

Industrial development project to create synergic benefits such as creation of jobs for the people, development of advanced technologies, independent production of machines, SME development by manufacturing production lines on industrial scale nationwide and technical expertise to fulfill the industrial requirements of the nation on own in the future. Measures should be taken to initiate investments in industrial development, long-term nation objective.

Strategic view shows that the soonest the project is completed, the biggest the benefits to the State

NAY PYI TAW, 16 Feb-Union Minister for Myanmar Industrial Development Lt-Gen Thein Htay, on behalf of the President, made clarification on State policies and various situations of the nation regarding the National Planning Bill of the Republic of the Union of Myanmar at the Pyidaungsu Hluttaw session today.

The translation of the clarification is as follows:-

Mr. Speaker,

According to the permission of Mr Speaker, I, Union Minister for Myanmar Industrial Development on behalf of the President, would like to present clarification on industrial development policies of the State and matters related to various situations of the State over the suggestions and discussions of the Speaker of Pyithu Hluttaw regarding the National Planning Bill of the Republic of the Union of Myanmar in line with the Pyidaungsu Hluttaw Rule-127 at today's third regular session of the first Pyidaungsu Hluttaw.

I will not submit more report on detailed facts on industrial development plan that was submitted to the third regular session of the first Pyidaungsu Hluttaw on 1-2-2012.

Now, I would like to explain industrial development policy of the State, vision and mission of the project, industrial-based facts for the project, matters related to social economic sector, possibility of the project and matters related to cost effectiveness, aims for serving the interests of the State and the people and actual situations.

An address on policy and stance and programme of the Union government delivered by the President at the Pyidaungsu Hluttaw on 30-3-2011 was as follows:-

(a) Ours is an agro-based country.

Successive governments paid serious attention to agriculture, so the country has enjoyed surpluses of crops. Now, the nation has got sound foundations for agricultural farming such as dams and river water pumping stations for food security of the population of new years. However, agricultural development alone is not enough for the country to become a developed one. So, we must turn to national industrialization to transform country into a developed, rich one with a lot of employment opportunities and high per capita income.

(b) Our country is rich in natural resources to establish an industrial nation.

However, we need capitals, energy and human resources. Our country has all sound foundations. So, if we try our best, without doubt, we will achieve our goal. Therefore, our government will try our best for national industrialization while scaling up agricultural development.

(c) As one more point, if we want the nation to enjoy development and economic growth, we will have to focus on industrial development. That is why the Tatmadaw government tried its best for national industrialization.

Now, the nation has taken a giant step to transform itself into an industrialized one. And there are signs of sustainable development of the nation. Therefore, we plan to transform the nation into a modern,

industrialized one with the use of the benefits from the agricultural sector and internal and external investments.

It can be seen that the industrial development policy of the Union government included in the address of the President is in conformity with actual situations of Myanmar as well as current international and regional issues. All developed nations are industrialized ones. GDP of Thailand contains 45.6% ratio of industrial sector worth US\$ 267.63 billion. If the ratio of industrial sector in Thailand is compared with 24.3% ratio of Myanmar's industrial sector worth US\$ 18.58 billion to its GDP, everybody can clearly know the situation for enhancement of the present industrial development status. In studying other ASEAN countries, Indonesia sets 46.4% ratio of industrial sector to its GDP, Thailand 45.6%, Malaysia 41.6%, Vietnam 41.1%, Laos 31.7%, the Philippines 31.3% and Cambodia 21.4%.

Thus, degradation of industrial production in Myanmar can be reviewed.

The ASEAN Vision 2020 adopted the aim for ASEAN countries to realize the Industrialized Economy. Cambodia, Laos and Vietnam that comprise in CLMV countries are implementing the industrialization process of their countries.

