

Challenges of Myanmar in ASEAN Free Trade Area (2015)

Kyi Phyu Oo*

Abstract

Myanmar has been a fully-fledged member of ASEAN since July 1997 and agreed to the implementation of the ASEAN Free Trade Area in January 1998. During the implementation of the AFTA tariff reduction goals and other objectives, the ASEAN countries are likely to face the opportunities and challenges. Myanmar also would have to face the challenges in the implementation of the economic reforms towards the direction of the ASEAN Free Trade Area (2015). In order to achieve the goals of AFTA, Myanmar needs to make some preparation in the common sectors of the promoting of their manufacturing sectors and export trade, enhancing SMEs competitiveness, and also integrating the trading activities of co-operatives and private entrepreneurs by inviting the foreign direct investment.

Introduction

The Association of Southeast Asia Nations (ASEAN) established in 1967 mainly with a political objective of maintain peace and stability in the region, has been growing rapidly as one of the important regional organizations of the World. In 1992, ASEAN leaders made an announcement of the plan for establishing and ASEAN Free Trade Area (AFTA) within 15 years. The primary goals of AFTA seek to increase ASEAN's competitive edge as a production base in the world market through the elimination, within ASEAN, of tariffs and non-tariff barriers and attract more foreign direct investment. ASEAN Common Effective Preferential Tariff (CEPT) Scheme is the main mechanism to move ASEAN towards direction of the AFTA which to increase the region's competitive advantage as a production base geared for the world market.

Myanmar is one of the ASEAN countries and signed the AFTA Agreement in 1997. Myanmar believes in the concept of freedom in commerce and wishes for independent and fair commercial system all over the world. In order to achieve the AFTA's common objectives, Myanmar have been implementing in the relevant sectors of trade, investment, transport, telecommunication, energy and Tourism and etc.

In the implementation of the economic reforms towards the direction of the AFTA (2015), Myanmar may face the challenges in trade performance especially in the sector of the supporting internal and external trade activities, upgrading the trade efficiency of the public and private enterprises and adoption and implementing the new trade law, rules and regulation for new business innovation.

The ASEAN Free Trade Area (2015)

The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by the Founding Fathers of ASEAN, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. Brunei Darussalam then joined on 7 January 1984, Viet Nam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999, making up what is today the ten Member States of ASEAN.¹

As set out in the ASEAN Declaration, the aims and purposes of ASEAN are:

¹ <http://www.aseansec.org/147htm>

* Dr., Assistant Lecturer, Department of Law, Dagon University

- To accelerate the economic growth, social progress and cultural development in the region;
- To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region;
- To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;
- To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres;
- To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade;
- To promote Southeast Asian studies; and
- To maintain close and beneficial cooperation with existing international and regional organizations.

ASEAN Free Trade Area (AFTA) is a trade bloc agreement by the Association of Southeast Asian Nations supporting local manufacturing in all ASEAN countries. The AFTA agreement was signed on 28 January 1992 in Singapore.

ASEAN Free Trade Area (AFTA) main mechanism used to reduce tariffs in ASEAN. It originally contained six members (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand). Other four members (Vietnam in 1995, Laos in 1997, Myanmar in 1997 and Cambodia in 1999) joined after the original agreement was signed. In order to join ASEAN, they had to agree to AFTA.²

AFTA's primary objective was "to increase ASEAN's competitive edge as a production base geared for the world market." In simple terms, AFTA was meant to be the vehicle to further enhance the competitiveness of ASEAN Member Countries and facilitate their integration into the global market for trade and investment. The Common Effective Preferential Tariff Scheme, or commonly known as theCEPT Scheme, became the main mechanism to move ASEAN towards the direction of the AFTA. And under this Scheme, Member Countries are committed to bring down intra-regional tariffs to within the 0-5 percent tariff band within a specified period of time.³

The AFTA timelines have become dynamic, their acceleration always being ASEAN's response to emerging challenges. The first one came in 1995, when the ASEAN Leaders adopted the Agenda for Greater Economic Integration and accelerated the deadline for realizing AFTA from 2008 to 2003.⁴

