



**A GENTLEMAN'S
GUIDE TO STYLE**

Page 14



LIFE DOWNTOWN

Page 24



**A TRIP TO
KYAUKME**

Page 25



MYANMAR INSIDER

THIS MONTH'S INSIDER NEWS ON BUSINESS, LUXURY, REAL ESTATE, LIFESTYLE & LEISURE

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1200 KYATS

INSIDE INSIDER

Make way for the ASEAN Economic Community p.23

By late next year, the Myanmar will wake up to a new Asian economic order - and most of them won't even realise it.

The much anticipated (or dreaded) "ASEAN Economic Community", or the AEC, is scheduled to come into existence on December 31st, 2015. The AEC is the first step to achieving full regional economic and financial integration among the ten member countries of the Association of Southeast Asian Nations (ASEAN) by 2015. It's ASEAN's version of the European Common Market.

Ngapali Beach p.27

The plane to Ngapali Beach pretty much lands on the beach itself, so maybe think twice about going if you're a nervous flyer. From the cabin window it looked as though we were about to land on water, then a short, dusty runway appeared from nowhere just before we hit it. Baggage claim took place in the carpark outside the tiny airport's main entrance.

Sport in Yangon p.31

There's been a remarkable emergence of sports clubs in Yangon within the past two years. The great thing about living in a city that has relatively few activities available is that it's relatively easy to start one of your own. If you are enthusiastic about a sport or activity, the chances are that someone else is, too, and all it takes is a few emails, one or two conversations, and you'll have an activity of some sort up and running.



EXPAT INSIDER

SUNIL SETH

COUNTRY HEAD - TATA INTERNATIONAL

Cover story, P.4

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THE MYANMAR INSIDER

Welcome back to another great issue of the Myanmar Insider. This month we obviously have Thingyan, or the Myanmar New Year, to enjoy and celebrate to with a splash - quite literally...

Looking forward to April 13th to the 16th, the country is gearing up for the increasingly famous Water Festival, in which what seems like the entire country gets soaked through to the bone, and has a fine time doing so.

As you know, we like to improve on what we have done in the previous issue and continually strive to do just that, so we're very happy with the widest range of top quality articles that we have compiled for you to date. We are sure you will agree.

As always, happy reading.

Vic Jeffery



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Cartier Ballon Bleu Large 18k Yellow Gold Mens Watch



Floating like a balloon and as blue as the sapphire safely nestled in its side, the Ballon Bleu watch by Cartier adds a dash of elegance to male and female wrists alike. Roman numerals are guided on their path by a sapphire cabochon winding mechanism protected by an arc of precious metal. With the convex curves of the case, guilloché dial, sword shaped hands and polished or satin finish links of the bracelet, the Ballon Bleu watch by Cartier floats through the world of Cartier watchmaking. Cartier Ballon Bleu Large 18k Yellow Gold Mens Watch has 42mm case diameter, 11.9mm case thickness, 18k yellow gold case with 18k yellow gold bracelet, fixed 18k yellow gold bezel, silver dial with blue steel hands and Roman numeral hour markers, minute markers around the outer rim, date display at the 3 o'clock position. In addition, self winding automatic movement, scratch resistant sapphire crystal, 18k yellow gold crown, solid case back and water resistant at 30 meters/100 feet, functions give it more royal look. Price: US\$39,800



Samo Limited Edition

Samo is the newest Omas limited edition, which represents a tribute between the cultures of the East and West. It celebrates the origin of ideas from the 6th century BC when the island of Samos was at the peak of its role as a point of exchange of goods. Samo, a fountain pen by Omas, underlines the first steps of the visual signs left by the Hellenic civilisation combining luxury, culture and design. The clip, elongated beyond the cap and bearing the engravings of Omas and Samo, represents the idealised bridge uniting East and West. Made in a numbered certified limited edition of 572 pieces in solid silver; 572 represents the birth year of the famous Samos son, Pythagoras. Also available in solid Rose Gold with diamonds on the clip - 14 pieces. Price: US\$3,400

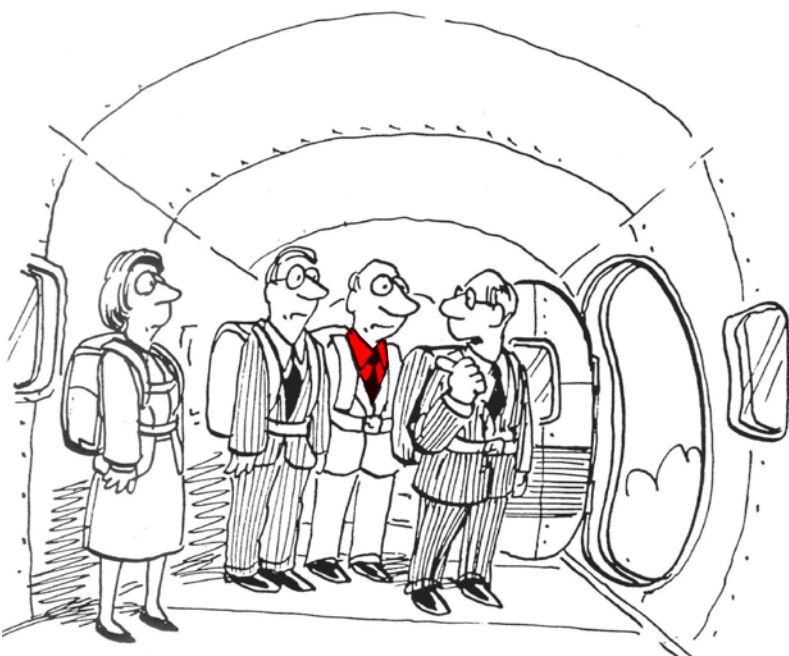
BUILDING SPACES FOR RENT

With each level featuring about 4000 square feet of area, this building is located very close to nearby necessities; this building being only 30m away from the Bogyoke Aung San Market, 50m away from the Trader's Hotel, and 100m away from the Sakura Tower, you are sure to receive a lot of human traffic in this Central Business District. One of the levels also features an extended balcony, which is suitable for F&B outlets.

This building's renovation is expected to be completed in the third quarter.

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"Helen, you're the Team Leader, why don't you jump first?"

A Unique Experience

By Charlie Greene

Name: Sunil Seth
Nationality: Indian
Age: 53
Company: Tata International
Position: Country Head
Profession: Mechanical Engineer and MBA.

Sunil has been with the Tata Group for more than 30 years, spending more than 28 of those years with Tata Steel. Sunil's area of interest and expertise has been the marketing and sale of steel and international trading and he has spent fifty percentage of his career working outside of India, having worked in Slovakia, Thailand, Singapore and now Myanmar. One of his main contributions to the Group includes the successful launch of the Tata Tiscon brand of reinforced steel bars in both India and Thailand.

The Myanmar Insider: When was the first time you visited Myanmar?

Sunil Seth: I visited Myanmar first when I was posted in Singapore. It was in 1996 while I was working as a regional manager for exports. I was looking into exporting steel bars to Myanmar at that time from India, Russia and Turkey.

MI: What was your experience of the country like back then?

SS: The market had not evolved as yet compared to other ASEAN markets, even though it had its own unique characteristics, even way back in 1996. I noticed significant limitations in banking facilities and a lack of awareness on quality. At the same time, businessmen were very open to engaging with the outside world. They did bargain hard, but once the terms were agreed, they would honour the contracts. I also experienced difficulties in shipping to Yangon port, as the port was very congested in those days.

MI: What are your impressions of the country now, and what do you see in its future?

SS: During my visit in 2011, I was pleasantly surprised by the improvement of internet facilities, mobile phones and roaming facilities. Of course, now the access is even better. I eventually took the position of Country Head for Tata International on the 1st of January, 2013. I saw a huge increase in the number of cars on roads in Yangon and an improved banking system; the currency has been floated. Myanmar has very good potential; its demographics are extremely favourable: it has a hardworking, intelligent and adaptive young population. Myanmar people are fast learners and they are very comfortable with technology. In addition, the country is blessed with natural resources and a strategic geographical location. We just need patience, perseverance and time to develop relationships and trust here.

MI: How did you end up stationed full time in Myanmar?

SS: The Tata Group has been looking for opportunities in Myanmar for a while. Tata Motors has built an assembly plant in Magwe



Division in partnership with the Ministry of Industry. With my regional experience within ASEAN, I was selected to be the country head for Myanmar, having, as I said earlier, worked for Tata Steel in Singapore and Thailand. I personally wanted to develop other businesses for the Group besides steel.

MI: How does working in Myanmar under the present business climate compare with other Asian countries?

SS: It has been a unique experience for me. The facilities that you take for granted in other countries are not easily available here, for example, proper infrastructure, domestic travelling, power supply and banking facilities. So, one has to be

adaptive and flexible to do business in these circumstances.

MI: What, if any, are the challenges with the local workforce? If there is a problem, what would your solution be?

SS: The younger generation is hard working and sincere. Of course, we do need them to be exposed to best practices from around the world. They are fast learners, so given proper training, investment and time, they will come up really fast. Being able to understand English well and to be able to speak it is also a plus, in addition to being technology savvy. The short comings would be the lack of awareness in the concept of loyalty and a lack of initiative. They are good

at implementation, but they will wait until the boss tells them what to do.

MI: What does doing business in Myanmar now offer most for your company?

SS: We have many SBUs (strategic business units) within the Tata Group: steel, power, construction, housing, trading, hotels, chemicals, agro and automotive. Each SBU sees an opportunity in Myanmar. Myanmar needs good infrastructure, good hotels, agro investments and reliable trading partners.

MI: Which sectors do you believe offer the most in terms of business opportunities in Myanmar, and why?

SS: My first choice would be power generation. Only 26 percent of the country's population has access to power. Next would be infrastructure development; the country still needs lots of bridges, roads and housing. The third would be agro business. Under the brand Rallis India, we produce the "cides" (insecticides, fungicides, pesticides, etc.), food nutrients and seeds. We want to market our products, increase productivity and yields and buy back the agro produce for exports.

MI: What effect do you think the sudden influx of foreign companies/nationals will have on the country and its people/culture?

SS: I see this from a positive viewpoint. The foreign companies would offer excellent job opportunities. One of the important side effects of this would be getting an upgrade of workers' skills and knowledge, either through their own efforts or the company's training programmes. Local workers will also experience international best practices being deployed here by multinationals. There will also be competition amongst local staff to get the best jobs.

MI: If anything could be introduced quickly - say over the next six months - to improve doing business here, what measure(s) would you implement? Conversely, what long term changes are key to development that need to be implemented now?

SS: I believe government needs to prioritise and focus. They have to understand that they cannot do all the improvements that they want to do at the same time, so it is best to prioritise things, such as infrastructure development, and stay focused on these. Also, the government can help shorten the lead time to get projects approved and implemented, for example, having a standard Power Purchase Agreement in place quickly as an example for power sector development. Another important thing would be clearly stated and unambiguous laws and regulations. A number of foreign investors are hesitant to invest because of non clarity of the legal framework.

MI: Are there any other risks that you see for the economy?

SS: Myanmar is currently getting a lot of attention from the global community. Global organizations, such as the World Bank, the Asian Development

Bank and JICA, are all here committing to help improve the country. It is important for Myanmar to show the positive change they are bringing about, even if it is in small steps, to get the confidence of the international community. The country has to continue to push forward, as the global investment capital cannot wait. Capital will find its way to more attractive destinations, so if Myanmar falls back, we would all miss the chance to get the best companies to come and invest here. In that aspect of attracting good investors, it would be good for the government to showcase shining examples like big projects undertaken successfully by foreign investors or JVs in the country. Of course, the transparent awarding of telecom tenders is a very good example.

MI: How are you enjoying present day life in Myanmar? What do you like/dislike about your life in the country?

SS: For my family, it was a big change to come here from Thailand. It felt like going back in time to India in the '80s. It was a unique experience. Of course, we, like other expat families, experienced difficulties. These were more than offset by the extremely nice Myanmar people and encountering many helpful individuals, assisting us without any expectations. I also like being able to meet more people socially and build a good network of friends. The only thing I want improvement in is the choice of good food. The choice is still quite limited, though we see a few new restaurants opening up every second day.

MI: Could you update us on the Tata Group's present activities in Myanmar?

SS: Presently, we have three broad areas on which we are focused. The first one is under Tata International, which specialises in the trading of beans and pulses and the import of construction materials (including steel, concrete equipment, etc.). The second area is electric power, where our group company, Tata Power, has signed an MOU to build a thermal power plant in Patheingyi, Irrawaddy Division. We are currently planning to do the pre feasibility study. The third is automotive, where Tata Motors is already selling commercial and other vehicles, manufactured in Magwe, Myanmar, and also imports from India. Our other group companies like Tata Housing and Indian Hotels are also evaluating opportunities here.

MI: What are the Group's long term objectives?

SS: The Group looks at Myanmar as a strategic market and would like to participate in the areas of power generation, tourism, agriculture, housing, infrastructure development and the automotive industry.



MI: What advice would you like to pass on to local enterprises on fair competition and collaboration with foreign partners?

SS: Probably from not being exposed to world class products and services for many years, the mindset is to go for the cheapest price. This needs to change and companies have to understand the price-quality equation. Currently, the thinking is very short term. Also, concepts of total quality management and safety need to be understood and implemented. Local enterprises will have to be ready for newer competition once ASEAN become one single market by end 2015.

MI: Do you believe the long term relationship between India and Myanmar prior to the country's opening up has given the Tata Group competitive advantages over other international players when negotiating business ventures with the Myanmar government?

SS: In general, Myanmar companies have a positive view towards Indian businessmen. At the same time, we must show them a specific value add and a value proposition for our products and services to get business. Tata is a trusted name and brand in India and is well known in Myanmar, but to that extent it leaves us with a higher responsibility to supply products and services and deliver our projects with high quality and excellence.

MI: With the benefit of hindsight, would you have done anything differently when you started, and if so, why?

SS: With hindsight, I would spend more time and do deeper due diligence finding a local partner, as this is very critical for the success of a company in Myanmar. We have had some not very good experiences with some partners we selected.

MI: From a business standpoint, what do you feel are the biggest challenges facing you and your organisation in Myanmar in the next one to three years?

SS: One, the banking system: there is no credit available and facilities are inadequate to cope with Myanmar's growth; two, power availability: the government really needs to focus on this issue, otherwise the manufacturing industry will grow very slowly without adequate power; and three, improved infrastructure; logistics, roads, etc., to improve the overall cost position of Myanmar for their exports industry.

MI: If you were, hypothetically, entering into business in Myanmar for the first time, what are the key factors of consideration, and what would be the typical issues that you would like to address before putting money in?

SS: First, I would look at infrastructure availability. Second would be the legal framework. The third

would be the human resources and skill sets availability to get the job done.

MI: How do you see Myanmar comparing with its Asian neighbors in the short and long term future?

SS: Not being part of the global economy for 30 to 40 years has put Myanmar behind other ASEAN neighbours. It has a lot of catching up to do. In the short term, the leadership has to stay focused and drive critical changes. They should prioritise and go for implementation. Myanmar is a very blessed country with lots of natural and human resources and it has a very substantial market size, so the makings of a great growth story are there already. If everything goes the right way, Myanmar would be very close, if not on par, with Thailand in ten to 12 years time.

MI: If you could make one major change in the country, what would it be?

SS: It would simply be the way ministries are working in Nay Pyi Taw. We need better coordination among ministries there. Foreign investors would find things easier and smoother if coordination between various ministries improves.

MI: What advice would you give to someone looking to start up a business and invest in Myanmar?

