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MYANMAR

Embracing Change on the Path to Democracy

Asia's next economic frontier

Reform and the lifting of sanctions in the country formerly known as Burma mean prospects are burgeoning. Discover more about Myanmar's transformation in the following digital version of the 4-page special as published The Daily Telegraph's Business Section on 17 December 2012



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MYANMAR

Embracing Change on the Path to Democracy



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Milestones and Memories in the Making

Few would argue that the recent dramatic turnaround in the political environment of Myanmar didn't take the world by surprise. Indeed the pace of developments has been nothing short of astounding, as this once pariah state opens its doors to the rest of the world and is, in turn, embraced by the global community. The country's nominally civilian government, led by President Thein Sein, has ushered in a raft of bold political, social and economic reforms. These are long overdue since Myanmar is currently one of the poorest countries in Asia; an agrarian society with an estimated 70% living in rural areas, one in four of its 60m people live in poverty and three out of four have no access to electricity.



Prime Minister David Cameron's visit to Myanmar to meet President Thein Sein in April 2012 led to an easing of EU sanctions

serious contender as a low-cost manufacturing hub. Given their shared history, surely it is time for British investors to rediscover what the newly opened Myanmar has to offer.

"Positive steps have been taken in bilateral ties and relations between the UK and Myanmar," affirms Aung Kyi, Minister of Information. Re-engagement by the UK contingent is undoubtedly underway. Official visits by Prime Minister David Cameron, Foreign Secretary William Hague and International Development Secretary Andrew Mitchell have seen Myanmar officials pressing flesh with their counterparts. Britain's support in this new era of bilateral relations has been welcomed. Wunna Maung Lwin recognises the need for cooperation, "We are gaining momentum in this process but we are a young democracy. We have much to learn from established democratic nations like the UK," he points out.

Myanmar's commercial opportunities were also explored by a UKTI-led business delegation in July and more recently Tony Blair visited to discuss potential cooperation on education, policymaking, good governance and electrification. A champion of investment and one of the staunchest advocates for change is Minister Soe Thane from the President's Office, who is also Chairman of Myanmar Investment Commission (MIC). As he says, "The subpar developments of the past are now being tackled by the government. In order to re-enter the global arena and world market, these reforms must be concrete and determined. If we stay on track with our current strategy then we can achieve the 6-8% growth in GDP as predicted by the Asian Development Bank (ADB)." However he also admits that, "It's a fast-moving environment which makes for a challenging situation."

"We are gaining momentum in this process but we are a young democracy. We have much to learn from established democratic nations like the UK"

WUNNA MAUNG LWIN
Minister for Foreign Affairs

"If we stay on track with our current strategy then we can achieve the 6-8% growth in GDP as predicted by the Asian Development Bank"

SOE THANE
Minister of the President's Office
& Chairman of Myanmar Investment Commission (MIC)

civil society groups have their concerns about the speed and focus of certain reforms. They are keen for the general population to benefit from this brave new chapter. Hesitancy is comprehensible but there are clear indications that Myanmar has turned a corner. The country's transition to an open market economy is not without its risks and pitfalls. Oft-perceived as the next economic frontier in Asia, Myanmar can expect strong interest, but this must come in the form of responsible, ethical investments which not only improve the lives of the general population but requisitely protect and respect workers' rights, the environment and human rights.

The easing of sanctions was clearly a momentous step on the road to economic recovery and is seen as a reward for the manifold programme of reform which included the release of hundreds of political prisoners. The lifting of draconian press restrictions, coupled with the dismantling of a corrupt system of monopolies and ingrained cronyism that stifled economic growth for the masses, are all promising developments, as is the new Foreign Investment Law. Increased transparency and accountability - especially regarding decisions affecting the public - are now taking root, while the creation of a more level playing field will undoubtedly benefit the demographic majority rather than a select group. Changes to licensing have led to improved cost accessibility to mobile telephony and car ownership - just two ways in which the lives of the Myanmar people are being enhanced.

Subdued for half a century under socialist and military rule, the people of Myanmar, who waited patiently for many years for these events to unfold, are adjusting to this paradigm shift. A climate of fear has been replaced by one of hope. There is a belief that Myanmar's time is now and that this vibrant energy can no longer be quelled by suppression or repression. Of course there is no undoing the past. History cannot be rewritten but it can definitely enlighten and inform the new path Myanmar has taken; that of democratisation.

The government is working hard to bring about lasting peace and stability. It has had a significant degree of success having entered into ceasefire agreements with 10 out of 11 ethnic minority, armed political groups. However,

problems are still simmering in Kachin State and recent mounting tension between different groups in Rakhine State has also seen Myanmar in the headlines for all the wrong reasons. Thein Sein's government has a multitude of issues to confront, as it grapples with creating the right kind of environment and policies for the country's socio-economic development. What is clear is that its efforts must be inclusive. Moreover, managing the expectations of the people will need to be a priority because Myanmar's widespread poverty, social issues and development deficit cannot be addressed overnight.