The implementation of theCEPT Scheme was a challenge in itself as the original ASEAN members differed in their levels of economic development. Also intra-ASEAN trade is relatively low as Member Countries produce similar products and compete for the same markets. There were also quite a number of industries in Member Countries, industries which have been so used to tariff protection, which pressure governments to relax their commitments to free trade.⁵

² <http://www.aseansec.org/19346.htm>

³ KEYNOTE ADDRESS BY H.E. PENGIRAN MASHOR PENGIRAN AHMAD DEPUTY SECRETARY-GENERAL OF ASEAN PROCURECON ASIA 2003 SINGAPORE, 30 SEPTEMBER 2003 on Realizing the AFTA Strategies and Plans among the ASEAN Countries: Impact on Procurement in the Region

⁴ Ibid

⁵ KEYNOTE ADDRESS BY H.E. PENGIRAN MASHOR PENGIRAN AHMAD DEPUTY SECRETARY-GENERAL OF ASEAN PROCURECON ASIA 2003 SINGAPORE, 30 SEPTEMBER 2003 on Realizing the AFTA Strategies and Plans among the ASEAN Countries: Impact on Procurement in the Region

In order to promote greater utilization of the CEPT Scheme, the ASEAN Economic Ministers have approved the recommendation of the High Level Task Force (HLTF) on Economic Integration to formalize the ASEAN Economic Community (AEC) as the end-goal of ASEAN economic integration.

At the 12th ASEAN Summit in January 2007, the Leaders affirmed their strong commitment to accelerate the establishment of an ASEAN Community by 2015 and signed the Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015. The ASEAN Community is comprised of three pillars, namely the ASEAN Political-Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community. Each pillar has its own Blueprint, and, together with the Initiative for ASEAN Integration (IAI) Strategic Framework and IAI Work Plan Phase II (2009-2015), they form the Roadmap for and ASEAN Community 2009-2015.⁶

Under the ASEAN Economic Community (AEC), a single regional common market of ASEAN countries will be created by 2015. The regional integration's objective is to create a competitive market of over 600 million people in ASEAN countries.⁷

In order to enhance ASEAN economic cooperation through economic development strategies, member countries need to create a stable, prosperous and highly competitive ASEAN Economic Region in which there is a free flow of goods, services and investments, a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities.⁸

To build the ASEAN Economic Community, ASEAN economic integration is vital. Undoubtedly, Myanmar has shown its full participation in the regional integration process of ASEAN. The key measures undertaken include the following:

- Signing of Protocol for the Accession of the Union of Myanmar (1997);
- Signing of the Agreement on the Common Effective Prudential Tariff Scheme (CEPT) for ASEAN Free Trade Area (1997);
- Signing the ASEAN Agreement on Customs by ASEAN Finance Ministers (1997);
- Signing the ASEAN Framework Agreement on Services (AFAS) (1997);
- Adoption of Harmonized Commodities Description and Coding System (1997); and,
- Adoption of implementation strategies for the realization of ASEAN Investment Area in 2010⁹

At present days, Members of the ASEAN are in the better position to establish a single market by 2015 which is based on national market. Myanmar is now moving to establish national single window for free flow of goods. While implementing of the ASEAN Free Trade Agreement (CEPT Scheme) and related ASEAN Agreements and Declarations, Myanmar likely to face challenges about the ASEAN connectivity and intra and extra economic corporation for the liberalization of trade under AFTA.

Challenges of Myanmar for Promotion of Trade

Myanmar has been a fully-fledged member of ASEAN since July 1997 and agreed to the implementation of an ASEAN Free Trade Area in January 1998.¹⁰ ASEAN's aims to

⁶ <http://www.aseansec.org/19260htm>

⁷ Christopher W. Runckel, Asia Opportunities: ASEAN Economic Community (AEC) in 2015, <http://www.business-in-asia.com/>

⁸ <http://www.aseansec.org/2357.htm>

⁹ Kan Zaw (1998), National Integration and Regional Development in Myanmar, VRF Series, IDE-JETRO, Tokyo, Japan

¹⁰ <http://www.myanmar.mmtimes.com/>

become like the European Union, a unified trading bloc with a sound monetary policy competing efficiently in the world area (EFTA). ASEAN countries including Myanmar strongly link together to complement the needs of their respective economies and has been preparing for a single market economy by 2015.