According to the fifth five-year plan of the National Plan of the State, an aim was adopted to have 34.2% ratio of industrial sector to the GDP in 2015-2016 and to achieve 14.1% development annually. To be able to secure development, investment must be put in the industrial sector without fail. The policy was adopted to come out development of national industrial sector combined with State-owned sector, private sector, public-owned sector, joint venture-owned sector and foreign investment sector on a wider scale to encourage technology, techniques and local and international investments.

First priority was given to interests of the State and the people in considering the basic factors of industrial development project. By industrializing the nation, it considered on first priority of serving the State interest to be a modern and developed nation with prosperity and plenty of jobs to increase per capita income.

Moreover, it was aimed at creating the job opportunities for the people from arid zone of central Myanmar where the people are difficult to carry out agriculture for their livelihoods.

Over eight million of population are residing in Myingyan, Pakokku, Magway, Minbu, Meiktila, NyaungU and Kyaukse districts which are included in about 9,443,936 acres of project area. Due to receiving 20.30 inches of rainfall on average, the region is still facing shortage of water for agricultural purpose though a total of 77 dams and 114 river water pumping projects have been implemented. The region is scarce in drinking water in summer. Thus, the local people go to Shan State for plucking tea and for working at construction sites and cutting firewood and bamboo for their livelihoods.

In consequence, deforestation and environmental degradation causes climate change as the circle of misery.

If the industrial development projects are implemented there, about 100,000 jobs can be created at the main factories on its completion. Due to emergence of the nature of sub-factories, a large number of factories can generate jobs for more people and it can contribute towards emergence of secondary businesses such as transport, trade, service, health and education tasks. Thus, about 300,000-500,000 jobs will be created there.

It is expected that as a result of job opportunities, the industrial towns with higher living standard will emerge through combination of public residences of the factories and existing villages for contributing towards development of social economic life of the rural people, alleviation of poverty and benefits of environmental conservation.

In choosing the industrial development project region, facts about inputs of the project and basic industrial data in addition to basic factor of social economy of the region were considered as follows:-

- (a) availability of raw materials
- (b) supply of electricity, natural gas and water that are energy requirement
- (c) status of transport
- (d) availability of human resources, and
- (e) connectivity with other industries.

Pig iron, steel scrap and steel slab are main raw requirement of the industrial development project. Integrated Steel Complex of Myingyan Steel Plant can yearly manufacture 450,000 tons of pig iron, steel slab and steel plate with the use of iron ore from Pinpet region. Thus, the project can use raw materials from the Integrated Steel Complex. The project plant will have capability to manufacture various types of special apply steel that need for special parts, with the use of pig iron and scrap raw materials. Likewise, the project plant will produce steel mill machinery, rolls and spares fro Myingyan Steel Plant and will have capability to create the design for the whole Steel Mill Plant as the extensions in the future.

Similarly, the project plant can contribute much to operating the Machine and Machinery Factory (Myaing) and Automobile Factory (Magway) located in the industrial development project area.

Moreover, spare parts for cement plant will be produced for raising production capacity of 18 cement plants located in the project area. As the project spent US\$ 150 million on importing 1.6 million tons of cement in 2010-2011, it is necessary to escape from the reliance on purchasing imported cement.

Especially, a special point was considered on energy requirements in establishment of source industry.

Arrangements have been made for supplying electricity from Yeywa Hydropower Plant to Nabuaing Sub-Power Station through 230 KV power grid. A plan is underway to build a gas turbine in Myingyan to stabilize the supply of electricity. Moreover, arrangements have been made for taking necessary natural gas from Gas Pipeline to China through a spur line for the gas turbine and the project plant. It is a plan to be ready for conducting test-run of machines according to the plan.

The project plant is 66.3 miles far from Yeywa Hydropower Plant. The natural gas pipeline passes the project area, so it can bring advantages of energy security and save the cost. In making arrangements for supply of water, the project plant is three miles far from Ayeyawady River, so it can save the cost. As water course of Ayeyawady River will be used for transportation, the project plant can take advantages of its perpetuity and saving the cost.

