

# **The Union of Myanmar Federation of Chambers of Commerce and Industry**

## **Submission of Views**

Dated : June 10, 2006

We are from the Union of Myanmar Federation of Chambers of Commerce and Industry ( UMFCCI ) which is one of the Non-Governmental Organizations functioning in the Union of Myanmar where over 55 million people are residing. As Myanmar is an agro-based country, we the UMFCCI has to always deal with the people including farmers more than other NGOs and witness their life. The business performances of the Federation do not lose touch with the public. We are dealing closely with the people and so we understand their lives.

The Federation was first constituted with the name of Burmese Chamber of Commerce in 1919. At present, the Federation is 87 years old. With Myanmar patriotic merchants playing a leading role, the Federation came into being with the concept that "only with strong economy, will the nationalist spirit flourish".

In 1989, the organization was reconstituted as the Union of Myanmar Chamber of Commerce and Industry ( UMCCI ). The chamber was an NGO that serves as a bridge between merchants, industrial entrepreneurs and merchant associations and the government.

The UMCCI was upgraded to the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) on 1 April 1989.

Central Executive Committee members and Executives of the Federation are entrepreneurs. Likewise, the Federation is an authentic NGO that places emphasis on the development of private economy.

Up to 31 March 2006, a total of 15,551 entrepreneurs have joined the federation. They are 10,134 Myanmar national companies, 1,634 enterprises, 769 foreign companies, 175 cooperative societies and 2,839 individuals.

So far, 51 associations of which 8 State Merchant and Industrial Entrepreneur Associations, 8 Division Merchant and Industrial Entrepreneur Associations, 9 border trade merchant associations and 26 trade associations have been formed under the control of the Federation. All the merchant associations are non-profit sharing ones.

As merchant associations under the UMFCCI are set up throughout the nation including States and Divisions and border areas, merchants and industrial Entrepreneurs residing in all regions of the nation enthusiastically participate in the functions of the Federation. Hence, it can be said that the UMFCCI is the National Leading Chamber representing all private businesses of the nation.

The UMFCCI and its brother merchant associations establish friendly relations not only with merchant association at home but also with commercial organizations abroad. The UMFCCI is a member of the International Chamber of Commerce(ICC), the Joint Economic Quadrangle Committee (JEQC), the ASEAN Chambers of Committee and Industry (ASEAN-CCI), the BIMSTEC-CCI, the Greater Mekong Sub-region-Business Forum (GMS-BF), and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS).

The responsible persons of the UMFCCI successfully performed the duties as alternate chairpersons of JEQC, ASEAN-CCI and GMS-BF. The UMFCCI was chairpersons of JEQC from 2002 to 2003, that of ASEAN-CCI from 2002 to 2004, and that of GMS-BF from 2003 to 2005. Furthermore, the Federation had inked 48 memoranda of understanding with merchant associations from 22 countries and is performing mutual cooperation task. Moreover, the Federation sent employer representatives of Myanmar to the ILO Conference held in Geneva annually and participated actively.

Last year, about 600 businessmen from 25 countries visited the Federation and held discussions. Likewise, the UMFCCI made arrangements to enable over 1,000 Myanmar entrepreneurs to attend expos, training courses, meetings and seminars held in 15 foreign countries. Among them, Myanmar won the best booth award at 3 grand expos in the People's Republic of China and Indonesia. The success of the booths contributed promotion of Myanmar export items.

Under the aegis of the UMFCCI, private entrepreneurs are making concerted efforts for export and import services. The private sector exported products worth Kyat 7,838 million out of total exports of Myanmar worth Kyat 14,119 million in 2003-2004 fiscal year. In 2004-2005 fiscal year it exported items valued at Kyat 7,263 million out of the export products of Kyat 16,697 million of the nation.

With regard to the imports, the private sector imported goods worth Kyat 9,182 million out of total imports of Myanmar Kyat 13,398 million in the 2003-2004 fiscal year and goods worth Kyat 7,754 million out of total import worth Kyat 11,339 million in the 2004-2005 fiscal year.