In order to achieve the AFTA's common objective, Myanmar possibly will face the challenges in the implementation for the integration of regional economic cooperation, the liberalization of trade and investment, the participation of global competitiveness and the promotion in the various sectors of financial, transport, telecommunication, energy, tourism and the enhancing of the food security.

According to the US International Trade Commission report on AEC, the challenges were seen in the area of importing and exporting which vary widely among ASEAN members including Myanmar.¹¹

Therefore, the promotion of trade will become the main challenges of Myanmar for the single market of 2015.

Myanmar adopted the market oriented economic system in the year 1988 after adopting the centralized planning economic system for more than two decades. Substantial stabilization and reform measures had been undertaken to be in line with the new economic system. As a result, economic and trading businesses developed considerably.

The Ministry of Commerce is one of the Ministries of the Government of the Union of Myanmar and it plays a vital role in the implementation of the economic reforms towards the market-oriented economy especially in the trade sector. The Ministry of Commerce sets out four main objectives and three basic principles as policy guidelines in carrying out the trade operations. Main objectives are-

- to support internal and external trade activities for the economic development of the country,
- to upgrade the commercial efficiency of public and private trading houses
- to increase the foreign exchange earnings of country by export promotion
- to encourage the trading activities of co-operatives and private entrepreneurs

Supporting the activities of the domestic and foreign trade is one of the preparations of Myanmar to meet the challenges of the ASEAN Free Trade Area (2015).

In order to fully contribute to the ASEAN single market goals, Myanmar is likely to face the challenges in the common sectors of the-

- promotion of export trade;
- encouraging the competitiveness of the domestic economic sectors (such as the promotion of SMEs) and
- invitation the foreign direct investment to better develop in the industrial sectors and others.

¹¹ <http://www.usasean.org/ASEAN/pub4176.pdf>

Promotion of Export Trade

Myanmar believes in the concept of freedom in commerce and wishes for an independent and fair commercial system all over the world. In order to contribute to the ASEAN single market goal, Myanmar needs to promote their trade especially "export trade".

The Ministry of Trade and Commerce has carried out the activities based on four objectives namely "to support the activities of domestic and foreign trade, to promote the nation's economy, to make trading enterprises capable and business-like organizations, to get more foreign currency for the State by exporting more, to provide supportive measures for commercial activities of the cooperative and private entrepreneurs."

Like most developing countries; Myanmar is mainly an exporter of agricultural and other primary products while its imports consist largely of manufactured goods. Main export items include agricultural products such as rice and rice products, pulses and beans, forest products, fishery products, metals and minerals inclusive of natural gas, precious stone and pearls, amongst other.

Major trading countries of Myanmar are the People's Republic of China, Singapore, Japan, Thailand, India and Malaysia which are countries within Asia. European Economic Community is the second important trading counterparts.

Competitiveness issue is one of the challenges faced by exporters are entirely depend only upon a few exportable products. Although efforts are being made to identify new products and trying to get market access, it could not be materialized due to the following weaknesses:

- Limited capacity to produce for export
- Inadequate foreign market information- Lack of exports diversification into high value-added, processed and manufactured products
- Stringent quality and standard requirements
- Production of export products not matched by market demand
- Lack of skilled manpower and institutional capacities
- Lack of technological capacity and technical know-how
- Lack of financial and marketing capability

After adopting the market oriented system (1988), the government abolished or amended laws, regulations and procedures that were not in conformity with the market-oriented system. The initial reforms measures were undertaken and the necessary orders, Rules, Regulations and Procedures regarding with the export, import, customs, taxation and export/import licensing were enacted.

The main law governing the authorization of licensing contained in the Control of Imports and Exports (Temporary) Act, 1947 which has been amended when necessary and which is still in force. This law is administered by the Ministry of Commerce which from time to time, issues necessary orders, notification, directives, pertaining to all export, import matters including issuance of licenses and permits as well. Since June 2012, automatic licensing system has been started.

