



## **PRESS RELEASE**

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### **Myanmar Government Looks to Early Resumption of Development & Infrastructure Projects with China, Its Close Neighbour and Main Trading Partner**

**Nay Pyi Taw, 22 December 2021** – The Myanmar Government looks forward to re-start development projects and accelerate bilateral economic and technical cooperation with the People’s Republic China (PRC), its largest trading partner, following disruptions caused by the pandemic and recent social unrest.

The Ministry of Information (MOI) and Ministry of Investment and Foreign Economic Relations (MIFER) said in a joint statement that Myanmar enjoys a special ‘*paukphaw*’ or kinship with its close neighbour and has received substantial economic and technical support from the PRC over 71 years of bilateral ties.

Having achieved national stability in recent months, and with the health situation stabilizing after receiving substantial vaccines from the PRC, a major priority for Myanmar is to implement projects involving PRC development assistance, amounting to 3.8 billion renminbi (RMB).

Myanmar’s State Administration Council (SAC) has reviewed an original list of 97 projects that were proposed by the previous government in late 2020 in response to the PRC’s offer of 4.0 billion RMB in development assistance to Myanmar. The offer was announced during President Xi Jinping’s visit on 17-18 January 2020.

Following the review, the SAC has consulted with various Ministries to revise the list so as to prioritise projects that can be effectively implemented and which are better suited to the current needs of Myanmar. The SAC also reviewed and revised 15 projects under a separate 200 million RMB PRC grant specifically dedicated for Rakhine State.

The latter grant involves projects related to the environment and improving medical access and rural transport. Myanmar Government appreciates these corporate social responsibility initiatives by the PRC which will contribute to the success of the China-Myanmar Economic Corridor (CMEC).

The CMEC includes road and rail infrastructure stretching 1,700 km from Kunming in China's Yunnan Province through several regions in Myanmar to Kyaukpyu along the Bay of Bengal. The site of a proposed Special Economic Zone (SEZ) Deep Sea Project, Kyaukpyu is of special significance for infrastructure-related and economic cooperation between the 2 countries.

The Kyaupyu SEZ is a priority project revised and shortlisted by SAC from a list of 33 bilateral agreements signed during President Xi's visit. Prior to 2020, China had agreed to provide grants totaling 4.9 billion RMB to Myanmar between 2014 to 2019. Over this period, 1 project has been completed, 12 are ongoing and 18 are at proposal stage, with a combined value of 6.01 billion RMB.

Implementation of the revised list of PRC-funded development programmes and related projects in the coming months will enhance bilateral cooperation after nearly 2 years of disruption caused by the pandemic and domestic issues, the 2 Ministers said.

They said the SAC is confident that bilateral cooperation to improve infrastructure, especially in less developed parts of the country, and to create jobs will be enhance economic recovery as Myanmar prepares for multi-party national elections which are scheduled to be held by August 2023.

To further improve bilateral cooperation, the Central Bank of Myanmar (CBM) has agreed to a pilot project starting next year to accept the RMB as an official settlement currency for border trade.

This settlement, which will substantially improve border trade especially for perishable goods such as fresh agriculture products, will be facilitated by 3 banks – Myanmar's state-owned Myanmar Economic Bank and the PRC's Bank of China (BOC) and Industrial and Commercial Bank of China (ICBC). This decision follows the recent relaxation of travel restrictions at 2 Myanmar-PRC border checkpoints after COVID-19 infection rates were reduced nationwide.

Myanmar's pandemic control has been greatly supported by vaccines donated by or procured from PRC pharmaceutical giants Sinovac and Sino Pharm. The Government remains on target to vaccinate at least 50% of Myanmar's population above the age of 18 by the end of this month. The majority of all vaccines used in Myanmar originate from the PRC.

The 2 Ministers, on behalf of the Myanmar Government, also announced that:

i) With the improved vaccination rates and national stability, Gross Domestic Product (GDP) in fiscal 2020-2021 (November-October) is expected to decline by

a single-digit – much less severe than forecasts of some international economists. Myanmar Government expects GDP to record modest growth in 2021-2022.

ii) The Health Ministry is assessing carefully new COVID-19 variants such as Omicron before relaxing travel protocols. Apart from helping to implement development and economic projects, the easing of travel lanes will also facilitate visitor arrivals from the PRC as Myanmar prepares to revive its tourism sector.

iii) The Government has improved security and provided assistance to Chinese factories that suffered attacks by the People's Defensive Force which had waged a terror campaign against civilians. As such disturbances have declined sharply, the Government is confident that PRC investments to Myanmar will improve soon.

Since the 1 February 2021 Proclamation to declare a state of, civil disobedience and terrorism activities carried out by the outlawed People's Defensive Force (PDF) have led to deaths of 198 administrative officials and at least 12 Buddhist monks and many injuries. The PDF has also destroyed roads and bridges, schools, government offices and telecommunication towers as well as branches or offices of state-owned and private banks.

*“Myanmar has achieved national stability due to efficient handling by the security forces and the clear wish of the general population to resume normal economic and social activities. We are confident that the normalized situation will provide assurance to investors and lead to the improvement of bilateral cooperation with the PRC, a country that enjoys a long and trusted relationship with Myanmar,”* said Minister of Information, Mr Maung Ohn.

*“Myanmar Government has recently reviewed development and economic projects involving the PRC. This review is to ensure effective implementation of development assistance that can address the current needs of the country. Myanmar Government will do its best to protect all foreign direct investments, including those from the PRC. We also look forward to increased border trade through RMB-kyat settlement,”* said Minister of Investment and Foreign Economic Relations, Mr Aung Naing Oo.

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***Issued by Ministry of Information and Ministry of Investment and Foreign Economic Relations, Union Government of Myanmar. For more information, please contact***

[mediacontact@e-information.gov.mm](mailto:mediacontact@e-information.gov.mm) or [myintkyawmoi@gmail.com](mailto:myintkyawmoi@gmail.com)