It would not be unfair to say that the process - replete with critics voicing their concerns - has required a huge leap of faith by all parties, but what is heartening is the quiet, gentle acceptance

Business Leaders Forge Ties



AIK HTUN
Chairman of IBPC

Ask seasoned foreign investors what the most critical factor for doing business in Myanmar is and the likely answer will be - "Finding the right local partner." It is a challenge that is by no means unique to this newly opened market economy but it is certainly a compelling issue. If you are keen to discover the offerings afforded by Myanmar's abundant lands and seas then you have some good options. The Myanmar Investment Commission, the indispensable government body responsible for company registration, is of course also on hand to offer advice. However, many entities - especially regional players from Singapore, Taiwan and China for example - turn to the International Business Promotion Centre (IBPC). A private sector-led enterprise, the IBPC capitalises on the strong local knowledge of its members to facilitate business delegations visiting Myanmar and broker deals with foreign counterparts. In addition it undertakes outreach trips abroad in order to actively promote Myanmar and pursue business partnerships.

Founded in 1998 by Aik Htun, the Chairman of Shwe Taung Development Co Ltd, the IBPC is dedicated to fostering international cooperation and commerce. Its main aim is to work independently with top business leaders who are interested in investing in, or doing business with, Myanmar. "As head of the IBPC I organise delegations and roundtable meetings so that we can address queries from investors and discover how to work together," explains Aik Htun, "The burning question they are all asking right now is whether the current stability and the reforms are long-term. I feel very positive that they are. We are also seeing a level of transparency and fair competition that wasn't seen 2 years ago. Moreover, the government has announced that it is committed to finding solutions to any obstacles faced by investors." Some local players are afraid of the influx of international investors but Aik Htun is bullish. "It will undoubtedly bring competition but that's a good thing. Without it, the country won't grow."



of the need for reconciliation. It is this capacity to forgive that has encouraged dissident or disillusioned diaspora to return to their homeland. Importantly it has also seen democracy icon, opposition leader and Nobel Peace laureate, Aung San Suu Kyi - who was a political prisoner for over two decades (15 years of which was spent under house arrest) - become a member of parliament where she sits alongside those belonging to the party that once imprisoned her.

There is an overwhelming sense that whatever difficulties lie ahead, the will of the people has been heard and a general consensus that the reform process is irreversible. Undoubtedly the ramifications for turning back now are clear. The world is watching Myanmar closely and the positive steps that have been made, to start its full reintegration into the global community, are too precious and too hard won. Thus the cautious optimism expressed by many must now give way to concrete progress and tangible results.

Growing worldwide attention is playing its part in stimulating change in the country. Major international events next year including the World Economic Forum East Asia and the Southeast Asian Games, will be a chance for Myanmar to demonstrate how far it has come and what it is capable of. While a resolutely positive attitude emanates from the Myanmar people - it's in their genes

and how they survived 50 years of isolation - there is no denying that it is tempered with a bittersweet realisation of just how far behind the country had slipped. However, as Win Khaing, President of Myanmar Engineering Society (which undertakes pilot schemes to bring small-scale green energy to rural communities) elucidates, "Our people do not think of themselves as poor, instead they see themselves as mismanaged." Certainly, this 60m-strong population represents an incredible resource in itself and, if nurtured well, it can offer the world just as many riches as the country they call the Golden Land.



**PROUD
TO BUILD
MYANMAR'S
FUTURE**



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TOURISM



Prepare to fall in love - your heart will be captured by rustic charm infused with smiles as broad as the Bay of Bengal



Clockwise from left:
Rural reflections in Bagan;
Traditional fisherman on Inle Lake;
Dat Taw Gyaing Cave; Hsinbyume pagoda in Mandalay; Uppatasanti pagoda in Nay Pyi Taw; Ballooning in Bagan; Monks strolling on Ngwe Saung beach



Taking Steps to Capture the Moment

There is a lot you don't know - can't know - about Myanmar until you travel there. This is one of its most beguiling aspects. With what now seems like prophetic sincerity in 1898, the great British storyteller Rudyard Kipling noted, "This is Burma and it will be quite unlike any land you know about." Indeed, he expressed this many years after his travels to the country that was then known as Burma. Sir Cliff Richard doubtless experienced much the same sensation on his recent 10-day tour. It is by all accounts one of the most mesmerising countries in the world. Breathtakingly beautiful rural landscapes and deliciously chaotic urban areas are populated by people so sweet-natured, respectful and welcoming that it is hard to believe this is a nation which until recently had been isolated from the rest of the world for five long decades.

Myanmar is now enjoying a renaissance, the kind of which was only dreamed about two short years ago. Hope - as well as evidence of a new reality in the making - is a powerful reconciler. This is important to the hospitality industry because sweeping reform strategies, brought in by President Thein Sein, prompted Aung San Suu Kyi to encourage international travellers to visit Myanmar and to promote "responsible tourism" to benefit the populace. A holistic approach to opening up the tourism sector, ensuring the country's natural and cultural heritage remains intact, will be critical to its success. The government grasped the mantle, as Htay Aung, Minister of Hotels & Tourism explains, "We have been working on a Responsible Tourism Policy Framework with renowned Professor Harold Goodwin from Leeds Metropolitan University. We are also preparing a Tourism Master Plan with the aid of the Norwegian government and the ADB to ensure a clear strategy for the future."