SS: You cannot be a "sprinter". You need to have a "marathon runner" mindset. Perseverance and flexibility is very important. Also, focus on building trust and relationships.

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One on One with U Maw Than

By Charlie Greene

Name: U Maw Than

Age: 75

Positions held: Director (Central Bank of Myanmar), Member (Tax Board), Member (Myanmar Accountancy Council)

Profession: Academic - Accounting, Finance and Management.

The Myanmar Insider: You have held various positions in both public and private sectors over many years. Could you summarise the various portfolios that you have held until now?

U Maw Than: After my graduation in March, 1960, I joined my family company, owned by my father and a few associates. I worked there for three years. It was called Mone Man Corporation Ltd; "Mone Man" referring to Mon Ywar and Mandalay, two of the biggest cities in Upper Burma. It was located in Pabedan, Yangon, and after the military coup in 1962, they began to nationalise the private companies and we liquidated the company. Soon after, I joined U Hla Tun (at that time known as Allen Charlesworth & Co, Chartered and Registered Accountants) in 1963 as a trainee. I completed the articleship programme in 1966. In 1967, I joined the People's Pearl and Fisheries Board, under the Ministry of Agriculture and Forestry. I was with the board until December, 1972 - for five years. I was selected in the state scholar programme and transferred to the Ministry of Education. I was sent to study at Aston Business School in England. I did my research there, first completing my MBA and then Master of Philosophy. I came back to Burma in 1977. From 1977 until December 2000, I was with the Yangon Institute of Economics - for nearly 23 years. From 1977 to 1985, I was an assistant lecturer at the Department of Commerce. I became a lecturer in 1985, associate professor in 1992, professor in 1994 and rector in 1996. I have been on the board of the Myanmar Accountancy Council (MAC) as professor and rector of the Institute of Economics. I was asked to join the Board of Directors of the Central Bank of Myanmar (CBM) in 2013. After I retired, in addition to participating actively on these boards, I also lecture during my spare time. I currently lecture at one of the private schools, specialising in ACCA subjects at professional level. I also give some of the continuing professional education (CPE) seminars at the Myanmar Institute of Certified Public Accountants (MICPA). Actually, I have to thank these teaching assignments, as they have kept me updated on current issues in the accounting world.

MI: One of your key positions is Tax Advisor to the present government, through the Tax Board. Could you elaborate on key challenges that the country is facing now, in terms of taxation concerns?

MT: The main issue here is the tax to GDP ratio. In Myanmar, our ratio is around four percent. This is extremely low compared with 25 to 30 percent for the United States and around 16 percent for ASEAN countries. Our tax revenues are extremely low. Behind the issue



is the enforcement action. Tax officers have to enforce the tax laws to ensure the efficiency of collection. Just like in every civilised society, everyone has to contribute their own fair share of taxes.

MI: Can you summarise the tax system and the types of taxes in Myanmar?

MT: In Myanmar, most taxes are handled by Inland Revenue; taxes, such as income tax, commercial tax, custom duties and lottery taxes. Others are levied by respective ministries in the form of indirect taxes, for example, road tax, etc. Income tax is, in turn, grouped into seven categories: salary; professional earnings; business; properties; capital gains; other sources; and undisclosed income. Income tax system wise, taxable income here is assessed on a prior year basis. The income tax is naturally progressive, whereas commercial tax is proportional. As recently reported in the news, there are about 10,000 companies that do not pay tax. What structural and policy changes would you recommend in order to restore the country's tax system deficiency? It is a question of enforcement of the tax law. I would advise Inland Revenue to focus on these 10,000 companies and carry out detailed investigations and take action. Enforcement officers must understand tax laws thoroughly, and rules and regulations for enforcement.

MI: How does the new system go hand in hand with the investment law as far as foreign investors are concerned?

MT: Foreign investment law provides lots of tax exemptions and tax holidays for companies. I am a bit concerned that companies will transfer their operations into another new company or set up - even liquidate - once the tax benefits expire.

MI: What are the main policies that the government has changed or adapted to accommodate Myanmar's new trends and its opening up to international markets?

MT: Our government has started economic zones and a lot of infrastructure works, especially roads, bridges and telecommunications infrastructure upgrades. Now, more sectors are open to foreign participation. They are also emphasising the increase in power supply to businesses. The government realised that, once the businesses prosper, tax revenues will go up.

MI: As far as personal income tax is concerned, will there be significant changes going forward?

MT: The current income tax threshold is pretty low. Salary earners have to start paying tax once they earn 120,000 kyats (around US\$120) per month. The rate ranges from one percent to a maximum of 20 percent.

MI: As one of the Board of Directors at the CBM, what are your main duties?

MT: At the CBM, our objective is the control of inflation and exchange rate stabilisation. Since we've had the free float of the kyat, we have been

trying to keep the inflation and exchange rates stable through monetary policy tools.

MI: What is your view on the CBM maintaining a high interest rate regime?

MT: The Myanmar interest rate is spread eight to 13 percent. The main purpose of maintaining the high rates is to control inflation. If the interest rates are lower than inflation, there will not be incentives for capital accumulation and lesser demand for the kyat. We cannot have out of control inflation for the sake of stability of the country and the financial system. I must let you know that the informal rates are even higher.

MI: You are a significant figure in the Myanmar accounting world. What are the present changes in Myanmar accounting standards that will close the gap of local standards versus IFRS?

MT: The MAC has already adopted IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) since 2010. The MICPA has also been providing CPE training seminars for existing CPAs. The MAC also requires companies to adopt IAS/IFRS. We are in the midst of structuring Myanmar tax and Myanmar company law exams for Myanmar nationals who've graduated from overseas to become CPAs here.

MI: With the influx of foreign investors, the demand for well qualified accountants will increase. Could our present education syllabus

on both taxation and accounting standards fulfill the international standard requirements?

MT: Our immediate response is the MAC inviting applications to join our CPA programme on a wider basis. Initially, it is targeted at previous Yangon Institute of Economics (YIE) fresh commerce graduates. Holders of Accounting Diplomas from the MAC are admitted to the programme since two to three years ago. For the current year, we already have close to 780 applicants. We will exercise quality control through exams. For the medium term, we would like to update the syllabus of the YIE. One of the MAC members is a professor from the YIE, so we expect to get good cooperation on that. The MAC would keep abreast of developments of the IASB (International Accounting Standards Board).

MI: The Myanmar Stock Exchange is launching in early 2015. In order to qualify for the IPO application, what are the criteria that companies must possess, in your opinion?

MT: First, we need the authorities to change the Companies Act to include corporate governance or adopt a code of corporate governance in Myanmar. We need a strong corporate governance regime here. Companies have to abide by that. We can adopt a rule based on SOX or principles based on the Combined Code; I personally prefer the latter. Every company these days is turning themselves into public companies, trying to issue shares to an unsuspecting public. They seem to just make up 50 percent of the shareholder requirements with their own friends and relatives to become a public company.

MI: Public awareness of risk and reward when investing in public companies is minimal. What is being done to address this issue?

MT: Listing criteria will be needed to go public soon. They will then know these requirements and trust can be developed. The public need to be aware of requirements, such as the minimum percentage to be held by the public, the percentage of independent directors within the board, etc. For the time being, the public need to be aware of listed public companies versus just public companies.

MI: How do you feel that foreign companies now entering into business here will affect the local workforce?

MT: If the foreign entity is an MIC (Myanmar Investment Commission) approved entity, then FDI law specifies the local employee must have a certain percentage of local staff; yes, they will be a boost to the local employment scene. In essence, our local staff will become better and more efficient, through practical experiences, transfer of management skills and knowhow.

MI: From a country development standpoint, in your area of expertise, what do you see as being the biggest challenges facing the current government in the next one to three years?

MT: At the policy level, I believe the government has taken and is currently taking all good and appropriate measures. The main challenge would be the changing of the mindset of the people, especially civil servants, from being used to just carrying out orders or what is being asked to do, to taking the initiative. Currently there is little or no initiative at the corporate staff or civil service level. For example, putting up for approval or needing to inform management where it is within

one's authority to decide. Maybe we are facing a crisis of confidence. As a result of this, we ended up forming committee after committee in parliament, with the prospect of no one being held responsible or accountable.

MI: How do you see Myanmar comparing with its Asian neighbours in the short and long term future?

MT: I am an optimist. Myanmar people are generally smart and resourceful. They also learn fast. With proper use of our natural resources, even if we are behind in the short run, we will catch up with our neighbours fast, assuming our government continues the current open door pathway.

MI: What would your advice to the generation of young people in Myanmar on their future, and what can they do to help to build and develop the country?

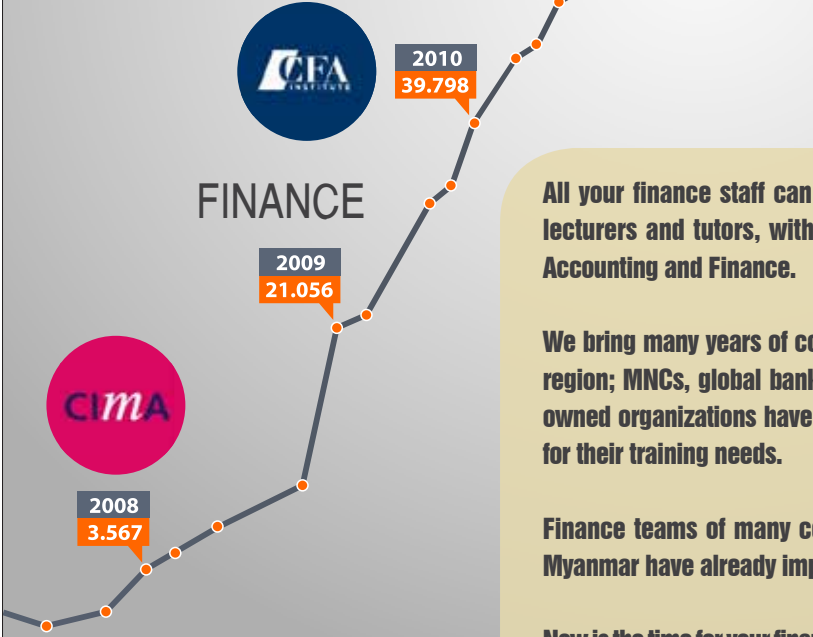
MT: We need them to correct the weaknesses and mistakes of older generations. People of our generation were neither bold nor daring enough. "Generation Y" people, because of their exposure, generally have more confidence. They need to keep abreast of digital technology and language. Expose yourself to foreigners and do not be afraid to venture out and take risks.



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By Charlie Greene

Name: U Myo Aung
 Job Title: Entrepreneur
 Age: 53
 Main Companies: Pyi Zone Publishing House,
 Success International Publisher's Distributor
 Profession: Publisher, Distributor, Writer.

The Myanmar Insider: When did you start your first business in Myanmar, and is it still operational today? If so, how has the business model changed from when you first started?

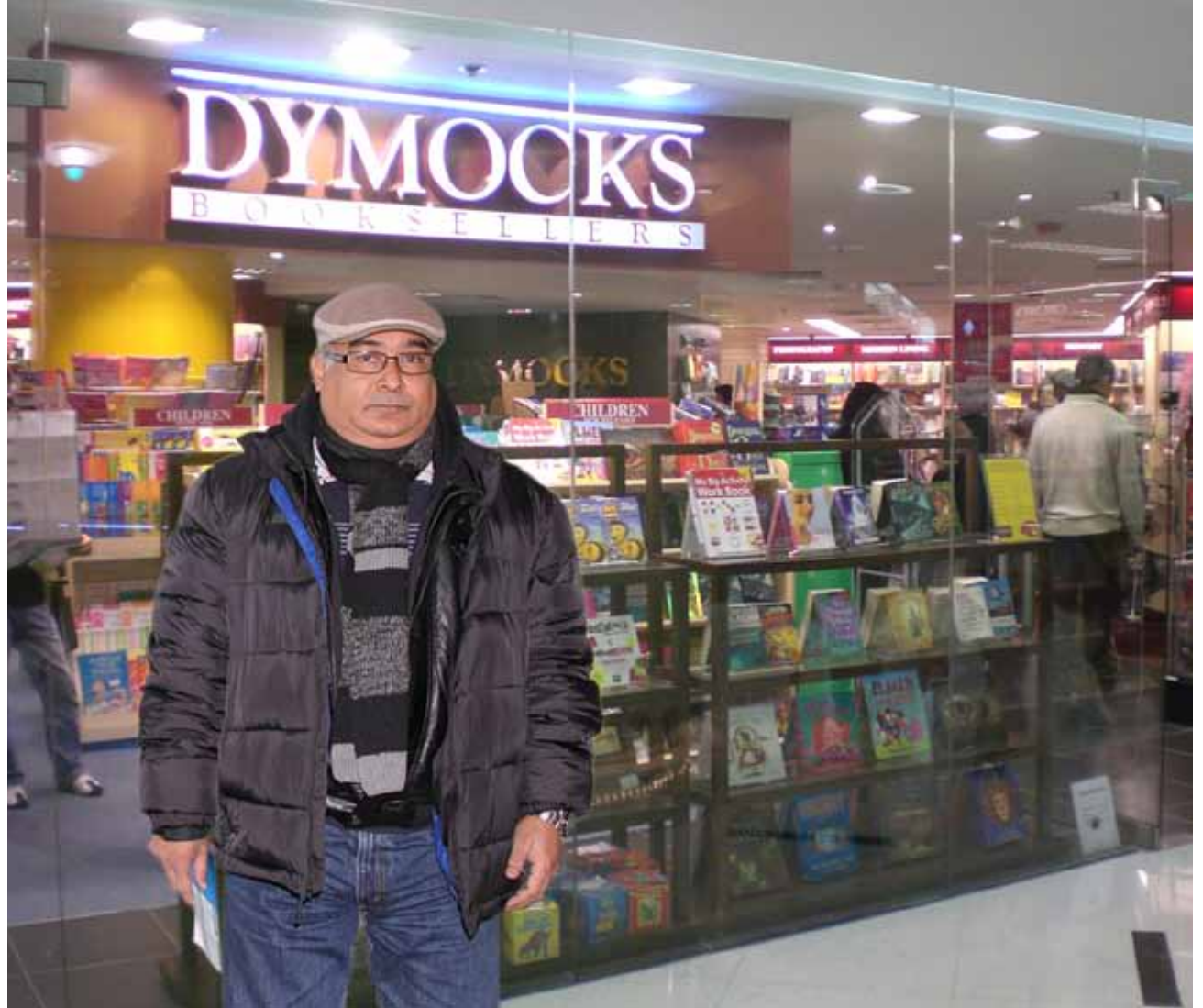
U Myo Aung: My father was a high school teacher and we were not well off. My father encouraged me to learn English since I was very young. He also enrolled me for Burmese tuition classes since 8th standard. Hence, I have read both English and Burmese publications widely and extensively since a young age. I developed good writing skills, too. My first proper writing for publication was in 1989 when I wrote for *Moe Wei Magazine*, a short translated biography of Randy Travis, a celebrity. I started my writing career and, before long, I was already writing for *Myanma Dana* (a local business magazine), as a monthly featured writer. From 1992 to 1994, I was in Singapore. I attended a business school there. When I got back to Myanmar in 1994, I started to cooperate with Innwa Bookstore. Under Innwa operations, we started importing and distributing foreign publications, such as books, newspapers, etc., starting with Singapore papers from SPH (Singapore Press Holdings). Shortly after, we began distributing IHT (the International Herald Tribune), too. Towards the end of 2005, it ended up with Innwa Bookstore taking care of international magazines and me taking care of international newspapers, under a new entity, Success International Publisher Distributor Co Ltd. The model has not changed much since then. In April 2013, when the new Myanmar government allowed the publication of private newspapers, we also decided to print IHT locally. The IHT system is such that it is possible to print and make available every morning the same newspaper in 180+ countries. The actual printing of the first set of IHT in Myanmar was on September 25th, 2013. IHT became the International New York Times (INYT) on October 15th, 2013.

