions are needed for our action plans, and if so, where and how, and to reassure our mutual ties. It all remains for me to express my heartfelt appreciation for your cooperation in constructing the action plans for the working groups. I am grateful especially for the Myanmar participants to have come all the way to attend this important meeting. I also wish to stress that this project has been made possible because of the dedicated grand work being carried out by the staff of JICA, which is coordinated closely by the respective officers of the Ministries of Finance, International Trade and Industry and Foreign Affairs, government of Japan. Let me express my respect to all of them and hope that they will continue to support our effort. Thank you very much for your kind attention.

Mr. Kojima:

Thank you very much Professor Odaka. The summing up was a very good and excellent one and his summing up covers not only objectives and modalities of our workshop but also concrete ways of implementation of our workshops. Now I would like to request His Excellency Big. Gen. Able to make concluding remarks.

Brig. Gen. Able:

Thank you Mr. Chairman. Mr. Kojima, Professor Odaka, distinguish resource persons from the Ministry of International Trade and Industry, the Ministry of Foreign Affairs, and the Ministry of Finance of Japan, esteem persons of the academia, members of Japanese task force, member of Myanmar task force, and friends. Ohayougozaimasu. I am much honored and delighted to make some concluding remarks at the second meeting of the joint cooperation for structural adjustment in Myanmar, in this beautiful city Tokyo in Japan. Yesterday, all working groups had very open and frank discussion to formulate policies and strategies for the structural adjustment program of Myanmar. On a very basic platform, we may task ourselves to project this project into a model for global recognition. We all realize that the road to the market is hard and painful. We are ready to go there. As we are already in the 21st century or the age we accept as the age of globalization and the revolution of information technology, we may see many things happening and changing so fast, you are obliged to know these transformations. Hence, we have to acquire knowledge to understand these changes. So here again, we are in a knowledge-base era of the century, ladies and gentlemen. In such circumstances, though the demand is of great pressure, we will have to take into consideration the human factor. The divide will be constant but we must make efforts to narrow it and move on to another plane. In yesterday's presentation and discussion, which was excellent and stimulating, priority areas were identified. We should work on them immediately. Since there is interconnectivity, other overlapping issues will surely emerge and other sectors of the economy will also be involved,

therefore, both task forces will have to take stop to analyze and formulate a plan of action for proceeding further. At this juncture, who will do what and when will have to be determined by both sides. Both task forces will have to finalize their plans and merge them into one master plan, or in other words, one single action plan. We need to move on as fast as possible. Since Professor has made his remarks, we appreciate very much outstanding conclusions and the tasks for both task forces. It is only good that working action plan be drawn up and proceeded. The Myanmar task force is very happy and satisfied with the outcome of this second workshop, which was conducted in a spirit of warmth, friendship and togetherness. On behalf of the Myanmar government, the Myanmar task force members and myself, I would like to thank the Japanese Government and the Japanese people, the Ministry of International Trade and Industry, the Ministry of Foreign Affairs, the Ministry of Finance of Japan, Chairman, Mr. Odaka and Mr. Kojima, all Japanese resource persons, and support staffs for the excellent arrangements made for this meeting and the very warm welcome extended to us. We hope to meet you all very soon in Myanmar and to reciprocate your hospitality. Thank you very much.

Mr. Kojima:

Thank you very much General and thank you very much for your thoughtful remarks on the activities as well as our so-called hospitality. And we are not quite sure whether we are successful in really reciprocating your hospitality, kindness, which was given when we visited Myanmar last June.

I do not have much to add after excellent and comprehensive descriptions of the activities and discussion yesterday. But perhaps as my concluding remarks, I would like to say a few things. First, during the discussion yesterday and today, I felt that this is a self-evident thing, but ownership is very important. What we can do, what the Japanese side can do, is to give a very mean, small advice to the government of Myanmar and to the academics of the Myanmar side. What the government of Myanmar and the businesses should do is should be done by the government of Myanmar itself and the people of Myanmar. What we can do is just facilitate or catalyze the activities by the Myanmar side. That is my first point.

The second point is social factor or poverty eradication in the donor community. So poverty eradication is the issue in these days. Perhaps I have mentioned this during the discussion last time last June in Myanmar, we are saying that growth is very important to eradicate poverty. And of course there is an argument on the relationship between growth and poverty. But we have to pay due attention to the poverty eradication. And this should be applicable in the case of Myanmar. We should not forget poverty eradication through our activities within the framework of structural adjustment. And third point is we are very happy that we are successful in having an agreement on frameworks for the future implementations of our workshop and also I am very happy that we have agreed upon sub-topics to be discussed and to be implemented through our working groups activities.

Now after this workshop, the developing study will start through JICA and we can even utilize the works of consultants so that we can enrich our statistics as well as data and so on. So we can free implement our task for structural adjustment. And Brig. General mentioned, I quote yesterday, "although the program that we have embarked upon has a lifespan of two years from completion, on our part we feel that whatever could be implemented after each meeting should be implemented". I quite agree with this statement. Even during the course of the implementation of workshops, we are prepared, we are ready to extend additional further technical cooperation in order to facilitate our works and also in order to facilitate the structural adjustment works in Myanmar.

And as for the IT, we feel the enthusiasm on the part of Myanmar and we would like to consider what we can do, including dispatch of mission, including discussion between working group on IT or some other measures. We would like to consider these possibilities. As for the timing of the next workshop, perhaps first we should look at progress to be made by each working group and after checking the progress of working group, we would decide on the timing of the next working group through diplomatic channel. As for the possible responses to press, as you may know, the press knows the activities of this working group, and they know that the working group is being held yesterday and today, and we may be approached by the press. So I think now we have drafted guidelines with you, and if we are asked by the press, we would like to response to them inline with the guidelines, which have been delivered to you, if it is agreeable to you.

Concerning unification of exchange rates and some other suggestions made by the Myanmar side yesterday, my understanding is that of course the unification of exchange rates is very important and there is sort of a recognition among the participants that the unification of exchange rates is the most important thing to be implemented by the government of Myanmar. But my impression is that there are some alternatives where is to do that and some of the participants from the Japanese side has suggested some alternative measures. And at the same time, the Myanmar side pointed out that we should conduct some studies on impact implications by unification of exchange rates, including inflation, SEEs and others. So my suggestion is that perhaps we should conduct further study on this issue, instead of having conclusion on the ways to implement this important issue. In relation to this issue, I have touched upon the relationship between the government of Japan and the workshop itself.

It is a rather delicate relationship between two organizations, the government of Japan and the workshop. The government is not in a position to direct the activities of the workshop. Both governments are in a position of playing a sort of catalytic role or a facilitator. And what the government of Japan can do is rather limited and we should not direct the workshop to do this and that. We are just catalyst or facilitator. But at critical points, certain points, perhaps we should make advise on what we can do, I mean what the government can do or what the government cannot do, in a rather frank and candid manner. But we have to fully respect the initiative of the academics, business, and participants from both sides. Perhaps I have explained what I was going to say at this

stage. As my last point, once again I would like to express my gratitude to the Myanmar side for your cooperation, enthusiasm and devotion and efforts made so that we could have another successful and constructive workshop. I hope that we can see sometime next year. And we hope that we can have another constructive and fruitful discussion in Myanmar. In the mean time, I hope that each working group will make its effort in collecting data, in agreeing on tasks to be done and other related matters. Thank you very much.

The Secretariat:

From the Secretariat we have the next program for signing of the scope work, but we need some minutes to rearrange the tables and chairs. So please go outside as the tee and coffee are ready for you.