

Emerging Myanmar in ASEAN: The Way Forward

Myanmar is on a journey to reinvent, not just to reform



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Less than a decade ago, the future of Myanmar looked bleak. The country was regressive politically, socially and economically. One would, therefore, have expected Myanmar to continue to close its door and attempt to preserve its clout. Unexpectedly, things changed dramatically since 2010. Aung San Suu Kyi was freed following controversial elections. President Thein Sein then pushed through sweeping changes in parliament, including releasing political prisoners and welcoming Ms. Suu Kyi into parliament in 2012. Reform became the buzz word for all government ministries. Not long after, global players started to enter Myanmar. Its economy opened up so fast that some investors became worried that “demand” couldn’t keep with “supply” per se.

Today, Myanmar is one of the fastest growing countries in Southeast Asia and known to many as a diamond in the rough. Its potential is tremendous because of its rich natural resources, strategic location and large population of 60 million people. McKinsey highlights in its report that “Myanmar could conceivably quadruple the size of its economy, from \$45 billion in 2010 to more than \$200 billion in 2030”. Property prices skyrocketed up

to the “London prices”; and the oil and gas industry witnessed the entry of global players including Chevron, PTT and Shell, all of which are investing in the exploration of oil blocks. The gem and minerals industries have exceeded expectations too. According to the Oxford Business Group, total gems sales, after a slow rise in the 1990s, have rocketed upwards, from \$25m in 2000 to \$2.4bn in 2012.

There is also a huge growth in consumer spending, which extends well beyond Yangon. As Shane Tedjarati, President, global high-growth regions of Honeywell International—an international conglomerate that has started business in Myanmar—comments, “There is massive urbanization happening in high-growth markets, with very few exceptions. And these markets also require infrastructure. So there’s huge spending on airport’s, seaports, on roads...” Having said that, Myanmar still lacks adequate human resources and infrastructure to keep up with its exponential economic progress. However, it won’t be too long before these two sectors catch up given Myanmar’s rapid development and determination to transform itself.

So how can Myanmar further increase its competitive advantage? Conceptually, Myanmar could consider embracing business, human rights and human dignity of their citizens within the constraints of their circumstances. The country needs to address its problems with minority groups quickly and decisively to avoid any spill-over effects to its booming economy. For example, Thailand has achieved economic success but faces an increasingly divided society with a political vacuum. Indonesia has done well achieving high growth rates in the past decade but continues to be hindered by issues concerning transparency. Cambodia faces new challenges with a young population whose expectations far exceed those of its government, resulting in resentment on many levels. The key point is that every country has its own set of problems. Myanmar must not be afraid to stand up for its interests according to the rule of international law. I hope that Myanmar’s strategic vision will not undermine its deeper realities. On this note, I would like to suggest three points on Myanmar’s way forward.

1. Adopt Reverse-Engineering Process
First, Myanmar could complement its

development process via a “reverse engineering” process. Guided by this conceptual framework, Myanmar could first identify potential issues that could upset its development and implement measures to fix the teething problems. In other words, this can be considered as a pre-emptive approach to solving problems. One of the solutions is to start beefing up the country’s education base - to not just improve its educational curriculum but also to increase the relevance of skilled labor to its critical industries and small and medium enterprises. These two areas can build a solid foundation to sustain the economy and thus maintain the cycle of market forces. In the social sphere, Myanmar could consider implementing the framework of the UN human rights covenants as an indication of true acceptance for greater transparency. These initiatives would show that its current transformation to reinvent itself is not a fad but a practical and prudent approach.

2. Demonstrate Practical Leadership

Second, as the current Chair of ASEAN, Myanmar could demonstrate practical leadership. By 2015, ASEAN will become a single market and production base of 600 million consumers with a combined gross domestic product of US\$1.8 trillion. Interest in Myanmar continues to grow amid external influences that could upset the region’s financial stability. Myanmar must quickly shape the landscape of competitiveness in trade and investment, with the aim of moving ASEAN up the global value chain. I also believe that the most important value proposition that Myanmar could bring is to show courage and optimism in times of flux. That is a test of character. In this regard, President Thein Sein has displayed decisiveness in the recent ASEAN Summit at which he has acted with the current consensus without taking sides with China on the issue regarding the South China Sea dispute. This is a clear indication of mettle and quiet confidence. Myanmar has also announced that it aims to reduce its poverty rates by 10 percent by 2015. All these initiatives point

that Myanmar is not only capable of reinventing itself but also there is an increasing willingness to adapt to new ideas with a greater sense of rationality.

3. Create More Avenues for Greater Convergence

Third, Myanmar can create more avenues for greater convergence required to build confidence and to reduce uncertainty through relationship-building in ASEAN. More joint ASEAN initiatives in trade, crisis management and academic programs can be developed to promote interagency cooperation within and beyond Myanmar. More private and public partnerships can be implemented too. Corporate Social Responsibility Manager Aung Myo Shein from Parami Energy Group of Companies underscores the “importance of social responsibility from both local and foreign firms to aid people from the rural areas”. This type of initiative could create more synergy for greater convergence within Myanmar, and could enhance social capital within society.

Separately, in May 2014, US President Obama has renewed some U.S. investment sanction for another year despite Myanmar’s reform efforts. Contrary to popular belief, I believe that this will not derail Myanmar’s development. It could even possibly give a new spirit of self-confidence to deliver better outcomes in more avenues. I would like to quote ancient Chinese strategist Zhuge Liang, who was known as a great statesman, an engineer and a

military strategist in the Three Kingdoms period (220-280AD). He believed strongly in building quality relationships and advocated that “beneficial relationships can hardly be kept constant. The acquaintance of honorable people, even at a distance, does not add flowers in times of warmth and does not change its leaves in times of cold; it continues unfading through the four seasons, becoming increasingly stable as it passes through ease and danger.”

In conclusion, Myanmar has made cautious steps towards reinventing its wheel in the areas of development which presents a wealth of opportunities to attract international companies. As Myanmar continues on the road of reform, local industries are expected to grow faster than those of the bigger economies in Southeast Asia. The challenges now for Myanmar are to unlock potential within its high-growth industries, to maintain its growth trajectory, and to reduce possible risks of “overheating and under-delivering”. How fast Myanmar picks up best practices on a level that is consistent with the pace of globalization in ASEAN will be critical to its future development. As for potential investors, any acquisition or joint venture offers an immediate access to Myanmar. This is especially the case if the entry strategy is to invest capital in gaining market share. Companies must realize that doing business in Myanmar is not a short-term game. It requires innovation and improvisation in order to gain a sustainable edge for the long run.

“Myanmar is not just about reform but about reinvention.”

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