MI: What is your role as agent for the INYT in Myanmar?

MA: Quite simple, actually. I am responsible for printing, marketing and distribution of the INYT in Myanmar.

MI: Could you share with us the story of how you managed to link up with the internationally renowned newspaper?

MA: It started in 1994, when one international correspondent from IHT visited Myanmar, wanting to write about the country. Innwa Bookstore was given the opportunity by the government to bring him around Myanmar. In return for the permission, IHT started to provide free copies to senior officials within



the government. 1995 was the famous "visit Myanmar" year. Hotels needed newspapers and we asked for permission to distribute IHT to these establishments and permission was granted by both the government and IHT.

MI: How did the previous press laws and lack of press freedoms affect the distribution of the INYT in Myanmar?

MA: Previously, the press was controlled via the 1962 Press Registration Act. Everything was reviewed and censored. Every single imported publication had to pass through the Press Scrutiny Department for approval. The news, articles or images of any kind that were against Burma were torn or cut from pages, resulting in many complaints by subscribers (foreigners). It got especially worse if the censored story was the cover story. Then the whole publication is not authorised for distribution. I remembered making thousands of losses compensating the subscribers and having to pay the publisher. In 2005, the Press Registration Department started to relax some controls, with lesser censorship rules. It was not until 2011 under the present new government that the whole censorship policy was abandoned. We currently do not have any censorship on any news. We just have to provide 12 copies of our publications daily to the Copyright and Registration Department.

MI: What are your plans to localise the INYT?

MA: Based on our agreement, I need to increase circulation, i.e., marketing. I also intend to form an editorial team under INYT supervision in six months time. The objective is to be able to put in two to four pages of local news within the main paper. Of course, we have to meet INYT editorial standards. This is part of our agreement.

MI: How does the International Standard Book Number (ISBN) system work in Myanmar, and what is your role as the agent of ISBN here?

MA: For Myanmar books to sell overseas, first we must meet the international standards. This requires every book to have an ISBN number. Actually, the issuing agent is the Myanmar Publishers and Book Sellers Association. I am the vice chairman there.

MI: Other than the INYT and ISBN, what are your principal business activities?

MA: I have Pyi Zone Publishing to publish books. I decided against diversification, as I wanted to become a well respected professional in my field.

MI: As Myanmar was a closed country for almost 50 years, what are your thoughts on the new found press freedoms going forward?

MA: Having a responsible and vibrant media is the fourth pillar under our government

approach to democracy and democratic reform, but we have to build it ourselves. We have now enormous freedom of press and speech under the new government. At the same time, there are lots of weaknesses in the media industry itself. Responsible media is not there yet. Ethical journalism is still a distant target; codes of conduct, press council ethics - we are still in infancy. We are supposed to provide constructive criticism to the government and bring evidence based news stories to the people, rather than the current state of affairs of some papers, printing hearsay stories and personal attacks for political gains.

MI: In your opinion, will the young generation be interested in print media? What is your strategy to counter the increasing popularity of online materials?

MA: Currently almost all print is in hard copy version for our publishers - the audience is moving to online media. The main issue that we face due to this is the copyright issue. When a book is published in the morning, it is being shared freely online by the evening. Both publishers and writers earned nothing. We are planning to officially put our books online; Myanmar publishers, a book sellers association and an internet wallet company through the use of payment engines, such as *ipay* and *Mobile Money*, to sell their books online.

MI: Do you see any of your main business interests having to change or adapt to Myanmar's new trends and its opening up to international markets?

MA: We all have to prepare for the change. In fact, changes are already taking place. It is a matter of time before foreign publishers and distributors come in. We also have to be geared towards copyrights. The copyright law is coming in very soon. I have heard of some sectors calling for protectionist measures; for me, I think of cooperating with foreign parties for mutual benefits.

MI: With the benefit of hindsight, would you have done anything differently when you started, and if so, why?

MA: I would like to continue working - continue to publish and contribute back to society - I also want to continue learning and sharing knowledge. As such, I would love to have taken better care of my health previously.

MI: From a business perspective, what do you feel are the biggest challenges facing you or your organisation in Myanmar in the next one to three years?

MA: Change of mindsets, business structures and operations are required to adjust to teaming up with international players. I also feel that we need to ensure laws and regulations continue to operate well.

MI: How do you see Myanmar comparing with its Asian neighbours in the short and long term future?

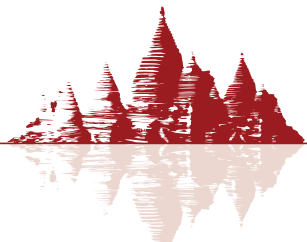
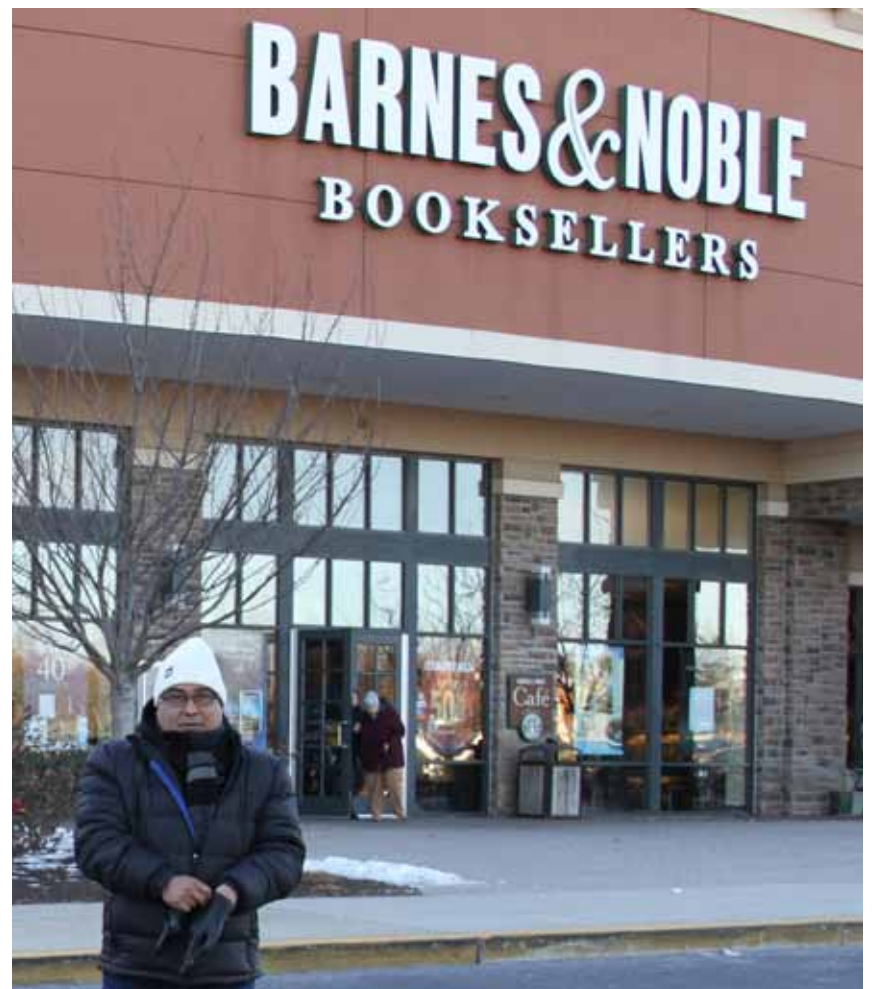
MA: Many printers and publishers from Thailand, Singapore and even Vietnam are looking for local print jobs. They have better banking facilities for finance and better SME support. We have to be better in these areas to compete with them.

MI: If you could make one major change in the country, what would it be?

MA: We need to reduce red tape and increase the flexibility of doing business here. The government could move more into online mode, standardising rules and regulations, thereby reducing transaction costs for entrepreneurs.

MI: What advice would you give to publishers looking to distribute their printed materials in Myanmar?

MA: The key, I believe, is the distribution network. We need to combine publication with distribution strategy. The second point would be to cooperate, instead of compete, for industry development. There is a saying in Burmese: "Loke Ngan To Yan Thu Phit", which means "people doing the same kind of business become enemies". We want to avoid that and work together for industry development.



BAGAN CAPITAL

Keeping the Past Alive?

By Jeremy Kloiser-Jones, CEO, Bagan Capital

Recently, I had cause to reflect on the tourism sector in Myanmar as the nation undergoes a far reaching transformation and visitor numbers grow rapidly. In this context, the preservation of culture, in all its dimensions, can become problematic. In Myanmar, for example, it seems imperative to take care that the fast expansion of tourism and the growth of the business sector, generally speaking, do not overtax or place at risk the existence of cultural and natural treasures that represent some of the special features that attract foreigners to the country in the first place. It involves keeping the best of the past alive and making it work for the future.

Myanmar's unique combination of natural and cultural features is becoming widely recognised internationally and the fact that the country has not seen large numbers of inbound tourists for decades has added a particular mystique to foreign perceptions of this nation and its people. Obviously, it's important that international tourists know that the welcome mat is out in Myanmar and that there are many wonderful experiences on offer.

The Myanmar Tourism Master Plan is designed to do just that, identifying a range of strategies to be implemented over the next five

years to support the tourism sector, projecting rapid increases in the number of inbound tourists to 3 million in 2015 and over 7 million by 2020 (this compares with almost 27 million visiting neighboring Thailand during 2013 - as an indication of upside potential). Hopefully, expansion of the sector will be accompanied by developments that will see more tourists enjoying experiences in locations beyond the limits of Bagan, Mandalay, Yangon and Inya Lake, where tourism is currently concentrated, although it appears certain that these will remain the hotspots in the immediate future. This concentration can be explained not only in terms of accessibility and infrastructure, but also by reference to the vast array of distinctive cultural and natural features found in these areas, although it must be said that virtually every region of the country has tourism potential. In view of these projected tourist flows, there is a case to be made for prompt action to develop strategies that address cultural preservation where tourism impacts are most likely to produce stresses, such as natural environment protection and maintenance of religious and other heritage architecture, in order to sustain their attraction for tourists and to conserve critical links to Myanmar's past.

In terms of physical structures, Bagan, of course, is renowned for the architectural magnificence of the more than 2,000 Buddhist temples that survive from the 13th century and earlier. There is talk of a UNESCO heritage listing for Bagan, which I hope will eventually, as successful recognition of this would further raise Myanmar's profile and provide funds for restoration work. Mandalay City also has many religious sites of significance, as well as being the location of the 19th century Royal Palace - another edifice about which there is talk of a major restoration project. In Yangon, the amazing Shwedagon Pagoda is the major tourist drawcard, although it is the buzz of the city coupled with its numerous examples of 19th century colonial architecture that complete the package that represents the country's must see destination for most tourists. The importance of protecting and preserving Myanmar's architectural heritage, exemplified by national icons, such as these, should not be underestimated, for reasons both cultural and pragmatic. In Yangon, the heritage buildings that dominate the central business district and give the city its unique character are, however, in varying stages of repair and some are at risk of demolition, given the scarcity of building sites in the downtown precinct and the demand for commercial and accommodation space. Many such buildings have been demolished in the past and, although there is protection for certain government owned buildings, there has been little attention paid to the fate of those that are privately owned. Here, the Yangon Heritage Trust (YHT) has taken on a critical role in working to close the regulatory gap, protect significant buildings and promote urban planning strategies that recognise the significance of architectural heritage.

The YHT is a community based organisation that was established in 2012 in response to the potential decimation of the

city's architectural heritage. It now benefits from advice and support from domestic and international experts in conservation and urban design and planning. Apart from its public advocacy role and its contribution to critical policy formulation, the YHT is also involved in the elucidating and communication of the city's architectural and related history, for the benefit of locals and tourists alike, even to the extent of conducting walking tours embracing key heritage sites. Further information on the Trust and its work can be found at yangonheritagetrust.org. I wonder whether the YHT concept could be extended to other areas of Myanmar and perhaps serve as a model for similar organisations, with varying briefs focused on different cultural assets?

Can socially responsible corporate citizens ignore the issue of culture preservation? I think not. Will Yangon have the same appeal for tourists if it becomes a mass of concrete and glass high rises? I doubt it. This does not imply that we should put the brakes on development - far from it - but it is demonstrably possible, for example, to blend satisfaction of contemporary space usage requirements with the preservation of the best of existing architecture. There are numerous examples of such blending being achieved with great success across the world. Businesses can contribute to this outcome by looking beyond the prospect of short term gains and seeing the value of shaping private, corporate goals within the context of cultural preservation, to their benefit and to that of the whole community. One day, I hope to be able to open the curtains of my office in a strategically refurbished heritage building and take in the sight of the Shwedagon Pagoda - the best of both worlds!

Comments and questions are welcome and should be addressed to ingoodcompany@bagancapital.com.

Willis Group Opens Myanmar Office

Global insurance broker, Willis Group Holdings PLC, has opened its first office in Myanmar. The broker said in a statement that the new office, located in the former capital Yangon, will give Myanmar's domestic businesses and insurance industry a point of contact into Willis' regional and global capabilities and support the company's global and Asian clients.

"We have seen a growing wave of interest in Myanmar, and this is an exciting time to be opening our doors", Adam Garrard, CEO of Willis Asia, said. "Myanmar's insurance industry is at a relatively early stage in its development, and we are proud to be the first of the larger global brokers with an office here. We hope Willis' global expertise will help in the development of a strong insurance industry", he added.



Yoma Diversifies Investments in Myanmar

Singapore listed Yoma Strategic Holdings (YSH) has announced that it plans to massively expand its business interests in Myanmar to gain further footholds in one of Southeast Asia's most exciting markets.

The company, which began as a real estate and property company, has said that it plans to branch out into education, coffee production, dairy products, cold storage and logistics, with total investment in these new ventures reaching US\$130 million.

According to Andrew Rickards, chief executive of YSH, the moves are part of the company's plan to diversify its portfolio within Myanmar and that the developments are in line with the company's long term vision and planning.

The company has formed a new investment holding company, Yoma Agricultural & Logistics Holding (YALH), which is expected to include the new ventures made by the company.



Jaguar Land Rover Rolls into Myanmar

UK based car giant Jaguar Land Rover has said that it is expanding its regional market presence by beginning operations in Myanmar. The company has announced a link up with local group Capital Automotive Ltd, which is also the distributor for Ford Motors in Myanmar.

"This is the first time that the two brands will be selling brand new Jaguar and Land Rover cars in Myanmar, though we continue to see the two brands' used cars being sold throughout the country", said Capital Automotive managing director Khin Tun, who added that the companies aim to bring in more Jaguar and Land Rover models to Myanmar.

Khin Tun believes that there is a niche for Jaguar and Land Rover models in Myanmar and that the product they are selling is different to the new and used Japanese cars that are currently so popular in the country.

"There are a lot of rich men in Myanmar, so if a customer tells us what he wants to have, any type of car from Jaguar Land Rover, we can provide it", he said.



Japan Concerned About Labour Shortages at Thilawa

Japanese investors at the Thilawa Special Economic Zone are concerned about labour shortages at the site, Masaki Takahara, executive manager of Japan External Trade Organisation (JETRO), said at a recent press conference in Yangon.

Chairman of the Myanmar-Japan Thilawa Development Company, Takashi Yani, also said that the potential shortage of labour at the site is one of the biggest concerns for potential investors in Thilawa, a billion dollar multi industry project located close to Yangon.