As the Federation has been engaged in businesses in the successive periods, it is striving to increase export, import with the assistance of the present Government. After annulling the Socialist Economic System, the Government practices the Market-Oriented Economic System in accord with the desires of the people. The Market-Oriented Economic System allows private-own enterprises to conduct their businesses freely. Therefore, the people can enjoy better economic and trade has increased rapidly.

In relation to the economic development, the country's trade value increased Kyat 28035.8 million in 2004-2005, compared with Kyat 8484 million in 1990-1991 and Kyat 20812.9 million in 1997-1998. In 2004-2005 import value was Kyat 11338.5 million and export value was Kyat 16697.3 million. It is found that private sector accounts for 43.5 percent of total export and 68.4 percent of import of overall trade value of the State. Thus, significant progress has been made in national economy due to the efforts of the Government in cooperation with the people.

However, some big nations, based on fabrications of a handful of people, are imposing economic sanctions against Myanmar. They persuade foreign countries not to make investments and to terminate existing foreign businesses in the nation. However, we do not think such economic sanctions will have any effect on the Government as well as the people. This is because, we all can witness that the present Government is striving its utmost in the interest of the people in comparison with the previous Governments. Those who blame the Government are none other than those who went into exile and live in other nations relying on foreign assistance.

As our country is a nation of rich and diverse in natural resources, doing various kinds of businesses, we cannot be affected adversely through the imposition of economic sanctions. Goods can be mass-produced domestically and this can facilitate the socio-economic life of the people. In addition, there are those foreign countries which understand true situation in Myanmar and as a result, they give all forms of assistance. With the internal strength alongside the assistance of those friendly nations, all businesses in Myanmar are now thriving.

Our Federation has main responsible in doing business in order to serve national interest. It has contacts with business enterprises of foreign countries. It has ability to weigh up fabrications and misinformation that are being produced via foreign media.

In comparison with previous eras, Myanmar has now seen tremendous progress in its industrial field, both in national and private sectors. Accusations of western countries that Myanmar Government is violating human rights and committing forced labour and affect the lives of people are totally different from the prevailing situation here. Anyone can come and witness the development of Myanmar's industrial sector, a vehicle for national economic growth. When the Government took over State's duties in 1988, there were only 27430 industries of which 601 State - owned, 139 cooperative - owned and 26690 private - owned. But now, up to April 2006, there are 800 State-owned industries, 8256 cooperative-owned industries and 71538 private-owned industries totaling 80594. In particular, the State has paved a path to development of private industry. Industrial relations are in good condition as the State, for the sake of industrial workers, has taken measures for worksite safety, prevention against forced labour and ensuring reasonable salaries and daily wages in accord with the Labour Act. The Government, employers, and workers are cooperating together, so that Industries Relation is in very good condition.

It can clearly be seen that the government is building a modern and developed nation through the development of industrial sector. According to constant price, the production value from industrial sector for the period of the first four-year plan (1992 -1993 to 1995-1996) increased from Kyat 4,850 million to Kyat 6191.6 million and of 9.22 percent increase per annum. In the period of the second five-year plan (1996-1997 to 2000-2001) production value rose from Kyat 6,476 million to Kyat 10,174 million accounting for 14.27 percent per annum. Again, during the period of the third five-year plan (2001-2002 to 2005-2006) production value jumped from Kyat 220,146 million to Kyat 531,080 million accounting for progress of 35.31 percent per annum.

These results have been made placing much reliance on internal strength. It is obvious that economic progress could be achieved through the correct policy of the State although FDI ( Foreign Direct Investment ) is declining in the nation due to the groundless accusations of some big powers. If we were not faced with economic sanctions, we would be marching towards a

modern developed nation through industrial development more quicker and it would not be difficult to keep our pace with the neighbouring nations in development.