The aim is for the master plan to cover the whole country, not just certain pockets of it. Unsurprisingly, typical tourism draws - like mystical, legendary cities Yangon, Bagan and Mandalay coupled with Inle Lake, Ngwe Saung Beach and Ngapali Beach - are always on itineraries. However, "Community-based tourism projects in remote and rural areas also need to be included," Htay Aung elucidates. Future tourism strategies will encourage visitors to go off the beaten track and fully explore Myanmar's rural charm benefitting both local economies and eco-tourists who wish to enjoy nature and be engaged with the Myanmar people.

Exotic and awe-inspiring, the astonishing natural beauty of Myanmar makes it THE bucket list destination that many have dreamed of visiting for decades. What could be more enthralling than a luxury river trip on the Orient Express' Road to Mandalay or ballooning over the thousands of ancient pagodas in Bagan? It is a blessing for visitors and locals alike that the country's tourism revival is now assured. Europeans, once discouraged

from travelling to sample its delights, are now flocking to soak up the phenomenal cultural heritage and genuine cordiality that has been preserved by the nation's seclusion. "Myanmar is one of the largest countries in Southeast Asia and has a wealth of diverse tourism offerings," explains Htay Aung, "We have many historical monuments - from 1,000-year old temples to splendid colonial buildings. We have beautiful unspoilt beaches, picturesque lakes and snow-capped mountains. The different hill tribes in the north represent a myriad of cultures. Actually we have over 100 national races - all of which are very colourful, hospitable, warm and welcoming."

Myanmar, although admittedly starting from a low base, is hotly tipped to be one of the world's fastest growing destinations. "Tourist numbers grew 30% in 2011 to nearly 400,000 and it is highly likely that we will see a solid 40-50% increase in international visitors this year. There has been a significant rise in all segments - business and MICE, package tourism and independent travel," emphasises Htay Aung. In fact, from 2008-2011 tourism income virtually doubled from \$165m to \$319m. The same period showed a 100% jump in arrivals and average visitor expenditure per day also increased from \$95 to \$120 - pointing to a lucrative investment sector for international hospitality

entities. In order to inform and facilitate them, the Ministry and the Myanmar Tourism Federation (MTF) has teamed up with Sphere Conferences to launch the inaugural 3-day Myanmar Hospitality and Tourism Conference in February 2013. It will address many important topics including demonstrating how an investment friendly climate



is being created and how foreign players can partner with locals. As MTF's Chairman, Yan Win explains, "Our aim is not only to boost the tourism sector but to take the country's tourism development to a whole new level." The nation certainly has a golden opportunity to learn from the successes and failures of its neighbours in order to nurture a brand of tourism that is both inclusive and not exploitative.

Not content with burgeoning statistics, the government is also committed to systematic expansion. "We are in the age of infancy in terms of development but the discovery stage has taken place. Now the growth stage is underway. Of course, stagnancy is a risk so sustainability is key to our success. We need to develop our infrastructure, ICT capacity and tourism facilities in order to meet the needs and expectations of increased visitor numbers," explains the Minister. Also crucial will be the uptake of a newly implemented Bachelor degree in Tourism which, in hand with the current hospitality and tourism training institutions, will equip the sector with qualified staff. However, further investment in hospitality and tourism management schools and vocational centres is being strongly invited so that major tourist hotspots have on-site training for human resource development.

Aside from an on target annual influx of 1m tourists, Myanmar will also play host to major international events such as the World Economic Forum East Asia and the Southeast Asian Games in 2013, the Chairmanship of the Association of South-East Asian Nations (ASEAN) in 2014 and the ASEAN Tourism Fair in 2015. As even present demand outstrips supply, travellers would be wise to book in advance, not least because there is something overwhelmingly delightful about savouring Myanmar before the hordes arrive. Certainly, as visitor interest increases so too does the need to augment the room inventory. The high cost of land should not put off hoteliers keen to enter what many perceive to be a market exploding with opportunities. Existing hotels, particularly in Yangon, are reporting vastly improved occupancy rates with a surge in all segments. Among them there are epitomes of colonial elegance, brimming with local teak like The Strand and The Governor's Residence. In top tourism spots such as Bagan and Inle Lake there is more emphasis on indigenous style hotels and these are equally charming. However, maintaining standards, upgrading current structures and encouraging investors to participate in growing the sector is proving vital. "In June 2012 we became a fully-fledged member of the World Tourism Organisation but we realise we must do more to improve our image," Htay Aung humbly states, "We need a star quality rating of the hotels and hospitality services that will