Despite the concerns, Takahara added that the project has attracted a great deal of interest from companies in Japan and more than 100 Japanese companies are interested in investing in Thilawa in a range of industries.



Masaki Takahara
Managing Director,
JETRO Yangon

Upcoming Industries

By Shwe Sin Hnin

In Myanmar's emerging economy, a number of industries are attracting the interest of both international investors and local entrepreneurs looking to take advantage of potential opportunities in the country after years of economic stagnation. The ones gaining the most attention include oil/gas, tourism and construction, but flying just under the radar are a number of other industries that could well capitalise on the current changes that are taking place in Myanmar.



Garments

Garment investors are looking closely at Myanmar, in part due to: safety issues in Bangladesh, the second largest garment manufacturer behind China; rising prices in China, because of increasing labour costs; and capacity issues in Cambodia, the fourth largest manufacturer. In 2013, Myanmar exports to the EU jumped by 35 percent to US\$308 million, 66.9 percent of which was made up by garments - something that was helped by the EU permanently lifting economic sanctions against Myanmar and reinstating the generalised system of preferences (GSP) status to the country.

The garment industry plays a key role in many developing countries. In Bangladesh, there are over 5,600 readymade garment factories and the industry now accounts for almost 20 percent of GDP, 80 percent of exports and directly employs about 4 million people. Traditionally, the garment industry has often ignored - or at least played down - its environmental and social impacts, but with more high profile incidents occurring in garment factories (most notably the 2013 Rana Plaza collapse in Bangladesh that killed over 1,000 people), garment makers are under more pressure, which is leading them to set more stringent social and environmental standards. If Myanmar wants to become one of the leading countries for garment exports, then it must address several issues, such as working conditions, forced labour and living wages, amongst others.



Information Technology

Anyone who saw the excitement in the room when Google CEO Eric Schmidt visited Yangon in 2013 will know the potential for an explosion of an ICT market within Myanmar. Despite the country's telecoms industry being very much in its infancy, the Myanmar people are an incredibly tech savvy bunch. Official figures will say that mobile phone penetration is less than ten percent, but even in the past year - before the international telecoms companies have even rolled out their services - the number of phones on the streets of the major cities of Yangon and Mandalay has shot up at a quite remarkable rate.

With electricity access remaining relatively low, any growth in the ICT market is unlikely to happen overnight, but there is a very good chance that, as access improves, gradual growth may occur in the industry.

The government has declared that development of ICT is key to the country's development (the priority they have given to international telecommunications licenses is evidence that they are serious), and what is most important to allowing development is putting into place effective ICT related laws and regulations.

Gems

Although questionable in terms of ethics, there is no doubting that the vast resources of gemstones being mined around the country offer huge potential to any person able to break into the industry.

Most notable of the gems being sold by Myanmar are sapphires, pearls and rubies. Rubies are the biggest earner, with 90 percent of the world's rubies coming from Myanmar, with those in the Mogok region being particularly sought after, most notably the Pigeon's Blood ruby.

As demand outraces supply, the demand for precious gems continues to be on the rise, and with that thirst at a particular height in China's status conscious society, there is no doubt that it is an industry that will continue to grow.

No matter what the rewards, there is an ethical dilemma to it, too, with regards to the practises of some mine owners. Advocacy groups



Businessmen dealing with gems



have accused mine owners of getting mine workers deliberately addicted to drugs like heroin, then paying them with the drug to keep them working in the mines.

Education

On a happier note, the Myanmar people place huge importance on education. Public education standards slipped during the country's socialist rule and that has left a real thirst for knowledge across all age groups in Myanmar. In public schools in Myanmar, students are not encouraged to think laterally or form their own opinions, but to learn what is "right" and what is "wrong", and many local people are beginning to understand that this sort of education will not help them in their career hunts. As a result, many are looking towards educational centres that encourage a more creative way of thinking.

Learning the English language is of particular importance to local people, since they recognise the need to speak an international language as Myanmar becomes an international market, but there are also vocational skills that they want to learn.

With services industries showing such potential - whether that's hospitality, leisure, tourism or anything else, for that matter - those



vocational training schools could be a great opportunity for businesses. More and more private vocational (and language) schools are opening up in Myanmar.

Media

In April 2013, private daily newspapers were allowed to be published within Myanmar for the first time in at least a quarter of a decade. The Myanmar people are remarkably passionate about their reading, and so it was hardly surprising that, when the move was allowed, dozens of private publications hit the newsstands. The honeymoon period has worn off somewhat since then, with a number of Myanmar language dailies struggling to stay afloat in a market that still has relatively high printing costs, combined with a saturated market and a relatively raw marketing industry that means many companies are still not quite willing to spend large portions of their budget on advertising in such journals.

Myanmar, however, is one of the few countries in the world where the publishing industry is actually on the climb, and many international companies are funding programmes to improve media within Myanmar; in December, the French government signed an agreement with Myanmar to open the Myanmar Journalism School, with help from Germany, Denmark, Norway and Sweden.

The State of Tourism

By Oliver Slow



Hot air balloon over the plain of Bagan

Long before the country was a “no go” area for most international tourists, Myanmar long attracted visitors captivated by its beautiful landscapes, strong history and culture and easygoing, friendly locals. It was inevitable, then, that when the government began introducing reforms that would see the country go from pariah to darling in just a few short years, that the visitors would come flooding back.

In the 2013 calendar year, visitor numbers to Myanmar reached upwards of two million for the first time, almost double the number that had arrived the previous year. The Minister for Hotels and Tourism, U Htay Aung, has already stated that the ministry is aiming for three million visitors by the end of this year.

It is hardly surprising, then, that in the major destinations - namely Yangon, Mandalay, Bagan, Inle Lake and the beach resorts of Ngwe Saung and Ngapali - hotel managers and owners have seen the prospects on offer and hiked their prices accordingly. According to some figures, hotel occupancy in the most popular areas is upwards of 75 percent, compared to less than 40 percent in even the most popular beach destinations in neighbouring Thailand, and some of the most high end hotels in Yangon have upped prices by almost 500 percent since 2011.

Yet, few of the hotels are investing the extra cash into improving customers’ experiences, meaning visitors are paying over the odds for rooms that are not of the standard of

cheaper rooms elsewhere. In the last year or so, international hotel brands including Novotel, Best Western and Hilton have announced that they soon plan to begin ventures in the country and many smaller entrepreneurs are exploring the option of starting their own smaller hotels. Those that are happy to collect their cash and

sit on it, rather than upgrade and improve, will only lose out when this happens.

The price hike is causing problems for tour operators in the country, too. One unnamed tour operator said that there have been a number of incidents where they have booked hotel rooms for a group tour in Yangon months

in advance, only to be told, upon the group’s arrival, that the reservations were cancelled and booked for another group who were willing to pay more.

“Hotels are really greedy. They charge US\$150 a night for a room that is worth only US\$40... complaints from travellers about



poor facilities are increasing, causing potential damage to the image of the country,” another travel company said.

There are other challenges to be met, too. With development comes profit, and that can often lead to the potential loss of culture. Myanmar has a remarkably strong and unique culture that is never likely to disappear entirely, but as the country develops, there is the risk that certain elements of traditional heritage will fall away as gentrification inevitably descends on the country.

At Inle Lake, among the “Big Four” destinations that most visitors to Myanmar see, a group of local people are working to try and ensure that their unique heritage remains intact.

Despite being in Shan State, the majority of people living on the lake are of the Intha group of people. Their lives and customs generally revolve around life on the lake and the Intha Heritage House has been set up to preserve this heritage as more international businesses look at the area due to its huge potential.

Currently, there are just a handful of locally owned hotels in and around Inle Lake and, while this has been helped by the government ensuring that no international companies can begin tourism ventures completely on their own, there is still a risk that the money being made by the larger companies in Inle Lake will not pour down into the community.

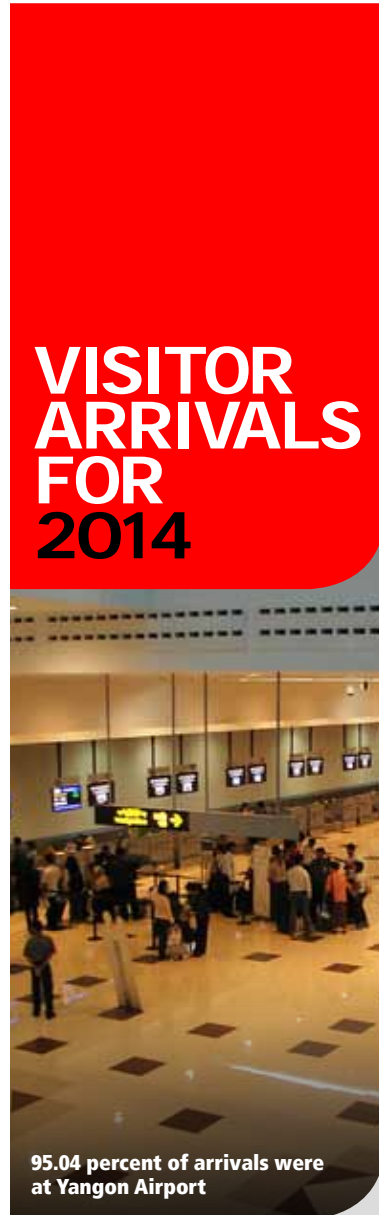


Some of what the Intha Heritage Group have done has included breeding Burmese cats and opening an aquarium that conserves the fish that are indigenous to the lake, but the majority of their work comes from ensuring that those international companies ensure that what they do is sustainable.

“If they [foreign run hotels] want to sustain their businesses, outside investors should take care of the local community. If Inle is no longer attractive to tourists, no one will come, no matter how much you have invested,” Daw Yin Myo Su, the Intha Heritage House founder said.

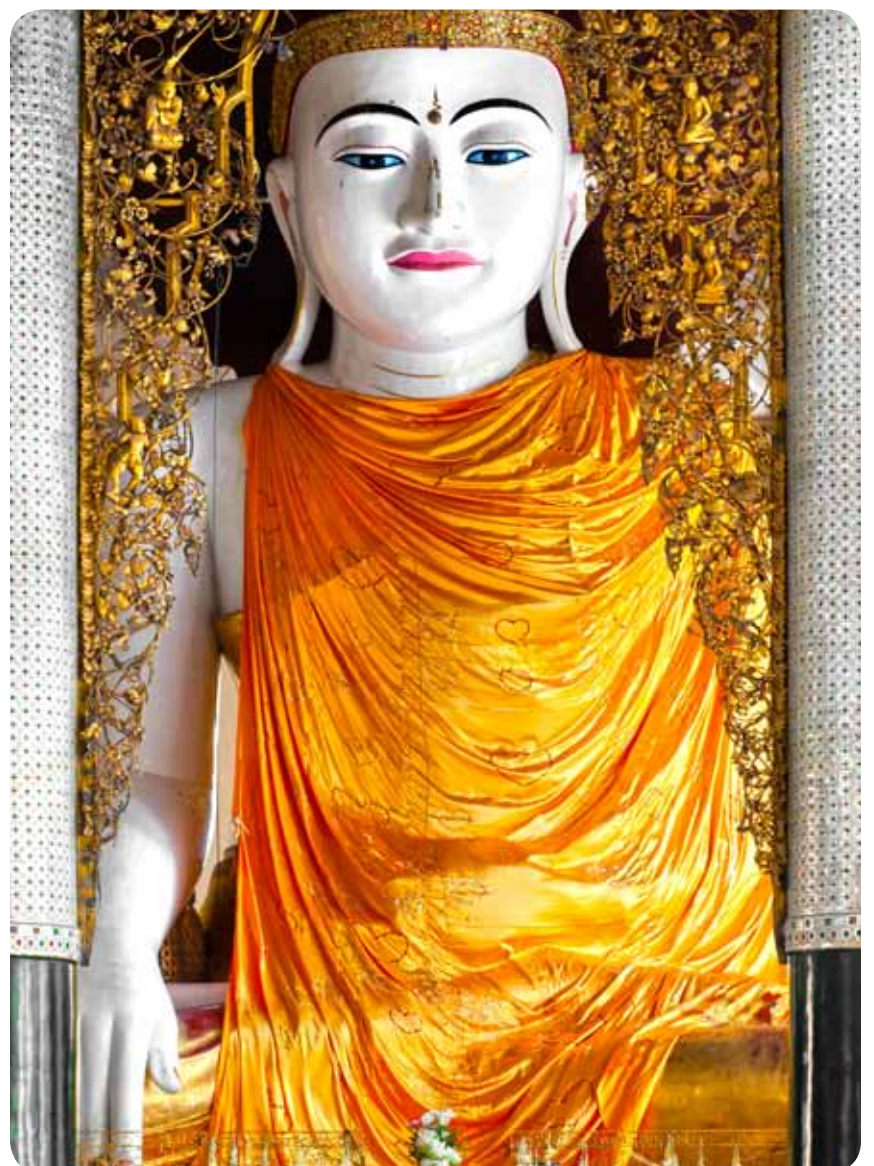
Inle Lake is a well established tourist destination within Myanmar, having been on the map long before the country opened up, but other newly emerging destinations with their own unique heritage have their own challenges to face.

In the south, there are the water dwelling Moken people who are likely to suffer if the Mergui archipelago emerges as a tourist destination of the repute that some are tipping it to, while in the far north there are the fiercely proud Kachin. Ongoing conflict in the state means that it is unlikely to emerge as a tourist destination in the near future but, if and when it does, lessons can be learned from other groups that have gone before them.



95.04 percent of arrivals were at Yangon Airport

COUNTRY	NUMBERS
Canada	1418
America	8810
Austria	620
Belgium	807
France	6155
Germany	3978
Italy	1464
Switzerland	1370
United Kingdom	4444
Spain	501
Russia	595
Africa	356
Middle East	461
Hong Kong	713
Japan	6224
Malaysia	3488
Singapore	3444
Thailand	14399
China	8086
Taiwan	3387
Korea	6802
Bangladesh	299
India	2642
Australia	2885
New Zealand	369
Others	19858
Total	103575



A Gentleman's Guide to Style

By Mae Anacay

Imagine being in a board meeting and sitting across from two directors of equal rank: one in a suit, the other in jeans and a shirt. Both are demanding changes to your organisation's structure, but they want to implement different changes. Who are you more inclined to listen to?

The sad reality is, knowing what to wear and being fashionable are not only signs of good taste, but sometimes an affirmation of assertiveness, particularly in the business world. There is a reason most executives wear suits to business meetings and avoid casual clothes on workdays. Below is a staple of items every gentleman must possess:



• **Bespoke suit** - Every man will wear a suit at least once in his lifetime. For business executives, wearing suits is the norm, as they have to meet with clients, important personalities and other executives, among other groups. If you're constantly in front of important personnel, then purchasing a bespoke suit might be to your best interests.

There are three options when buying a suit: off the rack; made to measure; and a bespoke suit. An off the rack suit is self-explanatory: it is, after all, designed for the majority of men, but will not fit every man. On the other hand, a made to measure suit is crafted in accordance to your personal measurements, but perhaps not in the design you want nor the materials you desire. A bespoke suit is the true gem on this list, as it



involves a customised fitting. Furthermore, you have the last say on everything - from the design and silhouette to the lining and buttons. With a bespoke suit, you're sure to look your best - and be as imposing as you wish.

• **Leather luggage** - Make no qualms about it: there is always a need for business executives to travel. Whether it is as simple as a day trip to the next town or a week long trip out of the country, you must look your best no matter how weary you may feel from travelling. One of the best solutions to this is totting an impressive leather luggage bag. A leather bag of high quality speaks volumes about your personality - it may mean you're versatile enough to travel and you're willing to compromise, but not to the point that



your company will be at a loss. A leather luggage bag also speaks of sophistication and class.

