



Myanmar's political and economic prospect

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Myanmar is considered by many as the next country among the pantheon of BRICS, but is this optimism justified or would its stride in economic and political freedom fizzle out eventually? My recent trip to the land of pagodas led me to the conclusion that Myanmar as of now is very similar to that of China during its economic reform. The global attention it has garnered is mainly based upon its economic potential, natural resources and geopolitics. According to the World Bank, though the growth rate of its economy has signs of slowing down, it is still hanging at a remarkable 7% in 2015-16. Added with the fact that the United States has lifted its sanctions on Myanmar after its political reform (though many of Myanmar's vested interests still see Aung San Suu Kyi as a figurehead that the juntas use to ask for western capital), investors generally agree that it is a frontier brimming with potential.

In terms of natural resource, Myanmar has rich reserves of oil, natural gas and rare metal. In 2013/14, Myanmar's natural gas production was valued at around 4 billion dollars and over 3.5 billion of it was exported. Though Myitsone dam has been put on hold, its original deal was that 90% of its generated electricity was to be sold back to China, giving us take a glimpse of Myanmar's latent potential, and the significance of natural resources to its economy. With China's surging demand for energy and primary goods escalating, Myanmar's role as supplier will only be more crucial.

In the arena of geopolitics, it plays a part in the Sino-American gridlock in South East Asia. Hoping to import oil without passing through the Malacca strait, China is investing in energy-related infrastructures such as the Kyaukphyu special economic zone and the nearby Sino-Burma pipelines. On the other hand, the US considers Myanmar as a crucial part of its 'Return to Asia Pacific' strategy against an expansionist China. Its strategic importance meant that Myanmar holds a lot of bargaining chips by hedging the former against the latter. Though the aforementioned are already widely discussed, Myanmar's potential may still be underestimated. Myanmar's score in the 'Human Development Index', an index that takes into account not only economic figures but also areas like health and education, is 0.556. Slightly lower than the 'moderately developed countries' threshold of 0.631, yet shows a promising growth, considering its score ten years ago was a mere 0.393.

Another hidden potential is its booming gambling industry. Although illegal under the '1899 Myanmar gambling regulations', gambling is none the less prevalent in modern Myanmar due to lax attitude of the law-enforcement and the lack of serious repercussion. The Burmese government even took a step forward by establishing special regions that legalizes gambling. From gamble dens to casinos, these special regions offer all kinds of pleasures for tourists from ASEAN and China, to the point that the Global Times has once described Kokang as the Myanmar's Las Vegas. However, financial disputes between Chinese gamblers and their Burmese hosts are not uncommon, and the Chinese government had officially suggested that tourists should refrain from gambling in Myanmar.

All in all, gambling is a daily occurrence in Myanmar and if the government can legalize and institutionalize the industry, it can be very lucrative. According to the Burmese government, every legalized casino is estimated to contribute up to 250 million Myanmar dollars (~195 thousand USD) in tax revenue, which is quite considerable taking into account Myanmar's financial positions, not to mention that gambling businesses would also synchronize with other business sectors like transportation and catering. However, this is all easier said than done. As a Buddhist country, it is only reasonable for Myanmar to ban gambling and though it is possible to pick up Singapore's workaround: limiting local gambling activities while giving a green light to tourists, this will only work with an honest and efficient government.

The middle class of Myanmar is very likely to sprout under its economic boom and will eventually drive up the demand for various sectors. Though in its initial stage and most live in large cities like Yangon and Mandalay, the latent potential of these nascent urbanites are staggering. According to the Oxford Business Group, the number of automobiles in Yangon in 2014 has doubled since 2007, to a total of over 300,000 cars, hinting an increased appetite of luxury goods. In 2015, Myanmar was promoted to the rank of 'low middle income economy', reflecting the growth of the Burmese middle class. Outlooks of Myanmar's middle class have been optimistic, for example, Boston Consulting Group pointed out that their numbers are going to be doubled to 10 million by 2020.

Another report published by the Asian Development Bank titled 'Myanmar: Unlocking the Potential—Country Diagnostic Study', stated that the country's prosperity hinges on the growth of middle class, that must be fueled by strong manufacturing and servicing sectors and supported public healthcare and higher education. As a matter of fact, Myanmar's economy is under transformation, with a knowledge-based service sector eclipsing over the export industry. Though its economy depends on foreign investments, the government is eager to play a more significant role in entrepreneurial incubation and social security, with medical insurance budget jumping from 1.9% of the total budget in 2012 to 3.9% in 2013.

With a booming economy supported by a strong geopolitical position and deep reserves of natural resources, things seems promising for Myanmar. It is for the same reasons that Myanmar was among the richest countries in Asia back in the 60s, and the political unrest and ethnic conflicts that caused its downfall back then, still lurks under its bustling prosperity.

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