In general, as the customs laws and regulations on export trade, Law Amending the Commercial Tax Law, 1991, Law Amending the Income Tax Law, 1991 and Law Amending the Profit Tax Law, 1991 were enacted. Law Amending the Tariff Act (1953) was repealed by the tariff Law (1992). Recently, the Commercial Tax Law and Income Tax Law were amended in September 2011. In addition, a series of legislation were regulated, new laws being promulgated, and moreover, existing laws that are no more appropriate for the new system were amended to be compatible with the changing economic environment.

Myanmar is implementing the export promotion policy which is to export all exportable surpluses and diversify foreign markets by using of natural and human resources. Increasing and diversifying exports and improving the quality of products.

Nowadays, there are two trade promotion organizations in Myanmar; namely, Directorate of Trade (Ministry of Trade and Commerce) and the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) which intended to promote the overall improvement of commerce and industry within the countries.

The another challenge which can be faced by Myanmar for the introduction of the ASEAN Free Trade Area (2015) is to upgrade the commercial efficiency of the public and private trading houses.

Myanmar has been steadily increasing the volume of imports of commodities in order to adequately fulfill the basis needs of the people and the commodities required by the infrastructure development projects being implemented by the state.

Therefore, the promotion of the domestic investment to bring about increase in commodities production and export by the private sectors is a very important sector in order to prepare for introduction of AFTA.

Encouraging the Competitiveness of the Domestic Economic Sectors or Promotion of SMEs

The enhancing of the ASEAN Competitiveness is aimed at increasing the resilience of ASEAN communities and private sectors and small and medium enterprises (SMEs) to the changing economic environment by increasing their capacities to smoothly perform self adjustment processes to adapt to the new and more competitive economic environment.¹²

Small and medium enterprises (SMEs) share the biggest part in Myanmar economy in terms of number, contribution to employment, output, and investment. Myanmar economic growth is thus totally dependent on the development of SMEs in the private sector. Today, the rule of SMEs has become more vital in strengthening national competitive advantage and speedy economic integration into the ASEAN region.¹³

One of the objectives of ASEAN about the SMEs is "to promote innovation, competitive and resilient SMEs as the new engine of growth that would contribute to the equitable economic growth".

The business environment in Myanmar is changing and each change occurring even faster than the proceeding one. SMEs in Myanmar would have to face the following challenges-

- (a) increasingly demanding of products and services;
- (b) customer expecting flawless products and services;
- (c) enterprises will increasing face a global competition;
- (d) emergence of new technologies and its impact on the integrated supply chain in production system among ASEAN countries;
- (e) increasing costs which impact on export competitiveness.

¹² <http://www.aseanse.org/6614.htm>

¹³ Dr. Aung Kyaw, Assistant Lecturer, Yangon Institute of Economic, April 2008, Financing Small and Medium Enterprises in Myanmar, IDE Discussion Paper No.148

It was recognized that SMEs and SMIs sectors in Myanmar consisted of various different types of enterprises. Thus their challenges are equally varied and complex depending both on the sectors they are in and their level of development.¹⁴

So, Myanmar government pays special attention in developing SMEs and nurturing existing SMEs to become larger industries. There is no specific SME Laws in Myanmar, all the Laws, Notifications, Regulations and Directives issued by the government can be considered as pertaining also to the development of SMEs. After adoption of market oriented economic system, the government has promulgated necessary laws and regulations to create conducive business environment for SMEs.

The government's policy and objects for the economic sectors do not differentiate between large enterprises and small enterprises. To consolidate and promote large, medium and small scale private industries, the State Law and Order Restoration Council enacted the Private Industrial Enterprises Law in November 1990. In addition, to develop SMEs in Myanmar the government promulgated the Cottage Industries Promotion Law of 1991. The promulgation of this law resulted in the registration about 600 cottage industries or micro industries.

With a view to promote inducement of domestic investment to bring about increase in commodity production and exports by the private sector, the State Law and Order Restoration Council enacted the Myanmar Citizens Investment Law in March 1994. The provisions of these new laws and regulations provided favorable and sound business environment to the newly established SMEs in their operations. Many private firms emerged and registered as import and export firms.¹⁵

Myanmar is trying to develop step by step in the financial sector.