"Tourist numbers grew 30% in 2011 to nearly 400,000 and it is highly likely that we will see a solid 40-50% increase in international visitors this year"

HTAY AUNG
Minister of Hotels & Tourism

Striving Forward

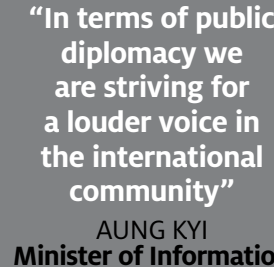
"We're committed to growing a thriving, harmonious new Myanmar. It's a fast-moving environment which makes for a challenging situation"

SOE THANE
Minister of the President's Office



"Our geographic location is exceptionally strategic. My message to British business is - come and invest"

WUNNA MAUNG LWIN
Minister for Foreign Affairs



"In terms of public diplomacy we are striving for a louder voice in the international community"

AUNG KYI
Minister of Information



"We need to promote labour intensive industries since the creation of job opportunities is vital to the country's future"

AYE MYINT
Minister of Industry



"It is our wish to reach the same standards as other ASEAN countries and our infrastructure is being upgraded step by step"

KYAW LWIN
Minister of Construction



"The political, economic and social aspects are all being addressed and so Myanmar is regaining its rightful position in the global arena"

THAN HTAY
Minister of Energy



"Now is our opportunity to show the real Myanmar. Kindness and hospitality are strong traits of the Myanmar people"

TINT HSAN
Minister of Sport

be recognised throughout the ASEAN as we become a seamless region in 2015."

As the nation works towards all these goals there is one great certainty; if Myanmar can capitalise on the genuineness of its people, its alluring sites and the immensely rewarding experience visiting the country offers, it can become a shining example to the rest of the world. And it will gain a solid standing as a truly authentic destination where, as the Minister quotes from Shakespeare's The Merchant of Venice, "All that glitters is not gold...but Myanmar is!"

"I am passionate about our indigenous culture but I do not want the country to be backward. After so many years of isolation we need to embrace globalisation, while also preserving our local customs"

AYE MYINT KYU - Minister of Culture



Call to Capitalise on Culture

Recognising the true value of heritage and the lineage of a nation - from the customs of its people, traditions, culinary delights, dance, music, arts, archaeology and architecture - is often lost in the fervour to embrace modernity. As Myanmar emerges and assimilates with the international community, it is at a crucial juncture in its history. Preserving its incredibly rich tapestry of cultural threads as well as its deeply intrinsic, intangible yet authentic energy will be vital. So too will the nation's ability to prioritise protecting its tangible assets; from pristine beaches along its 3,000km-stretch of coastline and traditional hilltop villages, to ancient Buddhist temples in their thousands and the grandeur of British colonial buildings.



Left: Traditional dance - Shan State. Above: Tattooing ceremony - Chin State; British architecture - Yangon Supreme Court. Far right: Crossroads - Between old & new; Colonial splendour - In need of TLC



Caught in something of a time-trap, Myanmar has been mercifully spared the kind of rampant urban development and modernisation to which most Asian nations have succumbed. This leaves it in the enviable position of being able to capitalise on its heritage. Striking a balance is difficult but as Minister of Culture Aye Myint Kyu explicates, "We need to open the country to the rest of the world in order to offer better socio-economic conditions to our people and improve their quality of life. Tourism - especially cultural tourism - can have a positive impact on our society and the economy as a whole but it is important that we remain authentic."

Thankfully culture is gaining recognition in Asia as a critical benefit in the advantage of soft power and the attainment of reputation globally. That said sourcing the funding and technical expertise locally - for the maintenance and restoration of Myanmar's many treasures - will be a challenge. This is why the government is inviting foreign partners to participate in the process. It is already experiencing significant international interest in the renovation of fabulous, yet dilapidated, colonial buildings in Yangon but so much more assistance is required to reclaim Myanmar's former glory.

To discover how you can be a protagonist in this exciting new chapter of Myanmar's story please contact the Ministry of Culture on +95 67 408032 or moculture@gmail.com



MANUFACTURING

The Sweet Taste of Success Set to Continue

Just two short years ago, the idea of a burgeoning consumer base being a viable proposition in Myanmar, would likely have been treated with more than a degree of derision. Many leading companies operating in the country had resigned themselves to the reality of a very narrow market and had made the best of it. But change is afoot in Myanmar. “The new Foreign Investment Law will open up a wealth of opportunities, making the environment conducive for the citizens of Myanmar to upgrade their livelihoods and quality of life,” affirms Minister for Foreign Affairs, Wunna Maung Lwin. Put succinctly by a local business guru Dr Sai Sam Htun, Chairman of Loi Hein Group of Companies, “The door was closed for 50 years but it has recently swung wide open.”

