



The undertie of Myanmar's recent prosperity

By Prof. Simon, Shen Xu Hui, DPhil (Oxford), MA (Yale), BA (Yale), Associate Professor of Faculty of Social Science, Chinese University of Hong Kong

Headcount is not the only criteria to measure the development of middle class. Another important factor of the Human Development Index is the level of education, and it is exactly the problem Myanmar faces. Myanmar was once one of Southeast Asia's leading education centres when it was under British rule, but after decades of military government dictatorship, its current education level has drastically declined. Moreover, Burmese has replaced English as the primary teaching language in universities, resulting in a general step-back in Myanmar's average English proficiency. To make things worse, the military government was reluctant to support university developments, as university students were actively involved in the 8888 democratic movement. Some universities were even suspended for a period of time due to this, and were replaced by local colleges with questionable teaching quality, which ultimately led to the downfall of Myanmar's education system.

A report by OECD states that the reasons for Myanmar's unsatisfactory education situation include the lack of education facilities (organizations to train teachers), unwillingness to become teachers ($\frac{2}{3}$ of the population is rural, making going to school a long trudge every day), and the high cost of letting children go to school because of tuition fee and loss of labour force (loss of hands in the field). Myanmar currently adopts a five year mandatory education policy, which is in line with Laos, the least developed country in ASEAN. Even China and Thailand employs ten years of mandatory education. Basic education has improved in Myanmar in recent years, and the percentage of recognized primary school teachers has increased from 60% to 100%, but the level of education still varies. Middle class and upper class families prefer to send their children overseas, to places like America, Australia or Thailand, for education and most of these students tend to stay in these countries after completing their education.

One of Myanmar's more pressing issues is the nurturing of local talents. Take David Madden's internet skill training company 'Phandeeyar' as an example. It is a Yangon-based startup business that is invested by international technology giants like Google and Samsung, and though it is based in Myanmar, it mostly relies on foreign personnel to operate. This in turn diminishes the competitiveness of local Burmese. Another worry of the low education level of the average Burmese is related to Myanmar's rapid growing service industry, an industry that contributed 4% to the growth of actual GDP in the year 2014/15. It is a concern that the lack of language skills of the locals would hinder this tertiary industry's future developments. It is fortunate that Myanmar authorities are aware of the situation and are trying to comfort investors by investing in English education.

Myanmar's importance in its strategic location in terms of geopolitics can also attract potential investment: harbour related construction. Currently there are, with more in construction, 8 fully developed harbours in Myanmar, like Kyaukpyu which China actively participates in, and they can ultimately be turned into special economic regions. Cheung Kong Holdings in Hong Kong and other Japanese companies have all shown great interests in investing in Myanmar's harbours and it is very possible that one of these harbours can be turned into yet another Hong Kong someday in the future.

Myanmar has a need for highways, among other harbour related infrastructures. It is estimated that Myanmar would have to raise a lump sum of 50 to 100 billion USD in the next 15 years to build highways if it wants to catch up with its development. This makes China's 'Belt and Road' policy very agreeable with Myanmar's needs. On the other hand, Myanmar can also introduce newer harbour operation models to boost competitiveness, making it an ideal experimental site for newly developed technologies like the computerization of cargo handling processes.

It is unclear whether Myanmar's real estate market is worth investing in. Originally, Myanmar's lands were owned by the country and controlled by the government, and only a handful of Burmese was allowed to own and trade land, while foreigners are completely banned from purchasing real estates in Myanmar. This was the case until Myanmar government passed the 'Condominium Law' in 2016, allowing foreigners to purchase properties. Although it is clear that Myanmar wants to attract foreign investments through this legislation, there are still many factors that would create concern. Foreigners can only own up to 40% of any particular building and there are many ambiguous areas in the law. Tilleke & Gibbons, a famous Southeast Asia law firm, once published an article pointing out potential technicalities investors may face under current legislation. For instance, since properties are collectively owned under new laws, there is no definite guideline as to how old approvals for construction projects are to be handled. An article in 'Frontier Myanmar' calculated that 200 projects has to be put on hold for inspection due to the above problem. It is also uncertain if owners and tenants of properties are permitted to engage in commercial activities.

The biggest concern when investing in Myanmar is its complicated political structure. Although Myanmar is trying to democratize, large enterprises in the country like Myanmar Economic Corporation or Myanmar Economic Holdings Limited are still held by the military, and it is impossible for outsiders to fully understand the underlying ties between the authorities and the commercial sector. The democratisation has also brought new stakeholders into the picture, and a lot of these interests have adopted the western NGO style operation, using public opinion to affect business decisions. The overabundance of NGOs in Myanmar may very likely hinders the eagerness of foreign investments to invest in the country. According to the estimation by the Asian Development Bank, there are more than a 100 thousand NGOs in Myanmar, most of them pretenses to conceal underlying operations, and it is almost impossible for newcomers to distinguish which is which. Not to mention that there are ethnic conflicts in almost every area of Myanmar with ample resources. In 2012, when former American president Barack Obama visited the country, Myanmar was at war with the Northern Kachin people and according to CNN 2015, there were at least 15 military forces fighting against the government. It would take a lot of skill and knowhow to settle with all local powers if one wishes to start a business in the country.

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