The State Law and Order Restoration Council also enacted the Central Bank of Myanmar Law in June 1990 and the Financial Institutions of Myanmar law in July 1990. The Monetary policy was thus streamlined and banking services were extended. Myanmar citizens were permitted to set up banks and foreign banks were permitted to open representative officers in Myanmar. Due to these efforts, the establishment of new SMEs increased dramatically since year 1989.¹⁶

Above these laws is expected to encourage establishing credit grantees schemes for SMEs and to support the financial sector in Myanmar for the promotion of SMEs.

ASEAN integration and striking by the wave of global economy encourage Myanmar to emphasize in the industrial development. At present, the Myanmar Industrial Development Committee (MIDC) has set up policy guidelines for the development of SMEs and the entire industrial structure, such as

- Development of Industrial Zone
- Human Resource Development for private industries
- Transfer of technologies to SMI (Small and Medium Industries)

¹⁴ Dr. Pussadee Polsaram Director, MBA (Entrepreneur), U. of the Thai Chamber of Commerce Ms Thaw Dar Htwe Training Manager, Union of Myanmar Federation of Chambers of Commerce and Industry, Small & Medium Enterprises Development Policies in Myanmar, 2009, p 22-23.

¹⁵ Dr. Pussadee Polsaram Director, MBA (Entrepreneur), U. of the Thai Chamber of Commerce Ms Thaw Dar Htwe Training Manager, Union of Myanmar Federation of Chambers of Commerce and Industry, Small & Medium Enterprises Development Policies in Myanmar, 2009, p 6

¹⁶ Dr. Pussadee Polsaram Director, MBA (Entrepreneur), U. of the Thai Chamber of Commerce Ms Thaw Dar Htwe Training Manager, Union of Myanmar Federation of Chambers of Commerce and Industry, Small & Medium Enterprises Development Policies in Myanmar, 2009, p 8

- Financial Assistance to SMIs located at Industrial Zone is etc.

To upgrade the industrial sector, 18 industrial zones have been established in various states and divisions under the Myanmar Industrial Development Committee (MIDC) to develop the agro-based industries.

At the time of moving toward the ASEAN Free Trade Area by 2015, the development of SMEs of Myanmar is one of the challenges for the economic development of country. Therefore, the government recognizes SMEs as an important element and encourage and strong support by SMEs Promotion Committee in Chambers and Associations as well as government organization such as-

- (a) Small-scale Industries Development Sub Committee (Myanmar Industrial Development Committee)
- (b) Directorate of Industrial Supervision and Inspection (Ministry of Industry 1)
- (c) Directorate of Myanmar Industrial Planning (Ministry of Industry 2)
- (d) Myanmar Industries Association (Union of Myanmar Federation of Chamber of Commerce & Industry)
- (e) Small and Medium Enterprise Committee (Myanmar Engineering Society)

Human resource development programmes for the development of SMEs are undertaken by government ministries (including the Ministry of Science and Technology, Ministry of Industry 1 and 2, Ministry of Cooperatives, and Ministry of Education).

Besides government supporting, non-government private organizations are active in giving support to the SMEs. The Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and its affiliates such as Myanmar Industrial Association (MIA) and Myanmar Engineering Society (MES), Myanmar Computer Federation (MCA) are providing support to the SMEs in the form of training, seminars and advisory services and etc.

In order to overcome challenges, issues and constraints faced by SMEs and to improve their performances, there is a need for the Government and business community to create a sound service policy, conducive business environment and supportive regulation framework for the SMEs. Strategies and programs are also required to be implemented to help SMEs develop the specific capabilities needed for sustaining productivity and economic growth.¹⁷

Invitation of Foreign Direct Investment

The overall objective of AFTA is to encourage more foreign investment to ASEAN and establish ASEAN as a world competitor by eliminating both tariff and non-tariff barriers within ASEAN.