There is a real buzz as the reform process appears to signal a more positive economic outlook for the general population. International institutions now expect GDP growth to be 6% in 2012 and there are signs that Myanmar could grow at 7-8% each year for an extended period according to the Asian Development Bank (ADB). This being the case the country's GDP per capita could reach \$2,000-\$3,000 by 2030. Representing a threefold increase on current figures, this would essentially propel Myanmar into the ranks of the middle income countries. Forecasts aside, local businesspeople are keen to see an increased uptake in services and products as the consumer base expands and disposable incomes increase. One such entity is privately-owned Loi Hein, powered by the seemingly insatiable entrepreneurial energy of Dr Sai. Since its inception in 1996, it has successfully developed the brands of its international partners, as well as its own brands, into category leaders. Not content with a series of achievements in the marketplace, Dr Sai is constantly striving for new goals and diversifying his business interests. He

is a pioneer, not unlike his football team - Yadanarbon - which won the first ever Myanmar Football League championship. Engaged in manufacturing, marketing, selling and distributing consumer products in Myanmar, Loi Hein is using its local knowledge coupled with its international expertise to cement its place as Myanmar's market leader. Focusing on bottled drinking water and energy drinks, the magnitude of growth potential in a virtually untapped market of some 60m consumers is becoming increasingly apparent. Being entrusted with the launch in Myanmar - and ongoing success - of international brands like Shark energy drink and SPY Wine Cooler, hasn't seen Dr Sai rest on his laurels. He has always been in the vanguard of market trends. As far back as 2002, he launched his own brand, Alpine bottled purified drinking water. That may not seem much to western eyes but let's put this into context. Besides low spending power, Myanmar is one of the only countries in the world that has drinking stations offering free water on virtually every street. Endearingly this means that citizens rarely go thirsty and for many would have implied that there was no market for bottled water. Thankfully this was not the case: Alpine quickly became the market leader and retains its position to this day, going stronger than ever. Of course competition - even local competition - is never far behind and Dr Sai is conscious of the need to stay ahead of the game. The lifting of EU and US sanctions, coupled with the new Foreign Investment Law, have international players keen to gain a foothold. It has seen drinks giants, Pepsi and Coca Cola, eyeing up Myanmar's strategic potential. Foreign direct investment notwithstanding, Loi Hein hopes to retain about 20-25% share of the soft drinks market. Dr Sai admits that the company cannot compete with Pepsi and Coke when it comes to above the line advertising, “They could paint the town red with it,” he jokes, but local businesses have a distinct edge over global brands. “Loi Hein's critical advantage is its connection to the market and the fact that we offer high



Loi Hein's operations for Alpine – Myanmar's market leader in bottled water

“Loi Hein's critical advantage is its connection to the market...Our aim is to make our consumers feel good and to contribute to their life enjoyment. Our customers value that”

DR SAI SAM HTUN
Chairman of Loi Hein Group of Companies



“For a company like ours to grow, we need professionals like our new CEO, Simon Hunt-Brown to be a driving force in our strategy. To compete with multinational companies we need to make big advances now because we are the ones who will be facing the storm of the arrival of big brands like Coke and Pepsi in the marketplace.”

DR SAI SAM HTUN
Chairman of Loi Hein Group of Companies

quality products at an affordable price. Our aim is to make our Myanmar consumers feel good and to contribute to their life enjoyment. Our customers value that,” affirms Dr Sai, whose company philosophy is to give back to the people. This approach may bode well for the future but there are many challenges to overcome. “For a company like ours to grow, we need professionals like our new CEO, Simon Hunt-Brown to be a driving force in our strategy. To compete with multinational companies we need to make big advances now because we are the ones who will be facing the storm of the arrival of big brands like Coke and Pepsi in the marketplace.” Hunt-Brown - a Brit with over 15 years of experience at Vimto and 10 years at Guinness - is unreservedly upbeat about Loi Hein's positioning and the passion behind its brands. After a recent recruitment

drive for merchandisers he says he is delighted by the new staff's enthusiasm and ability to grasp different concepts that he is implementing. “The Myanmar people are friendly - it's in their DNA - but they are also helpful, willing, hard-working and absolutely raring to go. If they are lacking anything it would be education in a broader sense but the general literacy level is very good.” Obviously having been isolated for half a century the people of Myanmar have some catching up to do but their desire and willingness to better themselves and their operating environment is encouraging. In a nod to his experience in the global arena but also to his international staff and counterparts Dr Sai insists, “We like to learn from the best and believe in growing together in a fair and mutually rewarding way. We have also partnered with a European company and are well prepared for the changing landscape of Myanmar's business community. We have tasted success and our appetite for challenge is almost limitless.”

“The Myanmar people are friendly - it's in their DNA - but they are also helpful, willing, hard-working and absolutely raring to go”

SIMON HUNT-BROWN
CEO of Loi Hein Group of Companies



INFRASTRUCTURE

Working Towards Regional and International Integration

As Myanmar gears up to host two major international events in 2013 - the World Economic Forum and the SEA Games - foreign investors are already pouring into the country eager to explore the phenomenal upside of prospects in all sectors. However many are left dismayed by the woeful state of the infrastructure, much of which dates back to colonial times. Sadly it is often well-publicised as an impediment to the country's development but work is in progress to improve the situation, "It is our wish to reach the same standards as other ASEAN countries and our infrastructure is being upgraded step by step. The new government is well aware that a lot of investment is needed," agrees Kyaw Lwin, Minister of Construction. Indeed a total of \$9.5bn is being allocated from the government budget (2012-2031) for the construction and renovation of roads and bridges in Myanmar. Besides offering ameliorated conditions for local inhabitants and investors, it will also be critical to raise standards in line with its ASEAN neighbours in order to be a pivot to regional development.