Foreign Investment Law of the Union of Myanmar was enacted on 30 November 1988 in order to create foreign investment opportunities. The law that invited FDI in order that Myanmar's natural resources could be extracted on a joint basis vastly facilitated the development of the State. Its objectives are :

- (1) to promote export items;
- (2) to extract natural resources that need great investment ;
- (3) to acquire high technology;
- (4) to create new job opportunities

Up to 31 - 3 - 1991, 22 foreign businesses invested US \$ 280.573 million in Myanmar. Up to 31 - 3 - 1998 , 303 businesses invested US \$ 7064.545 million and 399 businesses invested US \$ 13815.857 million up to 31 - 3 - 2006. A total of 27 countries from Asia, Europe and America made investments in Myanmar. They invested in the areas of energy, agriculture, livestock and fisheries, mineral exploration, industry, oil and gas, construction, transport and communication, hotel and tourism, housing projects, construction of industrial zones and other services. That is why FDI has increased year by year in all businesses of Myanmar's economic sector.

A total of 18 industrial zones have been established in Yangon, Mandalay, Taunggyi, Monywa, Pakkoku, Yaynangyoung, Kalay, Pyay, Mawlamyine, Myeik, Myaungmya, Hinthada and Pathein, which have prospects for industrial development.

To invite FDI the State is also establishing special economic zones in collaboration with friendly nations which understand the prevailing conditions of Myanmar. With the advent of those special economic zones very soon, industrial sector of the nation will further develop. UMFCCI, based on experiences from dealing with the people from the private sector, has made it clear that the marvellous prospects of job opportunities are diverting groundless accusations of political instability, a need for reconciliation and that the Government has suppressed its national ethnic groups.

Moreover, rumours are spreading that the country is sliding into the depths of recession and the people are poverty-stricken because of high prices. It is not true at all and those rumours are circulated by those who are not aware of the real situation and those who are jealous of the real situation. In reality, such accusations are totally groundless and very different from the prevailing conditions of the country.

The businesses we are engaging in, are generating many job opportunities for the public. Urban people as well as rural people have never been out of job. They are doing their respective jobs for their own life or for their families. Every place in the country offers jobs and everyone has his or her job. There are only those who prefer doing jobs in their own regions and those who want to work in other regions most suitable for their kinds of job. All the people are in a position to do their work well as the Government has created job opportunities in each and every region. So they are now able to make ends meet. State service personnel are also enjoying increased salaries. People from either farmwork or other businesses are enjoying enough income as well. There is no one in our country who has to live in terrible condition as they have no jobs. They can freely earn their living in relation to their qualifications and performance.

Again, rumour has it that commodity prices are skyrocketing. In our opinion, commodity prices remain as it is what they should do in their market. However, instigated by foreign media and pressure, unscrupulous persons sometimes circulate rumours about skyrocketing prices to cause public unrest and panic among the people in order to dictate prices. Commodity prices sometimes get high, not because of in equilibrium state of demand and supply, but because of those who made rumours. If the people are trading their goods with sincerity in accord with the actual market prices, there is no way for commodity prices to destabilize. As today's commodity prices are reasonable, all the people can enjoy full consumer rights. As mentioned above, prices are sometimes high due to the instigation of foreign media and the imposition of economic sanctions. In comparison with the commodity prices of neighbouring nations, those of our nation are quite reasonable.

Foreign media are fabricating news about Myanmar ignoring its development. Indeed, this is not constructive at all. In practice, we have witnessed that Myanmar has been striving for ensuring equitable development of all the sectors in the country. The goodwill of the Government has reflected its effort for the national development. For example, the State has built dams and reservoirs one after another in the interest of the farmers while trying to boost the agricultural sector. The number of dams and reservoirs built in the present era has outnumbered that of the previous eras. Altogether 138 dams were built in the previous eras - 10 in the periods of Myanmar kings, 8 in colonial period, 51 in the period of post - independence and 1962, and 69 in the period of 1962 and 1988. Only 138 dams could be constructed in 944 years. In time of the present government, the number of dams has reached 186 in the 18 - year period. This is the goodwill of the Government towards the people. With such agricultural facilities, our nation is in a position to grow monsoon and summer paddy and other crops generating domestic food security as well as surpluses for export.

