



23 August 2012 | [MP3](#) at voaspecialenglish.com

Burma Places Hopes for Development in Foreign Investment

This is the VOA Special English Economics Report.

Burma is in a good position to make big gains in Asia's fast-growing markets. But development must include all of society and be sustainable for Burma to reach its goals.

That is what the Asian Development Bank said in a recent report.

Cyn-Young Park is an economist with the bank. She says Burma's economic position is strengthened by its natural resources, such as oil, gas and minerals. It also has two large, growing neighbors: India and China. And the nation is young: one in four of its citizens are under the age of thirty.

But Burma has a long way to go. After fifty years of military rule, it is one of Asia's poorest countries. Basic infrastructure, like roads, bridges and railways, are not developed. And only thirty percent of rural people have electricity.

Burma is trying to increase foreign investment. Its civilian government is struggling to agree on a new foreign investment law. Recent versions of the law restrict foreign ownership in some industries and ban it completely in others.

Sean Turnell is an economist with Australia's Macquarie University. He said the foreign investment law is now facing local disapproval, or push back.

SEAN TURNELL: "There's been a bit of a push back against some of the concessions granted to foreign investors. In particular, there

seems to be a walling off of some of the sectors from foreign investors.”

For years, Burma’s military closely controlled the economy. Relatives and friends of military members received rich contracts.

Now, the civilian government wants to expand services and manufacturing. It is considering giving foreign companies low tax rates so they will invest.

But experts say this could be a mistake. Sean Turnell says investors are concerned about infrastructure problems, not taxes. Economists also say tax breaks for local businesses may not be the answer either. They say the lack of access to credit for farmers and businesses in Burma is a bigger problem.

Reform in Burma is still in the early stages. The country recently announced new rules ending direct government censorship of news media. Reporters now must send censors their work after it is published, instead of before. Some reporters say they will wait to see if this means more freedom.

Cyn-Young Park says investors too are waiting to see if reform will succeed.

CYN-YOUNG PARK: “It is really going to take a while before the investors do believe that this reform is sincere and the government is not going to retract.”

The foreign investment legislation could be signed into law as early as this month.

And that’s the VOA Special English Economics Report. I’m Mario Ritter.