“Ensuring the future of Myanmar is our priority,” affirms Kyaw Lwin but admits that, “Building the expressways and roads connecting the country to neighbouring nations - such as the ASEAN Highway - is difficult to implement with the current budget limitations so we are looking for aid assistance from abroad.” Key partners are emerging; those who recognise Myanmar’s supreme geo-strategic positioning can see why investing in the country’s infrastructure can only pay dividends. As the most northern ASEAN member it shares boundaries with 5 countries which are home to over 2.8bn people. Besides Thailand, Bangladesh and Laos, Myanmar is also bordered by the 2 most populous nations in the world, China and India. In fact, a whopping 40% of the world’s population is on its doorstep. Thus, connectivity with its neighbours is considered indispensable both for Myanmar and the whole region. The country no longer wants to be seen as the weak link but instead as a catalyst.

Highlighting this single project, the Minister offers perspective, “The 3,200km-long tripartite highway connecting India, Myanmar and Thailand will significantly promote regional trade. The expected finishing date is 2016. The 10 ASEAN member countries account for a population of 600m.” However this is just one of many important corridors under construction that will transform Myanmar into a regional trade hub. “Overland routes from China with connectivity to the deep-sea ports in Myanmar will significantly reduce shipping times,” explains Kyaw Lwin with reference to how major time and cost efficiencies for shipping lines will be gained by reducing reliance on the Strait of Malacca. One of the most important shipping lanes in the world, the strait is the main shipping channel between the Indian Ocean and the Pacific Ocean. It links major Asian economies such as India, China, Japan and South Korea and carries about a quarter of the world’s traded goods. Positioning itself as having a viable overland alternative would be a major coup for Myanmar since it would cut shipping distances by an estimated 1,600km.

Of course road networks are just part of the equation. Port facilities are also being transformed. Yangon’s port - often described as a minnow by Asian standards - handles about 90% of the country’s exports and imports according to the Ministry of Transport. This may not be the case in the future as three major new port developments on Myanmar’s west coast come on line.

“Of all our current projects the Dawei deep-sea port is probably the most significant,” highlights Kyaw Lwin. A 307km-four-lane cross-border highway will link it to Bangkok. Additionally it will have a Special Economic Zone (SEZ) offering tax exemptions for different sectors. Myanmar’s regional importance could skyrocket if it creates the right environment for investment and trade. Many projects are being undertaken in tandem with foreign partners, Dawei included. There is an unambiguous realisation of the need for international assistance, “We are interested in attracting FDI in these infrastructure projects and beyond,” explains the Minister of Construction.

Back in July this year, Jim Rogers, the renowned financial commentator, prescient investor and author recommended ploughing money in Myanmar; describing the country as “probably the best investment opportunity in the world right now.” Certainly, few nations find themselves in Myanmar’s exceptional predicament - it’s not dubbed Southeast Asia’s last frontier for nothing. Mineral rich deposits, under-productive fertile agricultural land and a low-cost workforce to rival China’s, make Myanmar an interesting proposition. How quickly the government can roll out workable solutions to innumerable infrastructural issues will undoubtedly be deemed a litmus test of its commitment to transforming what many see as a sleepy backwater of Asia, into a modern, thriving, equitable economy. Other areas being given critical attention are ICT infrastructure and access to the electricity grid. Everyone realises the urgent need to ramp up electrification. Even urban centres like Yangon suffer from outages, meaning a reliance on generators adds extra cost to businesses. Yet energy-wise Myanmar is doubly blessed by natural resources such as untapped onshore and offshore reserves of oil and gas coupled with renewables, particularly hydropower. Harnessing the potential that exists will set the agenda for future development and it will also be requisite for creating a low-cost manufacturing hub that functions efficiently.

Lifting a quarter of the population out of poverty by creating a million new jobs is all part of President Thein Sein’s reform plans and foreign direct investment into Myanmar is seen as the key. Main areas of the economy slated for expansion are labour intensive sectors like the agribusiness sector and manufacturing; particularly the garment, footwear and toy industries. Preliminary enquiries by Japanese and European investors indicate that the



Regionally, Myanmar no longer wants to be seen as the weak link but instead as a catalyst

government could attract as much as \$4bn in FDI in the fiscal year 2012 which ends in March 2013. If Myanmar transforms its substantial potentiality into actual results, it could really see a change in its fortunes.