• **Premiere cigars and scotch** - How many movies have you seen where a suit clad protagonist pours a generous amount of scotch into a crystal goblet while huffing on a high quality cigar? This may be a stereotypical of mafia mobsters, but the truth is this is how many gentlemen relax in their downtime. Furthermore, many executives often receive unexpected visitors - clients, business acquaintances and more often drop by without notice. Being prepared with good cigars and a bottle of scotch often goes a long way to defusing a strained situation.

With these tips, you will be able to convey more confidence in your professional life.



Hanthawaddy Airport Project Delayed



Negotiations for the contract to build Myanmar's Hanthawaddy Airport, originally granted to a consortium led by South Korea's Incheon Airport, has fallen apart, and the license is now up for grabs again.

Incheon won the sought-after tender in August, with three other consortia, led by Singapore's Changi Airport Planners, France's Vinci Airport and Japan's Taisei Airport, selected as backups. Negotiations with Incheon never materialised and now all four consortia are being asked to resubmit their financial proposals.

"They don't need to resubmit their existing technical proposals on design, construction, operation and maintenance", U Win Swe Tun, deputy director general of Myanmar's Department of Civil Aviation, said. The new deadline will be April 22nd.

"For these reasons, the December

2016 completion date cannot be met", he continued. "The project starting date and completion date will be announced in the near future after selection of the winning consortium".

The new airport will be located on 9,000 acres about 48 miles outside the commercial centre and former capital of Yangon. Construction began in March 1994, but long stagnated and halted completely in October 2003. The airport is projected to have an annual capacity of 10 million passengers.

As Hanthawaddy has been pushed back, however, Myanmar's international passenger traffic will continue to be handled at Yangon International Airport, which will increase capacity from the current 2.7 million passengers per year to 3.5 million by 2015, and 6 million by 2019.



Business Law: Band 1 in the 2014 rankings from the internationally recognised legal directory Chambers Asia Pacific.

In this year's edition, Chambers Asia Pacific says about DFDL in Myanmar: "This is one of the longest running practices in Myanmar, and is consistently regarded by clients and peers alike as a preeminent firm with a developed practice in all areas of commercial law. The firm's breadth of experience has stood it in good stead to handle

work from a wide range of important emerging sectors in the country", and peers note: "They're strong on energy and infrastructure matters. It is affiliated with regional firm DFDL."

James Finch, Partner and Managing Director Myanmar, said: "This honour has meant so much to us. Much of what we have been able to accomplish in recent months and years has been due to the tenacity and collaboration of our clients, who have supported us all the way".

DFDL Named top Law Firm in Myanmar

DFDL has been named Law Firm of the Year for Myanmar for the second consecutive year at the International Financial Law Review (IFLR) Asia Awards ceremony on 26 February, 2014, in Hong Kong.

IFLR's National Law Firm awards were given to the firm with the best track record in 2013 and for giving legal advice on the most innovative international finance deals in their respective countries. This includes debt, equity and equity linked deals, securitisation and structured finance, M&A, private equity, project finance and restructurings. The IFLR Asia Award has existed for more than 15 years and is a highly reputable award.

DFDL has been advising investors in Myanmar

for nearly 20 years. This award shows that the DFDL's team, their continuous efforts on the ground, as well as our leading position and reputation in Myanmar, are recognised.

We are also pleased to announce that DFDL in Myanmar was again one of only two law firms in that jurisdiction awarded the highest ranking: General



Modern Farm Tech

By Mark Wayne

In a world where technological advancements happen on an almost daily basis, what does modern global agriculture have to offer the producers of Myanmar today? Let's take a closer look at my top five that, while they may be on the distant horizon for our local agriculture industries, they certainly give us something to look forward to. Ladies and gentlemen, welcome to the future.

Tractors on Autopilot

Tractors, combines, sprayers and an increasingly wide variety of modern farming equipment can accurately navigate through fields on autopilot. Thanks to GPS technology, the user (farmer) has to program the onboard computer with the relevant information on the area to be covered for a particular task and the GPS system will track and monitor the vehicle as it extrapolates a path into parallel lines, taking into account the width of the tool in use. Not limited to straight lines, the tracking system controls the vehicle's steering system, keeping it on a true path and negating the need for a human operator, who can concentrate on more important things - it can even remove certain aspects of human error from processes, while economising fuel and vehicle usage hours.

Telematic Tractors

Allowing equipment to communicate with farmers, equipment suppliers and servicers and even other equipment, telematics is considered the next big thing in the industry.

Consider this scenario: There is a problem in the field and work must stop. This new technology can use its onboard diagnostic systems to identify the problem and will contact the manufacturer and/or servicer and relay the relevant information so that a solution may be found. In many cases, the problem may be resolved remotely, which saves time, travelling and money.

Farmers are also now able to track which equipment is in which field, vehicular hours of operation and fuel consumption and much more. Tractors are now able to communicate with one another, a prime example of which is a combine and a grain cart; the cart can pull up beside the combine to transfer the load without having to stop. The same technology can then inform the operator that the cart is full, which can be particularly useful when using one cart and two combines.

One of the most recent innovations related to this technology is the ability for the operator to take wireless control of the cart as it drives alongside the combine in order to make minor adjustments to the cart's path for a more effective transfer.



Smartphone Irrigation

Mobile technology is playing an increasingly important role in the controlling and monitoring of crop irrigation systems. A farmer can now control his entire irrigation system remotely from a smartphone or computer.

Moisture sensors placed in the soil transmit data about current moisture levels at various depths in the ground. More precise control over inputs like water and fertiliser are applied by irrigation pivots, which can be combined with other tech (such as VRT) to control the rate at which inputs are applied. The entire concept is receiving positive reviews for its effective and efficient use of resources; because of such technologies, total water usage could potentially be lower than the amount of water previously wasted, which is extremely significant in terms of water conservation.

Livestock Upkeep

Modern ultrasound technology can not only be used to determine characteristics of unborn animals, it can be used to check the quality of meat before the animal goes to market. Animals with desirable qualities and good pedigree can be identified prior to birth via DNA testing, which can provide information that can be used to improve the herd quality and the farmer's bottom line.

Crop Sensors

This groundbreaking technology allows crop sensors to tell application equipment in real time how much fertiliser needs to be applied. Optical sensors can scan plants to determine how much fertiliser is needed from the amount of light being reflected from the plant.

Crop sensors are a new technology, but the potential is extremely high. Farmers are now able to apply fertiliser in an incredibly effective manner, maximising uptake while reducing runoff into ground water and potential leaching.

Definitely something to look forward to.

The Image of Women in Myanmar Art

Female artists seem to dominate art festivals and galleries in Myanmar. They are champions of the age of female empowerment. Not to be forgotten is Aung San Suu Kyi, one of the most respected women in the world's public eye; she alone gives cause to the fight for equality. Why is it, then, that many women in Myanmar do not associate themselves with the word "feminism"? At the recent "Image of Woman" exhibition, held at the French Institute in Yangon, four female filmmakers sat on a panel discussing their contribution to the industry. When the moderator asked whether they considered themselves feminists, all four women replied "no", they were not feminists. To paraphrase, they described their status in society as being equal to that of men and that, individually, they have never experienced discrimination because of their gender and, therefore, they did not feel the need to be considered male or female, but simply human.

Just the night before, at the same exhibition, a female writer from Myanmar was invited to speak about discrimination against women in the country and discuss what could be done to stop it. She mentioned that women are required to have higher marks than men in order to be accepted into university. She went on to describe the widely held belief that women do not need to be educated, because they are meant to raise children in the home. How do we change this belief? The Myanmar writer stated that she believes women need to create civil society organisations to promote equality, as well as encourage religious leaders to promote the roles of women - both in the home and the workplace.

From the point of view of this writer, discrimination exists and must be confronted. The filmmakers also agree that discrimination exists, but they believe they have never experienced it. A parallel can also be seen among female visual artists in Myanmar and the work they create. While some directly question the roles that male dominated institutions have assigned, others choose to take a more humanist approach and conciliate that men and women suffer the same fate. Take, for example, the incomparable Ma Ei, a performance artist whose practice has evolved over the last five years into a direct confrontation with men in society. A few particularly memorable performance pieces occurred at the "Beyond Pressure Performance" art festivals in 2011 in Yangon and Mandalay. In the first piece, on the grassy hill of the Say Lan Soe



Ma Ei performing at Beyond Pressure. Photo courtesy of Beyond Pressure

Pyay gardens, Ma Ei put on a men's longyi and began to cook noodles for the audience. A very simple act, though it may seem, it raises a wealth of questions on what is and is not acceptable in the society in which the artists lives: women wearing men's clothing, men cooking in the home, etc. That same year in Mandalay, part of her performance entailed applying nail polish and spraying perfume on a male audience member. What happens when artists begin to beg the question: where does the bridge building equality in the artwork exist in the society in which we live?

Many young artists have taken note of Ma Ei's strong performance art pieces. In September of 2012, Yadanar Win - a young protégé at the New Zero art school in Yangon - painted the nails of male audience members "in a commentary on restrictive gender roles". This is not a case of who copied who, but who was influenced and found strength in artistic communication. Female artists in Myanmar create their own civil society, making visual the discrimination that women all over the world face on a daily basis.

Artist Zoncy also shows her strength through works relating to women. Her recent photographic

portraits at the "Image of Woman" exhibition looked at women in the countryside who work alongside men and take care of the family. Each woman wore a traditional hta mainn pulled up around her chest; each head was a piece of fruit; each body walked through rice paddies or farmed fields. Some women walked together, some alone. Zoncy's major focal point exists outside of Yangon, being from Southeast Myanmar as she is and moving to Yangon only for her education. Preferring to relate to those women whose work directly correlates both with nature and the female spirit of family and providing, she is one of the few artists who feels free to call herself a feminist, and points out that men should, too.

Nge Lay, an installation artist and photographer, experiences a different kind of female identity; one relating to power that is both gained and lost when a woman experiences pregnancy. Phyu Mon, part of an older generation of female artists, also concentrates on the difficulty women in society face as wives, mothers and teachers. Sandhar Khine, Zun Ei Phyu and Mor Mor are painters/mixed media artists who all represent some part of "femaleness"; not by

questioning their relationship with men, but by looking inside themselves for answers to their insecurities, their confidence or their tears.

So many dozens of other female artists, writers and parliamentarians (and any other number of positions) live and work with and alongside men, considering themselves equal to any task. No doubt there are men who support the elimination of discrimination, while also considering their female counterparts equal, but the work is not yet done. If it were, there would not be the need for the Image of Woman panel discussions and exhibitions, nor the artwork that questions the roles of women among men. Perhaps the word "feminism" is too limiting or it does not hold the same meaning as it does in other parts of the world. The role of women in any society is upheld by the men and women in it. However, if the women with considerable amounts of power, with a distinctly louder voice, can share more through their creations - be it film or poetry, family or career - women in societies all over the world would take note and feel free, knowing that theirs is a universal struggle in solidarity.



Zoncy performing at Asiatopia. Photo courtesy of Asiatopia

KUALA LUMPUR

Delicious Delights in the City of Lights



The old saying “First impressions count” is certainly true for most tourists arriving in Kuala Lumpur. Most are happy to discover a modern airport and two terminals that work efficiently. Airport taxis whisk travelers along a series of freeways for the one hour journey to the centre of the Malaysian capital city. There is also the KLIA Express train that takes you on a 30 minute journey to

the central train station in Bangsar. It's worth spending an evening or two in Bangsar. It's a very popular area with tourists and locals alike. There are many good restaurants and bars all situated in and around the two main streets. My favorite is La Bodega; good Spanish style tapas and excellent wines with an extra helping of great service.

While the downtown area of Kuala Lumpur is known as the

“Golden Triangle”, it's the area known as Kuala Lumpur City Center (KLCC) that has become the entertainment and lifestyle heart of the bustling metropolis. Standing on what used to be a horse racing track, KLCC is dominated by the 88 storey Petronas Twin Towers, international hotels, premium shopping malls, parklands, a convention centre, office blocks and luxury inner city apartments. Getting around Kuala

Lumpur, lovingly referred to as KL by its inhabitants, is very easy. There are lots of cheap buses and taxis and a very good monorail trail system that helps beat the traffic. Rush hour traffic here is almost as bad as Yangon.

City Life

KLCC is also a destination within the city offering a variety of activities that will keep tourists busy

for days. The parklands surrounding the Twin Towers have walking tracks, large shady trees and grassy areas, a swimming pool and an adventure playground for children. Each evening the water fountains shoot into life and attract lots of people who appreciate the synchronised spouting water in the cooler evening air. There are a multitude of restaurants and coffee shops offering outdoor dining around the fountains and the shopping inside the mall equals that of anywhere else I have been. Suria KLCC is the public domain at the base of the towers and, as well as restaurants, shops, supermarkets, department stores and cinemas, there's an art gallery, a discovery space called Petrosains that takes visitors on a journey of discovery of the petroleum industry - Petronas is Malaysia's petrol giant and one of the country's leading icons.

A visit to Central Market should always be high on the list of priorities. Situated inside an old two story building, Central Market sells everything from personalised printed t-shirts, perfume to antiques and most other things in between. It's a colourful, friendly place and is steeped in history. Dating back to 1888, the area was commonly used as an open wet market. In 1930, the structure was built as the market expanded. Just a few minutes walk from Central Market is another interesting market, Petaling Street.

Of open air style and full of every “original copy” pirated item you can think of; Louie Vuitton and Coach bags, Levi Jeans, Rolex watches, Chanel perfume and thousands of the latest DVDs. The police regularly raid the outlets of these DVD pirates, but they reappear just as quickly. One of the true delights is that there are some really excellent Chinese restaurants here as it's in the heart of KL's bustling Chinatown.

Live to Eat

Malaysians live to eat and the city's inner heart, sometimes called the City





of Lights, is the place for hearty meals. Kuala Lumpur has been one of the leading players in challenging the taste buds of global food connoisseurs. While eating along food streets, such as Jalan Alor, is still tremendously popular, the city's palates are maturing as residents seek out designer Japanese bakeries, traditional French cooking and a range of excellent regional cuisines. Most Malaysians will tell you that the best food is served from street side stalls, but an increasing number are moving upmarket along with the growing economy. Anyone who has ever been to Malaysia will almost certainly have fond memories of the local Malaysian food... its really delicious and inexpensive.

Retail Attractions

In the KLCC area, Suria KLCC is one of the most prestigious shopping and lifestyle precincts in the city. However, the opening last year of the Pavilion Kuala Lumpur on Bukit Bintang has provided Suria KLCC with some upmarket designer competition.

The Pavilion and other shopping centres nearby, such as the Starhill Gallery (fronted by the Louis Vuitton store) and Lot 10, provide opportunities for visitors to buy some unique designer gifts in this rapidly developing city. Lot 10 is my favorite, as the whole area is vibrant and has great shopping and restaurants on every corner, and in between.

Perhaps the most famous landmark in the city are the Petronas Twin Towers; once the world's tallest building, but now the locals will tell you proudly they are the world's tallest twin towers. We had heard about the great shopping in Suria KLCC at the bottom of the towers but didn't realise there are extensive gardens, playgrounds and a big pool next to the two buildings. It is great to see

the locals using all this space, too. The shopping is very competitive and there's an extensive range of international designer labels available.