As a result, the people have enjoyed higher standard of living with the economic development of the nation. You will witness and realize true conditions if you make a study tour of our nation. If you want, you may pay a visit to our nation and make an inspection tour around our nation to as the saying goes “seeing is believing”. The UMFCCI is cooperating with the representatives from international community in the drive for national economic development and in creating job opportunities in the nation.

We have learnt that developed countries can find very tiny objects around the world through their reconnaissance satellites. However it is amazing that such sophisticated satellites cannot find development facilities in Myanmar such as dams, river-crossing bridges, universities, colleges and hospitals. Now, we are not exaggerating. We are not presenting what has not come to fruition in our nation. But, we are just presenting the conditions of development as they really are.

We, UMFCCI member, have to deal directly with the people and to travel around the nation. So, we have witnessed the roads and bridges the Government has been building for national development. In the time of the present Government, it has built about 37,000 miles of roads and more than 1000 miles of railroads. The 11575 foot-long Mottama-Mawlamyine Bridge across the Thanlwin river in Mon State is unprecedented, and no previous governments could built such a long and magnificent facility. Building such a significant bridge was just a dream in the past. Due to the fine facility, now local people can get across the river in a short time. That reflects the government’s goodwill to the people. It is heartening that in a short period, the Government has been able to build 215 bridges, each of which is 180 feet long or above.

Now, entrepreneur members of the branches under the UMFCCI can easily travel on business from a place to another across the nation. As a result, we members have enjoyed many fruitful results in doing businesses and dealing with people especially with peasants. Here, we would like to emphasize that the transport sector plays a vital role in improving the economy of a nation.

In addition, we have witnessed that there have been more and more good opportunities for the youths to pursue education. In the past, tertiary education was available just in two cities - Yangon and Mandalay. But, now many universities and colleges have been established throughout the nation. So, now the youths have an easy access to higher education in the regions where they live. We are very satisfied with the fact that the new educational institutions are producing intellectuals and intelligentsia, and national development tasks can be carried out more in the interest of the nation and the people.

People in any previous period have not enjoyed the taste of freedom and security as much as at present. Looking back to the history of our nation, in the late 19<sup>th</sup> Century, our nation became a British colony and fell under alien subjugation for about 123 year. During the period, the colonialists exploited the national resources at will, but they did nothing for the development of the nation. Owing to the wedge driven by the colonialists, the regaining of independence was closely followed by the 40 year armed conflicts resulting from disunity among the national races. In consequence, successive Governments found it very difficult to take measures for the national development.

In time of the present government, strenuous efforts have been made for national reconsolidation and that brought stability and peace to the nation. It is our nation's policy only with national solidarity, will the nation see peace and stability. That is why the Government has focused on the national unity. So, it is groundless accusation that the Government is oppressing the ethnic minorities. Throughout the Myanmar history, any previous national Government never bullied nor oppressed national races.

Myanmar is home to diverse national races who have been living with own literature and culture through thick and thin and in harmony. No national race holds an attitude to dominate other national races. Despite many states and divisions constituted, various national races live closer and nearer in each state and division. National races are of equal status in attending classes in schools or working. In this regards, there is no discrimination. And there has been a fine tradition that in spite of various races and different religious faiths, national races have been living in amity in the Union. There has been no case in which an ethnic group used force to bully or oppress any other national races. We are sure due to Union Spirit, there has been no serious conflict among the national races in our nation. If you make a trip to any region in the nation, you will witness the prevailing conditions.

What we are presenting are true situations the entire people across the nation witness every day. In any regions it can be found that each national race has equal rights to profess the religion of their choice and to pursue education, and the right of marriage. So, it is out of question that the ruling Government is driving a wedge among the national races and they are being repressed. Like the colonialists that colonized Myanmar, certain countries and some internal organizations under the alien domination, are intentionally manufacturing fabrications to cause misunderstanding and doubts among the national races and to break up the Union.