Those considering setting up a factory in Myanmar should look to Myanmar Brewery as an exemplary operation. Founded in 1995, the company is dedicated to producing local beers of international standards and has won a multitude of global awards. Myanmar Beer is a brand icon and not only because of its eponymous status. While much revered locally as the pride of Made in Myanmar, it also commands a huge market share. However, that will likely change in the future as more manufacturers - both local and international - vie for a slice of the action. As a new era of doing business unfolds, there will be a more level playing field going forwards, with greater transparency expected from all parties. Myanmar Brewery is the country’s top tax contributor and is committed to accountability. A successful joint venture partnership between Myanmar’s UMEHL and Singapore’s F&N, the brewery is a role model of good corporate governance.

While optimistic about the positive changes in the economy, the company still faces the inconvenience of having to import most of its ingredients and packaging. High costs for sea freight, transportation and import taxes on raw materials, as well as finished materials, make for a challenging business model. There is a definite sentiment that the government should be more proactive in encouraging the setting up of local activities to decrease reliance on foreign-made packaging. This has been echoed by many players in the food and beverage sector. Undoubtedly, there is a massive gap in the market when it comes not only to the making of packaging, but also to production and packaging facilities, processing, distribution and logistics.

Foreign business people who have worked in the country for some time attest to the fact that most of the inconveniences in Myanmar are not discriminatory. They affect all businesses and are largely the result of the nation’s seclusion and lack of exposure to international business practices. A common observation by those already operating - and succeeding - in this environment is that you need to believe in the market and stick to your plan. Myanmar Brewery has operated in Myanmar just as it would have done in any other country; and it has done so regardless of the limitations imposed by the past regime or the now-lifted sanctions. It is an example of how it is possible to successfully build a company and a brand in Myanmar, as well as an indication of what great things the future holds.



The Changing Face of the Golden Land

“I was 22 when I first moved from my hometown in the Shan State to the then capital, Yangon. One of my first jobs was as a driver for a rich businessman. He had a Land Rover,” smiles Aik Htun, remembering his humble beginnings. Reflecting on the past, his hopes for the future are palpable in his words, “The influence of the British colonial era is still here. That was the past though and now a new chapter for mutual benefit is opening. We want to develop commercial relationships with our foreign partners.”

As the Founder and Chairman of Shwe Taung Development Co Ltd, Aik Htun swears by the company mantra of development through sustainable growth. Shwe Taung is, it seems, everywhere in Myanmar. Primarily focused on the construction sector, it has built everything from hydropower plants, dams, roads and bridges to real estate ventures, residential developments, shopping centres, cinemas and hotels. In this respect it is the epitome of modernisation in the Golden Land - a driving force in upgrading the lives of the Myanmar people. Shwe Taung is clearly dedicated to actively participating in Myanmar’s makeover as the country’s image is revitalised. The firm is at the forefront of addressing a critical shortage of prime office space in Yangon, with two major new projects launched this month; Union Business Centre (completion in April 2013) and Shwe Taung International Commercial Centre - SICC (expected inauguration in December 2013). Even prior to its launch, 68% of SICC’s 5,000sqm of high-tech office space had already been taken by tenants. Unsurprising given that SICC will be a prominent, highly desirable landmark hub for enterprises and financial service entities wishing to be located in the Central Business Area, it is also evidence of robust demand for upmarket business premises.

In addition to its involvement in the changing landscape of Myanmar, Shwe Taung has activities in a gamut of related industries from cement and construction materials, to trading (including machinery and fuel) and building toll booths. “Established in 1990, the company now has many diversified interests,” explains Aik Htun, “This was necessary over the years, in order to respond to market trends. We are proud to contribute to the rebuilding of our nation.” Outwardly he is intensely passionate about Myanmar’s

“There are unparalleled prospects in all sectors and we would be pleased to be a strategic partner for British and multinational companies”

AIK HTUN
Founder & Chairman of Shwe Taung Development Co Ltd

incredible offerings but exhibits humility regarding his group’s notable success.

Besides being an astute and visionary businessman, Aik Htun is similarly deeply committed to corporate social responsibility. To date Shwe Taung has donated nearly \$15.3m to all manner of important community projects including water wells, schools, hospitals and natural disaster aid after the calamitous Cyclone Nargis. Evidently he is hoping that the wave of reforms and recent easing of sanctions will translate into real socio-economic enhancements. “Myanmar has had many new opportunities and challenges during the last 2 years. At first they seemed to be in equal measure but now the problems are outweighed by the positive aspects,” he says, “The path we are on will not be easy and it may take up to a decade for the reform strategy to truly come to fruition. The trickle-down effect of new policies adopted by the government is already being felt - but not by all. Farmers, who make up a large percentage of the working population, will see a delayed reaction. That said factory workers have already seen their wages upped twice in a short space of time, an increase of 10-20%.”