From here you can walk to Changkat Bukit Bintang, a street lined with new restaurants and bars. Apparently this street has recently become the city's trendiest place for diners and drinkers. There are German, Brazilian, Japanese, Italian and French restaurants and bars mixed in with some local establishments. The locals fondly refer to it as "Bintang Walk". It's an ideal, colourful place for simply strolling around. The nightlife is spectacular for locals and tourists alike.

Must Visit Places

If you are a true music fan, then you must seek out a small but spectacular music venue



called No Black Tie. It's pretty hard to find, being situated on a small street just behind the Istana Hotel in central KL, but it is well worth the visit. Owned and run by Evelyn Hill, a former international classical piano player, its design was solely done to benefit the acoustic properties that Evelyn demanded. Champagne and some of the best Japanese food in town are the order of the day here.

Being a former British colony, Malaysia still has the former British Governor's residence in tact, and it's now become the fashionable boutique hotel Carcosa Seri Negara, which serves traditional high noon tea, freshly baked scones with butter and strawberry jam, and, of course, a pot of English tea. Tea is very popular

in Malaysia; there are huge tea plantations high up in the Cameron Highlands, as well as the famous Boh Tea plantation, still owned and operated by the Russell family who founded and built it over a hundred years ago. It's well worth the two and a half hour drive up to Cameron Highlands. Cool, fresh air, wonderful scenery, delightful little English country style restaurants and a must visit place called Ye Olde Smoke House. This is almost a replica of a British country inn.

The restaurant serves traditional English food, has beautiful open log fire places (it gets cold at night) and delightful gardens. An English pub in the highlands of Malaysia. Truly Asia. What's not to love?



Banking in Burma: A Story of Stagnation and Revival

by Jacob A. Clere



Cash. Bricks and bags and buckets of cash. These bills have been the lifeblood of commerce in Myanmar for decades running. Ask yourself, how unsafe does a country's financial system have to be for a business person to *prefer* to stuff their mattress with kyat notes, rather than keeping it in a bank? Such was Myanmar in 2013 - but not for long. Finance in Myanmar is changing faster than fashion. Last season's options for business loans and transactions are quickly being outshone by this season's line up. SWIFT, Visa, MasterCard, Western Union, ATMs and mobile phone SIMs. The options for new approaches in transacting your business dealings are bountiful.

How did we get here? Where will it lead? Advertising a Myanmar "gold rush" has a certain feeling of fleeting transience and snake oil salesmanship. For sure, Myanmar has had a few bumps along the road in its path to "development". Too often I encounter major international investors and corporate executives who fly into and out of this country without the slightest grounding in Myanmar's storied financial history. For instance: the 2003 banking crisis. One decade ago should not be treated like ancient history, but if you speak with the portfolio prospectors and international carpetbaggers, you might be led to believe otherwise. Serious investors ought to understand why there was a banking crisis and what calamities happened as a result. They ought to know what the "demonetisations" were and they should be mindful of the money laundering maladies that tarnished the reputations of many.

So we begin.

Before you assume this is just another business column, I encourage you to consider that finance and private enterprise are about more than money. Myanmar's long broken financial system was directly correlated with decades of poor economic performance and concomitant human morbidity. Fixing access to finance in Myanmar - a process that has been underway in various stages since 1988 - is a necessary condition for long term, sustainable economic growth in Myanmar. Recent reforms are immensely encouraging, but let us first review how we got here.

Under British rule, Myanmar was a source of raw commodities. Teak, oil, pulses, gems, rice - the British thirst for exports could seemingly not be slaked. As such, all early "development" efforts were aimed at improving systems to increase the export of those commodities. This had its positives (linkages to foreign markets) and its negatives (endemic racism). Scholars will surely argue over these things for decades to come, but it is true that "development", as a goal with loftier notions than merely product exports, was an objective first pursued under U Nu, Burma's first democratically elected prime minister. Prime Minister U Nu was to be the only elected leader Myanmar would have until the present era. Under U Nu's governance, prospects for the country seemed quite bright. Major infrastructure developments were planned and begun. Reconciliation with the ethnic states seemed possible, for an instant. However, even in the tropics seasons change. Ethnic chaos crept in. Democracy was abandoned in favour of a pretense of unity. Senior General Ne Win and his cohort seized power in a coup d'état in 1962.

DEMONITISATION - A NOVEL FINANCIAL INSTRUMENT

One of many reasons individuals in Myanmar hold a fundamental distrust in banks and the kyat is because of the Ne Win government's fondness for "demonisation". This is a bizarre strategy of removing certain value notes from circulation. The exact logistics varied depending on the episode, but all resulted in losses of savings and a massive loss of confidence in the currency. Literally, currency notes of certain values were declared illegal and removed from circulation. In 1964 and 1985, the notes could be redeemed at partial value through official exchange centres, but in 1987, notes deemed illegal (every note worth more than about US\$2.50) were not subject to exchange. This wiped out savings across the country and caused an immediate switch to hoarding goods instead of currency as a means of savings - rice, cement, gems, etc. The official objectives of the demonetisations were to punish capitalists and black marketers and to clamp down on inflation. While these programmes failed to reduce state created monetary growth (the government kept printing alternative notes in larger quantities) they were successful in punishing capitalists (because they punished everyone). The last demonetisation in 1987 was a major factor provoking the 8/8/88 uprising the following year.



I do not want to focus on Ne Win, but he must be mentioned. His “Burmese Way To Socialism” - an official economic strategy that forced the nationalisation of all major industries and financial institutions, was an economically ruinous policy of epic proportions. Myanmar went from among the wealthiest nations in Asia to the poorest. In many other contexts, a leader like Ne Win would have been ousted by a dissatisfied populace, but what he lacked in economic acumen he possessed in military cunning. All democratic expression was shut out, even going so far as to dynamite the Student Union building of the University of Rangoon. The Student Union had been a symbol of free and democratic expression and public gathering. Blowing it up sent a very clear signal that such sentiments would no longer be tolerated. Ne Win held ultimate power in one position or another until the events of 1988. After 1988, Senior General Than Shwe became the new strongman of Burma, officially rebranding the country “Myanmar”. (Incidentally, both “Myanmar” and “Burma” reference the Bamar ethnic group and mean the same thing, etymologically “land of the swift and strong ones”.)

Despite not being universally loved, Senior General Than Shwe’s administration embarked on a shift to industrial privatisation, opening the country to major private industry and finance for the first time since the early ‘60s. (Ne Win had made some minor moves towards privatisation, beginning in the mid 1970s, but they were limited in scope and focused on agricultural production.) So, while the nation was disheartened by the arrest of Daw Aung San Suu Kyi and the delegitimation of the elections of 1990, some things changed.

The first private bank since 1962 began operating in 1992. Several others started shortly thereafter, and many of them had ownership and investments entangled with newly rearranging and forming military conglomerates. For a few years it seemed as though Myanmar might be able to emulate what was happening in Vietnam during the same time period. Vietnam had also shed its socialist mantle and embraced market reforms under its “doi moi” approach. International interest in the region was high, but the legal and regulatory environment was far from clear in Myanmar. Investments flowed into other Southeast Asian nations where the frameworks and future seemed a bit more defined.

Nevertheless, domestic entrepreneurs did not need to wait for international investors to pursue the opportunities they were seeing right in front of them. In this newly loosened market economy, business opportunities proliferated. Construction boomed. Private banks blossomed (too much of that blossoming coincided with

the blossoming of poppies in Shan State). Loans were granted - a lot of loans. Far too many. There was a loans crisis in 1996 that provoked the current rigid regulations on loans to SMEs. During the ‘96 loans crisis, nonperforming loans reached as high as 50 percent. All that irrational exuberance produced a regulatory backlash that partly explains the plight of SMEs to obtain loans in the current environment.

The loans crisis aside, public appetite for financial products still could not be met by the fledgling banks of the ‘90s. Entities referred to as “general service companies” (GSCs) arose and began crafting Ponzi-esque schemes. The GSCs were creatures of Myanmar’s restricted financial environment in the late ‘90s and early ‘00s. They were not actual, registered banks and they flaunted the laws governing financial institutions, despite effectively providing money lending services similar to banks. You could buy “shares” and receive guaranteed dividends. It seemed too good to be true. It was too good to be true.

Around this same time, those intrepid international corporations who had moved into Myanmar in the early ‘90s – Pepsi, Standard Chartered, Levi-Strauss, etc. - all had to pull back out. Starting around 1997, the United States, Europe and Japan began to target increasingly restrictive sanctions against the junta and its affiliates. This had the effect of choking the brief, nascent economic growth the country had experienced during the previous handful of years. Undeterred, Chinese and Thai businessmen were all too happy to fill that economic vacuum and kept some of the foreign investment momentum going.

Those who think that ATMs only just made it to Myanmar might be surprised to learn that Mayflower Bank launched Myanmar’s first ATM in 1997. Yes, 1997. Asia Wealth Bank (AWB) was even working on developing a platform for internet banking just a few years later. It was all very promising. What happened? Just as the future of banking in Myanmar seemed to be heading into exciting new frontiers, the entire industry realised it was built on pillars of sand.

So, what happened in 2003? Like any good banking crisis, rumours played a major role in provoking a bank run. Several of the GSCs went bankrupt. The collapse of the GSCs began in 2002 and shook public confidence in Myanmar’s financial sector. In a country with decades of financial instability behind it, rumours that the current boom was a fiction were all too easy to believe. Rumours spread in early 2003 that there was a crisis at AWB, Myanmar’s largest private bank at the time. As early as February 6th, 2003, long queues were forming to withdraw deposits. The

government began issuing official statements on February 9th aimed at restoring confidence by reminding depositors that AWB operates under the supervision of the Government of Myanmar and its Central Bank - such statements did not restore confidence. The bank run continued and spread to other banks. Limits on maximum weekly withdrawals were soon initiated, followed by more stringent limits. By February 24th, the maximum weekly withdrawal amount was equivalent to about US\$100. The Central Bank provided some liquidity assistance for banks suffering from the crisis, but orders were also given for loan terms to be immediately redrawn. In many cases, borrowers were required to repay 20 to 50 percent of the amount of loans received before the end of March.

It would take a full year before banks would return to normal operations. However, the regulatory backlash to the crisis was severe. The capital adequacy ratio was replaced by an “equity to deposit” regulation requiring banks to restrict deposits to no more than seven times the bank’s paid up capital. Also, the main crisis affected banks - AWB, Mayflower Bank and Universal Bank - ultimately did not survive. Money laundering allegations shattered whatever chance they might have had at a resurgence. KBZ, Ayeeyarwady, AGDB and CB rose from the ashes to become the new dominant players in Myanmar’s private banking sector.

That brings us to the present. Well, nearly the present. In the next issue of the *Myanmar Insider* we will cover the more recent changes in Myanmar’s financial landscape over the past two years. We will also provide an overview of the three dozen foreign representative bank offices and the prospects for international banking in Myanmar in 2014.



TOO BIG TO FAIL? NOT IN MYANMAR. HERE ARE THREE BANKS THAT DIED:

Asia Wealth Bank

- AWB was once the largest bank in Myanmar and closely linked with the narcotics trade. AWB soared high in the late ‘90s and early ‘00s. Even launching credit cards and experimenting with online banking. The banking crisis hit it hard, and being a target of the US Treasury did not help. The Myanmar government revoked its license to operate. There are allegations that AWB was unfairly singled-out for narcotics money-laundering and was a “fall guy” because of its strong links to the ethnic Chinese business community.

Myanmar Mayflower Bank

- At its height, Mayflower Bank (or “poppy-flower bank” as some called it) was the third largest in the country. With a reputation for innovation, it launched the country’s first domestic ATM machine. Similar to AWB, the crisis damaged Mayflower and a US Treasury document in November 2003 alleging narcotics money-laundering eventually prompted the Myanmar government to revoke its license to operate.

Myanmar Universal Bank

- Same basic story: Large bank, allegedly engaged in narcotics money-laundering, ethnic Chinese owned, shut-down by the government.

Myanmar Moves to Broaden Tax Base

By Adam McBeth, DFDL Legal and Tax Advisor

In Myanmar, as in many nations with developing economies, tax evasion and illegal border trade is rampant. Such practises have essentially become institutionalised through the almost complete lack of enforcement of existing tax laws and the failure to punish those who have clearly avoided or evaded paying the proper amount of tax. In practise, income is often not reported or is well underreported. In the case of rental income, for instance, a practise has developed whereby two contracts will be drawn up, but the income received under only one will be reported to the tax authorities.

In an effort to curb the abuse of the tax system and increase tax revenues, the Pyindaungsu Hluttaw recently drafted a Union Tax Law, which was set to go into effect as of the 1st of April. In large part, the new law is simply a codification of regime that had previously been implemented through ministerial notification, but there are some changes to be aware of.

Income Tax

The published draft generally does not substantially depart from the current income tax rates. Under the draft, salary income tax rates remain at: one to 20 percent for resident individuals; 35 percent for non resident foreigners; 25 percent for resident companies; and 30 percent for undisclosed income. "Other income" will be

taxed at two to 30 percent, but the rates governing professionals and income from property have not been clearly provided for yet.

The current tax exemptions and deductible allowances for resident individuals have largely been preserved, as well. The deductions from income when a taxpayer has a spouse and/or children were maintained at the current levels of 300,000 kyat for a spouse and 200,000 kyat for each dependent child. However, the monthly threshold requiring the payment of income tax has risen from 120,000 kyat to 160,000 kyat - i.e. low wage earners do not need to pay any income tax.

An additional "income tax" of ten percent will now be levied against "income used for buying, construction and taking possession" of capital assets (including shares of a company). This will be chargeable to the buyer for spending rather than earning income, meaning honest tax payers may end up paying tax on their income twice. This is a major departure and is generally a very unique provision. As mentioned, tax evasion has been a major issue that Myanmar has struggled to curb, so this is a way for the tax authorities to get another bite at the apple, as it were. As for the seller, the Union Tax Law retains the capital gains tax rates of ten percent for residents, 40 percent for non residents and 45 to 50 percent for those engaged in the oil and gas industry.



Commercial Tax

In addition, the draft 2014 Union Tax Law retains major aspects of the current Commercial Tax (CT) regime. The CT rate remains generally at five percent, but the scope of CT on services has expanded considerably.

Under existing law, only 14 types of services are covered by the CT Law. The new tax law now states that all services are subject to CT, except as may be provided for by the Ministry of Finance. We understand this to mean that all types of services, unless specifically exempted, will be subject to CT moving forward. Service providers that have, or anticipate having, annual revenues in excess of ten million kyat (approximately US\$10,000) will have to charge CT on their invoiced amounts. If a service provider has annual income below ten million kyat, there is no need to charge CT.

The regular rate of five percent CT will also apply to importers and sellers of goods whose annual revenue exceeds ten million kyat. There is a slight reduction in the number of goods on which CT is levied, although there are fewer goods subject to the higher rates of eight percent to 100 percent.

Moving Forward

The idea of broadening the tax base is a wise one, however, many more changes are needed. Enforcement by tax officials and voluntary compliance by individuals must improve. The government recently released a list of more than 10,000 businesses said to be evading taxes. This "public shaming" may push some businesses to comply with the tax laws moving forward but, with tax evasion so engrained in the collective mind of Myanmar citizens, more may need to be done, as well. Education is the key, both of the tax officials and the tax payers.

The approved bill is still subject to signature or veto by the President, but it is anticipated that he will sign it into law later this month.

Make way for the ASEAN Economic Community

By Malcolm Macpherson



By late next year, the Myanmar will wake up to a new Asian economic order - and most of them won't even realise it.

The much anticipated (or dreaded) "ASEAN Economic Community", or the AEC, is scheduled to come into existence on December 31st, 2015. The AEC is the first step to achieving full regional economic and financial integration among the ten member countries of the Association of Southeast Asian Nations (ASEAN) by 2015. It's ASEAN's version of the European Common Market.