It is public knowledge that disunity among the national races will be followed by unrest, and there will be adverse effects to the people. So, the Government is making unremitting

efforts with goodwill to ensure security of all national races and improvement in social, education, health and religious sectors. We are disheartening to learn that certain internal elements are showing a total disregard of the Government's genuine goodwill but fabricating exaggerated stories through some foreign broadcasting stations.

It is the UMFCCI's view that in Myanmar today, the Government is equipped with Union Spirit and nationalistic fervour and as exerting self-reliant efforts pragmatically for perpetual existence of the nation and in the interests of the national races. And we would say handful of people in the nation in collusion with destructive elements in exile and those who are anxious to form puppet Government under the alien domination are waging two-pronged attacks on the government to tarnish its dignity. The UMFCCI is in support of constructive forces but not in favour of destructive elements. Throughout the history of Myanmar, the Tatmadaw since its birth has been serving the interests of the people.

The international and external destructive elements are making various accusations that the Government oppressing the national races so that the Tatmadaw Government comes under abhorrence and international community can interfere in the internal affairs. In reality, we are learning that the Government is holding peace negotiations with internal armed groups. Nevertheless, peace negotiations have not been brought to fruition due to alien intervention. We are confident that the peace negotiations will make a good progress if all concerned encourage the negotiation with positive attitude and do not make any disturbances.

Moreover, it has been a repeated demand for a dialogue with the Government. It is known to all that the Government is striving for drafting a constitution in the long term interests of the people. And it is convening the National Convention together with various national races. Among them are private entrepreneurs, the UMFCCI and members of its congenial organizations. The National Convention is being held with representatives of the people from all walks of life. So, that is better and more effective than what they are demanding. It is our sincere beliefs that the National Convention is being convened to enhance the interest of the entire national people and for the emergence of a genuine democratic nation.

We would like to present some matters related to the Union Solidarity and Development Association (USDA). It was established with the policy of Non-disintegration of the Union, Non-disintegration of the national solidarity and perpetuation of sovereignty. The Government has been safeguarding and protecting the motherland while placing emphasis on these necessary points as objectives. And these points are crucial as the national policy for perpetual existence of the nation. So younger generations must adhere to these points. If they do not love for the mother country and oblivious to national unity, the nation will not be able to exist long. Therefore, the objectives of the USDA formed to fully inculcate the youths with patriotism, and the

same as those of the Government. The UMFCCI assumes the USDA's objectives and those of the Government should be the same.

In the pragmatic world, the USDA is participating in the community welfare services. It is also contributing actively towards five rural development tasks laid down by the Government. It is taking an active part in the measures for supplying water and electricity, renovation and construction of schools, setting up of rural health care centres, and construction of village-to-village roads for the rural people. To our knowledge, USDA members always make voluntary contributions towards relief services whenever there has been a natural disasters such as flooding or fire outbreak. Besides, they are taking part in agricultural work and road and bridge projects. It is very encouraging to witness that such patriotic youths have devoted themselves to nation-building tasks being implemented across the nation.

In recruiting new members, the USDA does not practice forced conscription. It is learnt that people can join or leave the association of their own accord. The association is formed with the conception that unity is the fundamental factor for non-disintegration of the Union and national development. Therefore it is evident that the baseless accusations against the USDA are designed to fill the people with outrage at the association and mislead international community to misunderstand it.

What the UMFCCI wants to say seriously is that to this date the ruling Government has never breached international rules and regulations. It is handling the internal issues locally. Myanmar has enjoyed fruitful result of peace, stability and all round development that are unprecedented. All parts of the nation including border areas are enjoying equitable development. We wish the international community would notice prevailing conditions and would not place reliance without making a judgment firsthand, on the invented or exaggerated stories manufactured by a group of expatriates who are completely under the domination of certain big nations. And we would like you to pay a visit to our nation at any time to make a tour of prevailing situations.

The purpose of our presentation is just to enable the international community to realize the prevailing conditions of Myanmar and to have sympathetic understanding for the nation and to assess the situation objectively and justly.