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Opening the last untapped market

KWR has something in short supply: On-the-ground expertise in Myanmar

The race is on to the "New Myanmar." Following reforms by President Thein Sein, major companies such as Coca-Cola, General Electric and Caterpillar have established operations in what remains one of the last untapped Asian countries.



Photo: Keith W Rabin

Myanmar is rich in oil, gas and minerals. It also has 80% of the world's teak supply and substantial fertile land for agriculture.

KWR International, Inc., a global consulting firm based in New York with extensive experience in Myanmar, is helping American companies invest in the rich, but still mysterious and politically troubled country.

"Myanmar's geographic location is ideal for commerce with China, India and other parts of Southeast Asia, with coastal access providing an opportunity to become a central shipping country and a major actor in international and regional trade," the company states in a recent study on the frontier market. "Its population size also provides it with the labor force necessary to develop a proficient manufacturing sector and constitutes a sizeable consumer market," it added.

Formerly called Burma, Myanmar has a population of about 55 million and gross domestic product hovering around \$54.4 billion. On a per capita basis, that works out to about \$855 a year.

That means the country – which was cut off from the world for 60 years, under military rule until its democratic elections in 2011 – has plenty of investment potential. And Western companies are scrambling to grab it. "There is definitely an increase in activity in investment," said Keith Rabin, president of KWR. "It is going full-steam ahead," he told Business Without Borders.

In the April, 57-page report on Myanmar, Rabin said that despite Myanmar's vast wealth, recent investment and political reforms – including President Sein's encouragement of activist Aung San Suu Kyi to run for office – Myanmar is not an easy country to figure out. "Myanmar remains an enigma," he said in the report. "Its natural resource wealth and large population, combined with recent overtures towards inclusiveness with the international community offer incomparable promise, but the amount of progress it must sustain to truly develop remains large."

As President Sein promises a second wave of reforms, Japan and the EU have already moved to ease sanctions. The United States is also warming to the possibility, with Secretary of State Hillary Clinton telling Foreign Thai Minister Surapong Tovichakchaikul in June that the U.S. may be prepared to lift some — but not all — sanctions. "U.S. sanctions remains the largest barrier to investment," said Rabin.

Rabin has extensive experience in the country, dating back to the 1980s. "I used to manage a trading and business development company and I was one of a handful of non-diplomatic foreigners allowed to stay for more than a week," he said. He developed close links with such key contacts as the Myanmar Export Import Corp. (MEIC), Yangon Division Cooperative Syndicate, Ministry of Industry 1, as well as the U.S. embassy, and a wide range of national and local government agencies, trade and industry associations. KWR offers on-the-ground expertise in Myanmar, something in rather short supply.

In KWR's report "[Business and Investment Opportunities in the 'New' Myanmar](#)" Rabin points to the "significant transformation now taking place in Myanmar; a resource-rich nation that possesses significant natural gas and oil reserves. Its preservation of temples, pagodas and colonial buildings, combined with its vast natural beauty heightens its attractiveness as a tourist destination."

It also points to the near-term growth potential in industries such as mining, agribusiness, forestry, fisheries and manufacturing. Potential also exists in technology and telecommunications, financial services, health care, retail, real estate and infrastructure development.

"Expectations are high on both sides," Rabin said, while admitting Myanmar still has a long way to go politically. He said the country faces considerable difficulties in moving towards a stable, open and competitive market.

On the political front, issues include "the need to resolve conflicts with ethnic minorities, to release political prisoners and re-integrate them into civil society, to overcome sanctions and to sustain continuing movement toward a more democratic form of government." In a clear effort to reach out to the world, Myanmar is hosting the Southeast Asia Games (SEA) next year and has launched efforts to join the ASEAN Economic Community.

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