ASEAN consists of Brunei Darussalam, Cambodia, Laos, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. These countries have agreed to the "AEC Blueprint" that each ASEAN Member Country currently abides by and implements to create the AEC.

The AEC Blueprint will transform ASEAN into a single market and production base; a highly competitive economic region; a region of equitable economic development; and a region fully integrated into the global economy. It will remould ASEAN into a single economy where goods, services, investments, capital and people move freely among the ten ASEAN states.

For Myanmar consumers, the AEC promises to bring the flow of cheap, imported ASEAN made goods, because import duties have been reduced to zero, or near zero. It should also widen the range of imported ASEAN merchandise Myanmar can choose from.

The AEC will make it easier for local business firms, especially small and medium enterprises

(SMEs), to sell their products to other ASEAN countries. It will also open new channels of distribution for SMEs and other Myanmar firms and boost the intra ASEAN sourcing of goods and raw materials. Tourism and the hospitality sector are expected to get a huge boost from the AEC.

Local firms that successfully adjust to the AEC stand to gain access to the massive ASEAN market. The AEC could be the ideal tool for many a Myanmar firm bent on regional and international expansion.

On the other hand, the AEC is perceived by its critics as sounding the death knell for vulnerable Myanmar industries. One of the AEC's most dreaded consequences is its perceived ability to fatally weaken already fragile manufacturing and agribusiness sectors, on which the livelihoods of many Myanmar depend.

Critics claim the AEC will kill local firms that are unable to withstand their more efficient ASEAN competitors. The result will be more unemployed Myanmar workers.

What is the AEC?

Before we get ahead of ourselves, we would do well to learn more about this multi headed beast called the AEC, also described as the ASEAN Common Market, or the free for all single market.

The AEC's goal is an economic union among ASEAN member states by 2015. The AEC is one of three pillars that will serve as the foundation for establishing the greater "ASEAN Community", originally scheduled for 2020.

-  Brunei
-  Indonesia
-  Malaysia
-  Philippines
-  Singapore
-  Thailand
-  Vietnam
-  Laos
-  Myanmar
-  Cambodia



The other two pillars are the ASEAN Security Community and the ASEAN Socio Cultural Community. All three are expected to work together to create the full economic union called the ASEAN Community.

Once established, the AEC will become the world's eighth largest economy with a combined GDP of US\$2.3 trillion. It will include over 610 million people, or close to nine percent of the world's population. The ten AEC states have an estimated per capita GDP of US\$3,745. They had an average real GDP growth rate of 5.4 percent in 2012.

The AEC is based on five core elements:

- **Free flowing goods:** This is being made possible by zero tariffs, as well as the removal of non tariff barriers and the implementation of trade facilitation measures. The free flow of goods is one of the principal means by which the aims of a single market and production base will be achieved.
- **Free flowing services:** This means that there will be no substantial restrictions to ASEAN service suppliers in providing services and in establishing companies across national borders within ASEAN. Suppliers, however, will be subject to domestic regulations.
- **Free flowing investment:** This element is key to enhancing ASEAN's international competitiveness in attracting foreign direct investments and intra ASEAN investments. The sustained inflow of new investments and reinvestments will promote and ensure the dynamic growth of ASEAN economies.
- **Freer flowing capital:** This will strengthen ASEAN's capital market development and integration.
- **Free flowing skilled labour:** This will be facilitated by the issuance of visas and employment passes for ASEAN professionals and skilled labour workers, among others.

Good for Professionals

Whatever the pros and cons, the AEC will prove to be good news for our doctors, nurses, dentists, accountants, engineers, architects and surveyors. From 2005 to 2009, ASEAN member countries entered into seven "Mutual Recognition Arrangements", or MRAs, covering these seven professions.

The MRAs' objectives are to facilitate mobility of professionals within ASEAN, to exchange information and expertise on standards and qualifications and to promote the adoption

of best practices and provide opportunities for capacity building and training.

The ASEAN Framework Agreement on Services (AFAS), signed in 1995, recognises the importance of MRAs in the success of services integration within ASEAN.

The AFAS provides that "Each Member State may recognise the education or experience obtained, requirements met, or licences or certifications granted in another Member State, for the purpose of licencing or certification of service suppliers. Such recognition may be based upon an agreement or arrangement with the Member State concerned or may be accorded autonomously."

Opportunity for MSMEs

The ASEAN Blueprint places special emphasis on the growth of SMEs. Besides abolishing most import taxes, the Blueprint is also doing away with customs barriers and red tape in ASEAN countries.

Myanmar companies benefit from the AEC in the form of reduced administrative, political and economic costs in a market that promotes the free flow of goods, investment, services and people.

It will take some time for Myanmar SMEs to fully tap into the huge ASEAN market, however. The small size of local SMEs is a disadvantage, as many firms could be classified as micro businesses, or those smaller than SMEs.

Is Myanmar ready for the AEC?

The overriding question now is whether Myanmar is fully ready for the AEC. A credible answer depends on how well the country has prepared for the AEC since this "Common Market" concept was first approved in 1997.

On the face of it, the answer isn't that encouraging. Among the necessary policies are a national single window for customs; mutual reciprocity agreements with regards to export standards and establishing a dispute settlement agency.

We will be stronger and ready to march forward with the rest of the world. That's when we will benefit fully from ASEAN integration.

Life Downtown

By Anthony Parker

Roaming around Yangon's downtown area over the past year has become one of my life's little pleasures.

The aromas from the street food restaurants, combined with the buzzing chitchat of the locals, adds greatly to the atmosphere of what has become my favourite pastime in my favourite part of town.

Seeking out new places to eat, drink and people watch is what life in this part of the city has become for me and my small group of friends.

One restaurant that we regularly go back to - because it really is very good - is the Zawgyi House Café, just along from Boyoke Market.

It serves a delightful mix of French, English and Myanmarese food and wines that I simply can't find anywhere else in town. The location is great, and the al fresco terrace is unbeatable for sitting, watching and appreciating Yangon's daily life at its most charming and very best.

An early morning breakfast of fresh home baked baguettes filled with tomato and salami and served with a hot latte is a true delight. If you're around at lunchtime, give one of the pizza's a try for just K8,000 and wash it down with a cold Dagon beer for K2,500.

Yeah - sitting on their terrace isn't too bad...

At night, as the sun sets over the city and a different crowd start wandering by, the restaurant lights with a maze of colour and the fine selection of wines from Italy, France, Argentina and Myanmar start to come into their own.



Some good Pinot Noir, Shiraz, Muscat and Macon wines are all on the list and prices vary around the K20,000 range. They all go nicely with my favourite chicken cordon blue, which only costs K7,000. The grilled pork chops and steaks with fresh salads and fries are delicious and are nicely complemented by a

Myanmar Pinot Noir at K30,000 or the French Cote Du Rhone at K31,500, which is the most expensive wine on the menu.

If you're in the mood for a dessert, look no further than the selection of ice creams at only K4,000-4,500 to round the meal off nicely.



When I was there last month, one of the waiters told me that they are opening a new restaurant called L'Alchimiste on U Tun Nyein Street, Mayangone, in a beautiful old colonial building, and that they might be closing the existing one down; there are a lot of people who really hope they don't - and

it's certainly odd to do a review of a restaurant that, at the time of this writing, might be closing... but I have done so in the hope that they'll stay open.

Even if they don't, we will just have to head over to the new location and keep sampling their delicious fare.

The Governor's Residence

By Oliver Slow

Once home, as the name suggests, to the governors of the British Crown Colony of Burma, such as Sir Reginald Dorman-Smith (Governor from 1941 to 1946) and Sir Hubert Rance (1946 to 1948), there are few more beautiful spots in Yangon to enjoy a meal.

Set on beautiful grounds in a leafy area west of town that was once home to the higher echelons of the British administration in the country, the Governor's Residence Hotel is set

in an elegant teak mansion built in the 1920s. The Mandalay Restaurant sits on an attractive veranda that overlooks the hotel's pool and a green lawn that has peacocks roaming on it. The hotel also hosts dinners on the lawn itself.

With its Kipling Bar downstairs, which includes the Kipling Sling cocktail, here is a place that celebrates the country's British past and, as one might expect, it is one of the more expensive options in town. Just around the corner is the now



derelict Pegu Club, which was once colonial Rangoon's version of the famous Raffles Hotel in Singapore.

There has been a slight change in menu recently to give the restaurant a more local feel, and one of the highlights offered is the Burmese

Curry Table, which offers local curries, vegetables and rice served buffet style over charcoal.

While the majority of the menu is of local origin, those who are not too keen on the hot tang of Asian food can opt for less spicy options,

and there is a fine selection of desserts.

While it is pricey, for those looking to impress a client, or a date, there are fewer more charming spots, and it's the perfect finish to any evening with a refreshing cocktail.

A Trip to Kyaukme

By Oliver Slow

Train travel in Myanmar is not something you do for speed or practicality. It is about romance and experience.

Groggily arriving one morning in Mandalay on the night bus from Yangon, I considered taking the early train east of the Royal City, but had been warned not to shortly before by a friend who had just arrived back in Yangon after a gruelling 36-hour train journey from Inle Lake.

Instead, it was a truck loaded with chicken carcasses that took me up the Shan Plateau to Pyin Oo Lwin, a pleasant hill town that was used by the British to escape the heat down below. Although I considered another bus further east to the market town of Kyaukme, which sits on the Mandalay Muse Road in Northern Shan State, the alluring romance of train travel in Myanmar became too much.

At 6am the next morning, I was waiting at Pyin Oo Lwin's lively train station. Here was the height of trade activity as boxes filled with vegetables, fruit, letters and more chicken carcasses were thrown onto the roof or into the small spaces that were left in the compartment. On the train, I wedged myself into a basic wooden seat, between a monk staring forlornly out the window as he sucked down his cheroot and a toothless woman in traditional garb who did nothing but grin widely for the entire journey.

The train trundled through the beautiful, lush green Shan countryside. Now and again we passed tiny villages where the houses had little more than iron roofs, but the majority of the scenery was verdant fields. Endless greenery that vividly came alive with colour due to recent rains.

At every station, people jumped on and off the train as vendors screamed through windows trying to sell newspapers, drinks and food. Still the monk stared ahead, the cheroot at his lip, and the woman smiled, not saying a word.

Train travel in Myanmar is slow. The carriage trundles slowly and rocks you calmly from side to side and, within a few hours, I was dozing calmly when the smiling lady patted me excitedly on the shoulder. Shouting something I couldn't understand, she pointed (while smiling, of course) to the window.

We were crossing the Gotheik Viaduct, described in Paul Theroux's *The Great Railway Bazaar* as "a monster of silver geometry in all the ragged rock and jungle, its presence was bizarre." All around was densely thick jungle with nothing but greenery in sight, but here carved right down the middle was this monstrous construction that was both out of place and captivating.

The trestle, which is the highest bridge in Myanmar and was the highest of its type in the world at one point, was completed in 1900 and is 689 metres in length. When measured from the rail deck to the ground, it stands at a remarkable 102 metres in height.

Once everyone had returned to their seats after the bridge, I somehow managed to find a seat to myself and, even before the excitement of it had worn off, was approached by a friendly local man.

"Do you need a tour guide?"

Ko Thura had grown up in Kyaukme and begun immediately reeling off places that I could trek to. He knew the local area well and it must be



hard to survive as a tour guide in northernmost Shan State, but Ko Thura had learned the art of hustling well.

Checking in to one of the few guesthouses in town that allowed foreigners (A Yone Oo Guesthouse, US\$15/night for basic, clean rooms, bucket shower), we were out on Thura's motorbike exploring the limited but charming options that Kyaukme had to offer, which involved a tin factory, a bamboo paper factory and an impressive pagoda that sat atop a hill offering a teaser of what was to come early the following morning.

A few other foreign tourists had arrived in town, and there were four of us making our way out of town on borrowed scooters early the following morning. Once out of the town, the impressive mountains stretched out before us as we weaved around unmade roads that hugged the mountainside tightly. We passed one or two villages before it became nothing but our small group and the lush green mountains around us.

Being rainy season, a few showers fell from time to time, but not enough to stop us in any meaningful way. We parked the bikes at a family home and were beckoned inside by Thura. This was the home of a local farming family that we would be staying with that night.

Greeted by the friendly family, which consisted of mum and dad, grandma and two young sons, our group sat around a small fire that was lit in the middle of the living room and we had a basic conversation that Thura translated.

Out trekking in the afternoon, we climbed to the top of a nearby plateau - narrowly avoiding the attentions of a rather grumpy bull who didn't like us trespassing on his ground - which took in remarkable views across a nearby valley.

The rains began to fall lightly as we made our way back to the house and it was only a matter of metres between us getting to the house and the heavens opening entirely. After another meal with the family - chicken curry and rice, which was to become the staple of our diet - it was a much needed early night.

The next day followed a similar pattern. Taking the bikes early in the morning, we travelled for a few more hours before we came upon another village. This one was much livelier, with the local people coming out into the street to greet us. While many of the houses were grey



coloured, a few of the local people had taken it upon themselves to paint their houses vivid reds, yellows and greens, adding some unexpected vibrancy to life in rural Myanmar.

Another five-hour hike took us out into some tea plantations where we were able to witness the brewing process, before we trekked through the mountains and arrived back at the village just in time for nightfall.

In contrast to the previous night, the local village seemed to want to show these strange foreigners around. We were bundled into a small community hall where a fuzzy TV stood

precariously on an old stand. A few beers sat at the end of the table for us and we were invited to join in the karaoke that the locals were getting into. Sadly for us, only the music of Westlife and Bryan Adams had made it to this small town, but after a few beers - as much as none of us wanted to admit - the words of all their songs came naturally to us, something which delighted the village.

After yet another early start, it was a few hours' ride along the mountain roads to arrive back in Kyaukme before the return journey to Yangon.

Getting wet in Myanmar during Thingyan

By Myint Thandar Kyan



Thingyan is the Myanmar New Year, the highlight of which for many is often the famous Water Festival that will sweep through Myanmar like a wave from April 13th to 16th this year.

If you're a tourist who wants to know what the new and democratic Myanmar is all about and you're lucky enough to be here during the week of April 13th, then the trip will be worth your while. If you are lucky enough to live here, well then, you already know amazing the Festival is. Get ready to bravely charge off onto Yangon's frenetic streets to face the inevitable and relentless drenching. Don't forget to pack dry clothes in a plastic bag inside your knapsack or bag, if you happen to dislike fun.

A Spiritual Experience

In Myanmar tradition, one has to welcome Thingyan clean in both body and mind. Sprinkling water on other people is intended to wash away one's sins of the previous year.

The Water Festival originated in the traditional Burmese custom of bidding farewell to the old year and greeting the new. Traditionally, Thingyan involves the sprinkling of scented water in a silver bowl using sprigs of thabyaya (an evergreen tree). This scented water was sprinkled to cleanse friends and family members while the Buddhist god, Thangya Min, came to earth to grade each person's life over the past year. This tradition remains strong in rural areas today.

Among Myanmar's 12 festivals, the Thingyan Water Festival is considered the grandest, as it is believed to bring peace and prosperity. The Water Festival starts on day one (April 13th this year), with the first day of Thingyan being known as "A Kyo Nei". It is a marvellous celebration marked by religious activities across the country as Buddhists renew their faith by vowing to uphold the tenets of their beliefs.

Monks are lavished with offerings and alms. A particular offering is a green coconut decorated with bunches of green bananas and sprigs of thabyaya that is placed before an image of the Buddha and sprinkled with scented water.