With regard to requirement of human resources, seven Technological Universities, five Universities of Computer Studies, seven Technological Colleges/Institutes and five technical high schools are located in the project area, and altogether 33,434 students are attending the courses for technical certificates, diploma and degrees at the institutions. Five technical training schools in the project area can turn out about 850 technicians annually for supplying adequate human resources to the project plants. Moreover, it is a good situation to cerate job opportunity and develop human resources at the same time by providing vocational training and occupational training to local youths.

Development of human resources, economy based on human resources, creation of job opportunities and production of high quality products are inseparably related phenomena.

Although education plays a crucial role in process of human resources development, vocation, profession and occupational trade are main points to control the practical production life. It is nature to give these subjects to the trainees in synchronization with production process.

For example, education standards of Japan and South Korea were at the lowest level in 1950. As the two countries improved the expertise and practical works at works while importing foreign investments and technology to operate industrial production, their production standards were higher than that of the original nation.

At a time when they achieved booming economy, they have capability to promote education standard through long-term plans for ensuring perpetuity of their achievements.

In today's international arena, practical skill is emphasized as a profession. The vocabulary of WorkShop that emerged from the industrial sector is being used in other fields on a wider scale. It can be seen that only when industrial production is flourishing, will the professions of practical skills develop.

We can see five-layer hierarchy in human resources development according to its nature like this:

- (1) Skilled Operator
- (2) Technician
- (3) Engineer/Profession
- (4) Academician
- (5) Scientist

We need to adopt different approaches and plans to organize nurturing and training according to their differing features.

The former government, Tatmadaw government had adopted long-term plans for industrial human resources development. There have established 32 technological universities, 25 universities of computer studies, 15 government technical institutes/ colleges and 36 technical training schools.

Till the end of December, 2011, those technological universities, colleges and training schools have turned out 278,937 graduates, ranging from certificate holders to PhD degree holders with 112051 students learning at those universities, colleges and training schools, having nurtured a total number of 390,988 technical human resources.

Industrial development is crucial to create jobs for human resources nurtured through long-term plan by the State at the sky-high cost and to keep on nurturing human resources with technical expertise.

Neglecting this point will lead to unemployment. It is the real situation that about 3 million Myanmar migrant workers are working at neighbouring countries and other countries due to less job opportunities stemming from industrial underdevelopment.

Industrial development and human resources development are inseparable parts of winning combination.

Today, agricultural sector is forwarding to mechanized farming and thus jobs opportunities can be created constantly for exceeded human resources from the agricultural sector and human resources waiting job opportunities beginning the projects construction.

Industrial development project will constantly create massive job opportunities for different professions such as engineers, technicians, economists, managers, skilled operators and blue collar labourers who were forced to abandon their social life to work overseas due to less job opportunities stemming from underdevelopment of production industries in the nation, enabling them to work at home region and for the interests of the motherland. The ultimate goal of the industrial development projects is to bring about socio-economic development of the entire nation and its national people by utilizing the natural resources of our country on our own without relying on foreign countries.

In implementing industrial development projects, we will have to depend on technical human resources nurtured as long-term plan.

We will have to enhance their competency and make them to work and train them on job for continuous improvement. Industrial developments in return would practically benefit human resources development.

We need to analyze feasibility, financial benefits and market conditions in preparing a project. Especially, although the decision to implement projects with foreign loan in principle is made by the government concerned, but in practice, we need to submit systematic feasibility study report and economic and financial evaluation report as the loan is given by independent economic and monetary institutions.

Such reports are jointly compiled by tripartite scholars from the client, contractor and bank. It is the internationally accepted procedure that the creditor bank will review those reports and give loans only when the results are satisfactory.

Feasibility study report and financial evaluation reports on industrial development projects have been submitted and the respective monetary institutions have systematically assessed the reports and accepted the feasibility and economic and financial benefits of the projects.