The vast opportunities offered by greater economic integration, not only for industries located in the region but also for investors and consumers as well, have propelled ASEAN Member Countries to go for the AFTA.¹⁸

ASEAN member countries are moving towards achieving the ASEAN Free Trade Area with the timeline set at 2015. At the time of achieving free trade among ASEAN countries would provide greater regional market, greater efficiency of production, greater international

¹⁷ Dr. Pussadee Polsaram Director, MBA (Entrepreneur), U. of the Thai Chamber of Commerce Ms Thaw Dar Htwe Training Manager, Union of Myanmar Federation of Chambers of Commerce and Industry, Small & Medium Enterprises Development Policies in Myanmar, 2009, p 24

¹⁸ Keynote Address by H.E. Pengiran Mashor Pengiran Ahmad, Deputy Secretary-General of ASEAN Procure on Asia 2003 Singapore, 30 September 2003 on Realizing the AFTA Strategies and Plans among the ASEAN Countries: Impact on Procurement in the Region

competitiveness and increase intra regional specialization .And them, if these targets are achieved, AFTA would bring the foreign investment opportunities in ASEAN than the past.

Myanmar foreign direct investment policy is a component of the overall restructuring and development policy of the Government. The main components of the policy are:

- (a) Adoption of market oriented system for the allocation of resources.
- (b) Encouragement of private investment and entrepreneurial activity.
- (c) Opening of the economy for foreign trade and investment.¹⁹

Attracting foreign direct investment is as a crucial to the Myanmar government's ambitions plans for economic expansion.

The Ministry of National Planning and Economic Development has rewritten the Foreign Investment Law in an attempt to encourage investors before the ASEAN Free Trade Area (AFTA) come into effect. The new law takes inspiration from international law and was intended to liberalize and facilitate investment in Myanmar²⁰

After review the existing FDI Law by officials from the office of the Attorney General and government officials, the new Foreign Investment Law was enacted in 2nd November, 2012 by the Pyidaungsu Hluttaw Law No.21 with the following objectives-

- To produce the minerals of the state for the sufficient enjoyment of the public and to export the surplus.
- Job creation for the people in line with the progress and expansion of work.
- To develop human resources to develop the infra-structure such as banking and finance work, highway roads, cross-country highway, national electricity and energy work.
- To develop high-tech including modern data collection technology.
- To develop communication network international standard railway, maritime and airway transport in the whole country.
- To encourage the citizen to be able to do in competition with foreigners.
- To develop the investment works in line with the international standard.²¹

In accordance with these objectives, the government wants to encourage foreign firms to engage in joint ventures with domestic firms to better develop the industrial sector when AFTA begins.

Under the Section 9, Chapter V of the Foreign Investment Law, 2012, investment may be exercises in the following patterns-

- (a) Foreign investment activities with hundred percent capitals which is permitted by the commission.
- (b) Joint venture between foreigners and citizens and state economic enterprises.
- (c) To work in accordance to the agreed upon contract.

But, the State Law and Order Restoration Council enacted the State – owned Economic Enterprises Law in March 1989 allowing state enterprises to be created and restricting certain business undertaking to them by specifying the provisions.

Under SEE Law, there are some restrictions in the areas of teak extraction and sale; cultivation and conservation of forest plantation; exploration, extraction and sale/export of petroleum, natural gas, pearls, jade, precious stones and metals; breeding and production of fish and prawns in fisheries which have been reserved for research by the government; postal

¹⁹ Ibid

²⁰ The Myanmar Time, 9 November 2012

²¹ Section 7, Chapter III of the Foreign Investment Law, November 2012

and telecommunications service; air transport service and railway transport service; banking service and insurance service; broadcasting service and television service; electricity generating services; and manufacture of products relating to security and defence.²² Those who want to invest in these areas should agree to a joint venture with a SEE.²³

In order to face the challenges of ASEAN Free Trade Area (2015), Myanmar enacted new laws, regulations and procedures to encourage private sector participation in the national economy and to create a conducive environment for trade and investment.

The State Peace and Development Council enacted the Myanmar Special Economic Zone Law in January 2011 with the following objectives-

- (a) to base on the framework of the maintenance, protection of safeguarding the sovereignty of the State in allowing to operate foreign investment businesses;
- (b) to develop the momentum of the economy of the State by establishing and operating the Special Economic Zones;
- (c) to develop the industry and high technologies in the State;
- (d) to improve the goods processing ,trading and service business;
- (e) to enable the citizens to train, learn and transfer the high technologies;
- (f) to create more employment opportunities for the citizens;
- (g) to develop the infrastructures of the State.²⁴

Moreover, the Deyi Special Economic Zone Law (DSEZL) (2011) has been enacted for the Deyi Economic Zone.