Concerning betterment for the general population and factory efficiency, it is obvious that the electrification of Myanmar is close to Aik Htun’s heart. One of his greatest achievements is Shwe Taung’s involvement in the construction of the Yeywa hydropower project, a collaborative effort with the Ministry of Electric Power to boost



hydroelectric capacity. While mindful of the suffering caused to millions by power outages, he undoubtedly knows first-hand the impact cuts have on industrial development and output. Of course this is one of the key infrastructural weaknesses Myanmar needs to deal with in order to facilitate further ventures in the manufacturing sector. If the nation wants to escape the resource curse that many countries with abundant natural resources face, then adding value through local manufacturing will be an important step.

“Aside from the manufacturing and infrastructure sectors, there is a wealth of opportunity for British businesses to do well here,” affirms Aik Htun, “There are unparalleled prospects in all sectors and we would be pleased to be a strategic partner for British and multinational companies.” Evidently, his nostalgia for the British goes beyond having driven a Land Rover at a time when Rover still belonged to the Brits. A symbol of how his career began, he went on to buy that very vehicle from his former boss, has made good use of it over the years and, in fact, still owns it. He concludes, “We have good experiences of working with UK entities and British engineers are being used in our infrastructure works. UK investors could easily capitalise on the legacy left from their colonial era in our nation; from education, healthcare and law to financial services and accounting.” He does have a valid point but neglects to highlight one big risk of coming to do business in Myanmar. Once you land, you may never want to leave.

Empowering People

When it comes to women in business, Myanmar might be the last place you would expect to find dynamic female business leaders - especially in the field of infrastructure - but Ei PhyuSin Htay is one such lady. “The business community here is dominated by men but women are not discriminated against,” she insists. In a nation which has had limited international exposure for half a century, it may come as quite a surprise to hear that.



Ei PhyuSin Htay

Like many Myanmar businesses, Barons Group has a diverse portfolio of activities many of which are interdependent. However, it is predominantly involved in the building of Myanmar’s infrastructure - without which socio-economic progress will be impossible. As Managing Director of Barons Machinery & Engineering Co Ltd & Barons Tele-Link Services Co Ltd, Ei PhyuSin Htay operates within a group that sees itself as taking a leading role in electrification and the telecoms sector. With mobile telephony penetration at an estimated 6% and per capita electricity consumption at 160kw, it is easy to see that these two critical areas are crippling underdeveloped but offer immense growth potential.

Ei PhyuSin Htay perceives the opening up of these markets as encouraging but highlights limited access to capital as a stumbling block, “The government is liberalising many sectors but businesses here are at a crossroads with regards attracting financial and equity partners.” To make real headway Myanmar’s stakeholders will need to be proactive in their efforts to convince the world of their commitment to political stability, respect for human rights and the protection of the environment as well as addressing a plethora of fears - some unfounded - about the risks involved in doing business in the country. While much has changed, there remains a lack of available information. This is of great concern to Ei PhyuSin Htay, “Myanmar has been behind closed doors for so long, it is hard for foreign business partners to understand the country. The government has ambitious plans for the ICT sector but we know this will require us to join hands together with foreign partners as all the proposed projects are capital intensive. We certainly welcome the help of British and multinational companies in upgrading our technology and financial planning capacity. In fact, we are looking for joint venture partnerships that will see us make the most of the impressive opportunities that exist in Myanmar.”



Off the grid - Electrification stands at only 26%

As insular as the market may have been, native entrepreneurs recognise both their strengths and their weaknesses. As Ei PhyuSin Htay puts it, “Barons Group offers its local knowledge

to any potential parties and, by working in collaboration we can facilitate their entry into the market. On the other hand we feel international companies can bring much to the table. Besides financing, we are also looking to learn best business practices and good governance from future partners. By sharing knowledge, transferring know-how and technological expertise, we can grow together.”

Collaborations of this genre will also be critical to Myanmar’s efforts to leapfrog the obvious gap in a myriad of key areas including human resource capacity and the dearth of experience with international standards and practices. Ei PhyuSin Htay demonstrates how hard it has been to foresee future needs, “Since even before the elections of the current government, we had been trying to do some kind of quantitative analysis to prepare ourselves for whatever eventual changes would come about. But we were, of course, very unsure of what the momentum would be or how it would affect the business community and society as a whole. We now find ourselves on a steep learning curve and, while we are embracing this sea change, there is much that needs to be done.” She continues, “We are nowhere near ready for what the ASEAN Economic Community (AEC) will bring in 2015. We are far behind at the moment and have not fully grasped what transforming ASEAN into a single market and production base really means for the country.”

Ei PhyuSin Htay has no doubt that catching up with neighbouring countries is going to be tough and feels there is likely to be some bitterness at the beginning of the process, “But we are a diligent and hard-working population and we will hopefully rise to the challenge. The Myanmar people are optimistic by nature but we do not expect the economy to be transformed overnight. It will be 5-10 years before the reform process currently underway really bears fruit for the whole populace. It will take time to get back to where we were before, to regain our place as one of the richest countries in Southeast Asia.” Undoubtedly, a pragmatic approach to connecting the dots - creating linkages that serve both local and international investors as well as advancing the country - will be crucial to the country’s future success.