Source industries can handle the whole production process, manufacture a particular item with a particular production line and spare parts of different production industries as well. As they are equipped with design bureau, they have flexibility to change between different factory designs to manufacture different products as necessary according to the needs of the country.

Source industries can not only guarantee sustainability of present industries of Myanmar but also are a requisite for future industrial development goals.

It is real situation that a lot of factories, production lines and industries in different sectors of the country nowadays are facing such problems as long halt in production, unrecoverable machine breakdown and buying spare parts at four or five times higher cost than the original price once there is serious mechanical failure in machines for there is no reliable source industries in the country.

Studying the industrialized nations of the world, production industries that can guarantee the high standard of socioeconomy of the nation and its people are developed by establishing firm source industries, which brings about sector-wise economic development of the nation.

Industrial development projects are implemented on transfer of technology basis. Technological advancement can be obtained through transfer of technology, establishment of research and development centres, taking human resources development measures and gathering production experiences. Technology integration will lead to synergetic technology integration.

At the present, there are restrictions on SME development that small and medium enterprises still have to rely on foreign countries for all the input such as factory equipment, capital, technology and industrial raw materials. Industrial development projects will help SMEs overcome those needs and restrictions and grow on their own locally without relying on foreign assistance. In establishing SMEs for private and public sectors, we can save money as our country has got the core technology and does not need to pay for separate expenses. Technology transfer costs from 15 to 30 per cent of the total cost of equipment and thus it would increase the competitiveness of the SMEs, saving the cost on capital.

Source industries can manufacture factories, equipment and production lines required for SMEs. So, it will spread over regions and states although they can currently be established only in major cities, leading to national industrialization age with opportunity for the entire people to take part in.

Through the creation of such favourable environment for industrial development, entrepreneurs are to be nurtured in connection with industrial production sector. Then, we will have to create entrepreneurial business environment (EBE) including every sector such as production, trade, finance and service by encouraging entrepreneurs, forwarding to sector-wise economic development nationwide.

The industrial development of Myanmar is long-term investment of the nation and it is the national investment concerned with the entire nation, benefitting generation after generation. It is the investment in productive sector which will help multiply the GDP. And this productive sector is not mere ordinary industrial production but synergetic productive paradigm as it is the production of factories, assembly lines and machine parts.

It is aimed to reach national industrialization age by making private and public-owned production industries boom in respective regions and states and by enabling to equally utilize natural resources, hardware resources and human resources of own region.

The emergence of ASEAN Free Trade Area in 2015 is an urgent challenge to Myanmar but it is assumed to create a power encouraging the competitiveness of Myanmar citizens.

It is not restricted that the investment can be made by the government alone. All investments private, public, partnership and foreign direct investment are allowed.

However, in the present situation, local and foreign investors tend to put self interest at the fore rather than national interests and would not invest in source industry which is a long-term investment.

So, the government has to invest in source industry, the key to industrial development.

In the future, according to the trend in market economy, the ownership can be changed as necessary.

According to the objective of the fifth phase five-year term of the national project of the State, it is necessary to implement industrial development projects to achieve annual 14.1 per cent increase in industrial development. This would create synergic benefits such as creation of jobs for the people, gradual development of advanced technologies, ability to produce machines independently without relying on foreign countries, SME development through production of factories and production lines nationwide and ability to fulfill the industrial requirements of the nation on our own in the future.

Investments in industrial development are long-term process made in the national interests of the State and the project is estimated to take five to ten years. As it is the long-term objective of the State, affordable measures should be instantly taken to start the project right now as it is strategically viewed that the soonest completion of the project would create huge benefits to the nation.

Mr Speaker, I have straightforwardly presented the real situations so that MPs can seriously consider the State's policies on industrial development projects included in the National Project Bill of the Republic of the Union of Myanmar and project implementation process. I hope MPs can make right decision in consideration of the long-term interests and hopes of the State and the entire national people.

Source: NLM 2012-02-17