Myanmar is currently experiencing record levels of international investment with investors showing huge levels of interest in a country that boasts plentiful natural resources, a young labour force, and close proximity to some of the world's most dynamic economies, including India and China.²⁵

Therefore, Myanmar is predicted high levels of economic growth in the coming years and is widely tipped to be the next "rising star" in Asia.²⁶

Myanmar would be able to participate in all areas of ASEAN economic cooperation gaining technology; enjoying better quality and lower cost products from other ASEAN suppliers; more choice and variety of manufactured goods; opportunity for a bigger export market; increased export competitiveness through greater efficiency in the allocation of resources; and more FDI inflows due to the increased confidence of foreign investors. All these benefits will generate greater income and welfare for its people. In addition, all these activities will prepare Myanmar towards globalization.²⁷

Conclusion

Myanmar, an original member of WTO, joined the ASEAN and signed the "Protocol for the Accession of the Union of Myanmar to the Agreement on the Common Effective Preferential Tariff Scheme (CEPT) for the ASEAN Free Trade Area (AFTA)" on 23rd July 1997.

²² Section 3, Chapter II, the State-Owned Economic Enterprises Law, March 1989

²³ Section 4, Chapter II, the State-Owned Economic Enterprises Law, March 1989

²⁴ Section 3, Chapter II, the Myanmar Special Economic Zone Law under Law, January 2011

²⁵ Opportunities & Strategies for Trade, Investment, Infrastructure & Construct, Myanmar International Trade & Investment Summit, March 4th & 5th, Yangon

²⁶ Ibid

²⁷ AFTA Reader, Volume V, the Sixth ASEAN Summit and the Acceleration of AFTA, ASEAN Secretariat, December 1998, p 60

ASEAN Free Trade Area (2015) is one of the major challenges for all ASEAN countries including Myanmar.

For ASEAN, only a higher level of economic integration could cushion the region against these challenges and safeguard the interest of its members in the international fora. Back then, ASEAN was prepared to take on the challenges and take the leap towards an FTA, gradual though it may be, for the dynamism achieved by individual ASEAN members through unilateral trade liberalization has given them a certain level of economic maturity which geared them up for regional trade liberalization.

Myanmar also will need to implement in the economic integration for fully prepare the participation in AFTA. Accordingly, Myanmar is actively cooperating with Asian and international economies. Myanmar's perspectives on economic integration can be viewed through the development policies in Myanmar, initiatives for promoting trade, the role of FDI in Myanmar's economy, industrial strategies, and promulgation of laws related to the economy.

As ASEAN Vision 2020 is the signal that the ASEAN gives for a new integrated approach to regional economic cooperation, the challenges, prospects, and strategies for development. At the same time, Myanmar has issued mandates to step up their economic, social, and cultural development efforts for the welfare of the country and its people. Hence, being fully prepared for further challenges, Myanmar's participation in AFTA and possibly AEC is expected to lead the development of Myanmar based on high levels of economic growth by encouraging the private sector participating in the national economy and some reform measures were introduced in the financial sector, agricultural sector and many other sectors to create a conducive environment for trade and investment.

In summing up, Myanmar will need to prepare for coming ASEAN Free Trade Area in 2015. First, in order to promote the export trade, our country needs to upgrade the domestic products to meet international standards, to establish the additional national standardization bodies to carry out tasks for standardization and quality control in accordance with the international standards and to promote the awareness of the exporters about the export/import laws, regulations and procedures. Second, so as to promote the SMEs sector, the government also necessitates adopting the sound laws and regulations about the Small and Medium Sizes Enterprises (SMEs), encouraging about the finances and technology for SMEs and giving the opportunity to open some shopping centers selling only domestic products produced by SMEs. And then, With the intention of the attraction of foreign investors, our country, Myanmar needs to improve about the infrastructure of country such as land, electricity, telecommunication, transportation, hotel and tourism and to upgrade the capacity building and human resource development in order to produce the skillful technicians and labours.

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