The evenings bring music, song and dance in anticipation of the Festival the next day. Pavilions or stages called "pandal" are built in cities and towns and it is from these water throwing pandal that people splash water on each other and passersby during the Festival.

The water throwing pandals in cities like Yangon, Mandalay and Nay Pyi Taw also have

modern sound and lighting systems, as well as CCTV systems for security. DJs keep the party going with music and rapping. Pandals are expensive to build and are mostly built by the more affluent, by private businesses and by the government.

In 2013, the Mayor of Yangon's pandal was the largest in the city. It drew large crowds of merry makers and was the stage for a wide variety of performances presented by dance troupes, musicians and comedians.

Crowds of revellers do the rounds of the pandals, some making their own music as they go. Most of the women wear fragrant thanaka on their faces and padauk flowers in their hair. Thanaka is a yellowish white paste made from the ground bark of several trees. It is used as a sunblock and is usually spread across a girl's cheeks. Padauk is a tree whose sweet scented yellow flowers bloom only one day each year, during Thingyan. Because of this uniqueness, the padauk flower is popularly called the "Thingyan Flower."

Get Ready

Thingyan really begins on A Kya Nei; a cannon is fired and people with pots of water and sprigs of the thabyaya flower pour the water onto the ground while saying prayers. Unlimited water throwing does not begin in earnest until A Kya Nei in most of Myanmar.

In the major cities and towns, people shrug off everyday conventions and begin splashing and spraying everyone in sight. That the Festival remains a peaceful celebration is a tribute to Myanmar's respect for traditions and the powerful influence of Buddhism.

Opening the floodgates of the Water Festival also unleashes three full days of partying along streets inundated with torrents of water. In major cities, partygoers use garden hoses, bamboo water cannons, water pistols, water bombs, plastic spray bottles, buckets and whatever else will hold water to throw at their fellow man. However, there are unwritten rules: everybody's fair game, except monks and clearly pregnant women.

The partying continues into the third day, called A Kyat Nei. Atop the pandals, young women sing and dance under a shower of water and disco lights. They stomp their feet on the wooden floors to the hammering of music, both Myanmar and Western. The young men, when not joining the ladies frolicking on the pandals, do their thing on car roofs or anywhere else they may find themselves. The centre of all this chaos



in Yangon has traditionally been Inya Road.

This "madness" ceases on the fourth day, which is Thingyan, or New Year's Day, which will fall on April 17th this year. New Year's Day is the ideal time for Myanmar to visit elders and pay obeisance by gadaw, a tradition in which a person, always of lower social standing, pays respect or homage to a person of higher standing. Young people wash the hair of the elderly.

People make New Year's resolutions and continue with the tradition of releasing fish, saying a prayer and making a wish: "I release you once, you release me ten times". They also make food donations called satuditha.

In various part of Asia, it's a choice between partying amid gunpowder explosions or partying amid exploding water bombs. I'd prefer to get wet, wouldn't you?

Ngapali Beach

By Josh Carroll



The plane to Ngapali Beach pretty much lands on the beach itself, so maybe think twice about going if you're a nervous flyer. From the cabin window it looked as though we were about to land on water, then a short, dusty runway appeared from nowhere just before we hit it. Baggage claim took place in the carpark outside the tiny airport's main entrance.

Greeting tourists as they arrive at the outdoors baggage reclaim is a giant red billboard with the following written in Burmese and English: "Drug trafficking is a serious crime and punishable by the death penalty." So maybe think twice about going if you're a drug trafficker...

Ngapali is booming - sort of. The road that runs parallel to the beach is being widened from a dusty track into a two lane highway as Myanmar opens up to the world and more and more tourists make the short flight from Yangon.

But, the place still feels like a lazy island paradise; there is a smattering of beachside hotels and plenty of room for everyone on the vast white strand, where Rakhine women selling pineapples and mangoes from baskets balanced on their heads stroll leisurely by.

The hotel I stayed in, the Lin Thar Oo, is a cluster of huts and outhouses built from dark, solid wood and close enough to the sea for the sound of waves breaking against rocks to permeate everything. The large restaurant deck out front gives a stunning view of a fat, orange sun extinguishing itself in the ocean at dusk.

I ordered a cocktail for about US\$3 and watched a father and son on the beach tending their horses, which I assume you can pay to ride but I didn't ask - terrifying creatures. I can report, however, that the heavenly soft white sand of Ngapali is, by some miracle, free of horse manure.

After sunset, I chain smoked some cheap Burmese cigarettes on my spacious private balcony and went to bed, for tomorrow there would be snorkelling. At 7am, I was dressed in my red swim shorts and so eager to enjoy the breakfast buffet that I didn't apply sun block; the worst mistake I, a pasty white man, have

made in a while. I had mohingya soup with a generous helping of not too appalling coffee and a fried egg placed lovingly on top of some noodles. Even though the sea was right there, I had to take a ride on the back of a moped to get to the boat that would take me snorkelling. My driver shouted back intriguing tidbits about the village we were passing through; he had a deep, gravelly voice acquired, I assume, by constantly breathing in the dust that billowed generously up from the road. I was the only tourist on the boat, but if I'd have had friends it would have accommodated five of them. The driver steered the propeller with his foot while his son sat in wistful silence as we floated out to sea.

We dropped anchor near a cluster of rocks just off a small island. The snorkelling wasn't great; the water was murky and it was difficult to make out the small, brightly coloured fish circling below.

The scenery made up for it, though. We came around a large land mass and into a bay throbbing with local fishing boats. On the peak of a hill that jutted out into the sea was a giant statue of the Buddha draped in gold. I got the driver to drop me on the beach so I could trek up for a closer look. From the baking concrete platform at the base of the statue is the best view you can get in Ngapali Beach: to the right, the beach bends around the sea in a slender white crescent, half encircling the large cluster of boats in the bay; to the left, the glistening blue Bay of Bengal stretches off over the horizon and onwards to India. On the way down we passed a monk coming the other way, dressed in pristine orange robes and a pair of aviator sunglasses.

Ngapali is around 50 minutes by plane from Yangon, so it's ideal for a quick getaway if the choking traffic and crumbling pavements of the former capital get to be too much. Bear in mind that flights to and from Thandwe Airport tend to go once a day in the early afternoon, so you need to stay at least two nights if you want to enjoy a whole day there.

Make sure to visit one of the beach shacks run by locals, where your waiter will hack the top off a coconut with a machete and serve it to you with a straw.



Temples of the World

By Mark Wayne



Wat Arun, Bangkok, Thailand

Long before the country opened up, the world was privy to images of the Myanmar of old. Perhaps some of the most iconic of these images were the fields full of temples that stretched to the horizon or the statues of the Buddha that so many now come to see.

Buddhism has spread around the world and many countries, including western countries and all throughout Asia, have their own versions of statues and temples. As is often the case, such tributes are astounding works of art, and here are but a few of the most recognised in the world.

Wat Arun - Bangkok, Thailand

Found on the Chao Phraya River, Wat Arun, meaning "Temple of Dawn", is one of the oldest and certainly one of the more famous landmarks in Thailand. Despite its name, the best views of the temple - an architectural representation of Mount Meru, the centre of the Buddhist universe - are to be found in the evening with the setting sun as its backdrop.

Pha That Luang - Vientiane, Laos

Built in the 16th century over the ruins of a former Khmer temple, Pha That Luang, which means "Great Stupa in Lao", is probably the single most important monument in the entire country. The stupa features several terraces, each level representing a different stage of Buddhist enlightenment; the material world being the lowest level and the highest level the world of nothingness. In 1828, a Siamese invasion led to the destruction of the temple, which was later rebuilt in 1931 by the French.



Pha That Luang



Todaiji Temple

Todaiji Temple - Nara, Japan

Originally constructed by Emperor Shomu in the 8th century as the head of all provincial Buddhist temples in Japan, Todaiji, meaning "Great Eastern Temple", is one of the most famous and historically significant Buddhist temples in Japan. Little remains of the original buildings of Todaiji today, but most part of the Daibutsuden, or "Great Buddha Hall", date back to 1709. One of the world's largest statues of the Buddha is housed in the temple and, even though only two thirds of the building's original size remains, it is the largest wooden building in the world.



Borobudur Temple near Yogyakarta on Java island, Indonesia

Borobudur - Java, Indonesia

Taking some 75 years to complete and found 25 miles northwest of Yogyakarta, this is the largest and most famous Buddhist temple in the world. Construction of the Borobudur, which began in the 8th and 9th centuries in what was then the kingdom of Sailendra, required an estimated 2 million blocks of stone. Abandoned in the 14th century for reasons that are still unknown, it lay hidden in the jungle under layers of volcanic ash for centuries.

Jokhang - Lhasa, Tibet

Attracting thousands of pilgrims each year, the Jokhang Temple is the most significant sacred site in Tibetan Buddhism. The temple was built in the 7th century by King Songtsän Gampo and it survived many an onslaught by the hostile Mongols. Today, the entire complex covers an area of around 25,000 square metres.



Jokhang Temple



Mahabodhi Temple

Mahabodhi Temple - Bodh Gaya, India

The main complex of the Mahabodhi ("Great Enlightenment") Temple houses a descendant of the original Bodhi Tree, under which Gautama Buddha gained Enlightenment, making this the most sacred place in Buddhism. Approximately 250 years after this event, Emperor Asoka built a temple on the sacred ground, a temple which, in its present day form, dates from the 5th and 6th centuries.

Haeinsa Temple - Hapcheon-gun, South Korea

First built in 802 (and later rebuilt in the 19th century after a fire in 1817) Haeinsa, which means "Temple of Reflection on a Smooth Sea", is one of the most revered Buddhist icons in South Korea. The temple's greatest surviving treasure is a complete copy of Buddhist scriptures (the Tripitaka Koreana) written on 81,258 woodblocks that remained intact despite the blaze.



Haeinsa Temple

What is Chinlone?

By Maxwell Myint



The Game

If you have spent any time in Myanmar, you would probably have seen the usual looking combination of sport and dance known locally as Chinlone, which means “rounded basket”. The sport is said to be over 1,500-years old and was once played by Burmese kings.

Known as “caneball” in English, this essentially non competitive game with no opposing team has no focus on winning or losing, but simply on the manner in which the game is played. You don’t hear that very often in the world of professional sport. Over 200 different methods of contacting the ball have been developed since the game was first invented, some of the most difficult of which are performed “blind” with the ball behind your back.

The game consists of one team of six players who play a version of “keepy uppy” as they pass a woven rattan ball (the distinctive sound made by the ball as it is passed around adds to the aesthetic of the game) around in a circle (typically 22 feet in diameter) using their heads, knees and feet. One player stands in the middle of the circle to perform a solo; various moves reminiscent of

dance are combined as the soloist is supported by those in the outer circle. Play stops once the ball has touched the ground before starting again as a new round.

Played barefoot or in specialised shoes on dry, hard dirt (ideally, but any surface will suffice), players use six main points of contact with the ball: the top of the toes; the sole of the foot; the instep and outstep of the foot; the heel; and the knee. Of primary importance in chinlone is form, referring to the correct manner in which the hands, arms, upper body and head should be positioned.

The intensely focused state of mind, said to be similar to that achieved in a Zen state of meditation and which is referred to as “jhana”, is known to be key to a successful performance.

Cultural Importance

Chinlone games play a major part in the country’s almost countless Buddhist festivals each year, the largest of which goes on for a month and features thousands of teams vying for perfect performance of form. Live bands play traditional Burmese music that inspires the players and even

shapes the style and rhythm of their play; the game is played in time with the music and the instruments accent the moves.

Played amongst both Myanmar men and women, it’s not uncommon to see ladies and gentlemen in their 80s practicing their form. A solo variety of chinlone called “tapandaing” is not uncommon, but the variant is only played by women.

Origins

The origins of chinlone are thought to be traced to the ancient Chinese game of “tsu chu”, acknowledged by FIFA (football’s world governing body) as being the oldest form of football in recorded history. Similar games are played throughout the region with different styles, rules and balls. There is evidence to suggest that such games traversed the Bering Straits and were adopted by Native Americans, and they are also thought to be the origin of the popular hacky sack style games.

Form takes years to reach the level that is being played at the top of the sport but, as they say, you never know what you can do until you

try. It looks difficult and you have probably never even attempted to play anything similar, but that is no excuse for not trying the sport now that you are in Myanmar.



The first photograph of men playing chinlone taken around 1899

Sport in Yangon

By Jonathan Aye



There's been a quite remarkable emergence of sports clubs in Yangon within the past two years. The great thing about living in a city that has relatively few activities available is that it's relatively easy to start one of your own. If you are enthusiastic about a sport or activity, the chances are that someone else is, too, and all it takes is a few emails, one or two conversations, and you'll have an activity of some sort up and running. The majority of the clubs/activities listed below began with those exact origins.

Running

Due to the relatively poor state of most pavements in Yangon, running on the streets can be a tricky task if you want to avoid twisted ankles. That being said, the two lakes (Kandawgyi and Inya) both offer great, flat boulevards that are ideal for running along - Inya Lake also has some outdoor gym areas.

If you don't feel like running on your own, then join the Yangon Hash House Harriers, a self-styled "Drinking Club with a Running Problem" that meets every Saturday afternoon at 3pm outside the Yangon University entrance on University Avenue. It's a popular group with

more than 40 members turning up every weekend and it's a great opportunity to see parts of the city that you probably would not otherwise have seen, as most of the runs venture far outside the city's limits.

Saturday 3pm, opposite Yangon University on University Avenue, Kamayut Township.

Rugby

What began as a drunken conversation in a bar has grown into a fully fledged rugby club with upwards of 40 members, as well as a Men's Contact Team, a Ladies Touch Team and a Mixed Touch Team. The Yangon Dragons - as they are known - are the only rugby club in Myanmar (although there are plans to introduce a few more, as well as a national team, within the next few years) and play matches against other teams from across Asia. This year they will host teams from Doha, Hanoi and Singapore and have already competed in competitions in the Philippines and Thailand.

Sunday 10.30am, Yangon United Football Club, Insein Road (about 200 metres before the junction with Parami Road), Hlaing Township.

Swimming

The Kokine Swimming Pool was previously the place to go for those wanting to swim, but recent rule changes mean that it is currently off limits to foreigners (although the rule has been changed before, so check it out for yourself - it's located on the appropriately named Kokine Swimming Pool Road off Saya San Road). Swimming enthusiasts should, therefore, head to the pools of the major hotels, such as the Park Royal, Chatrium, Sedona and Traders, which charge varying rates between US\$15 and US\$25 a session.

AFL

The Myanmar Teik Kyat (Fighting Cocks) have officially begun training every Sunday (after the Dragons rugby team) in preparation for their first match against a Bangkok side on May 24th. Contact Rooster at thebigrooster@bigroosterfooty.com for more information.

Sunday 12pm, Yangon United Football Club, Insein Road (about 200 metres before the junction with Parami Road), Hlaing Township.

Football

While the Premier League is hugely popular in Myanmar, the playing of football is harder to find in Yangon than many other sports. You will often find a group of locals kicking a ball around a field, and they will almost always invite any interested parties to join them, but finding a structured 11 a side game is a little more difficult.

Tai Chi

Tai Chi Chuan is a Chinese form of exercise that is derived from Taoism, one of China's oldest belief systems. A martial art at heart, it's a great form of exercise and relaxation, as well as being an excellent form of self-defence. No experience or particular level of fitness is required. Classes usually take place on Sunday mornings (K10,000 per person), but email Andy Benfield at andy.benfield@gmail.com to confirm.

Cycling

Bike World, Yangon's premium bike shop, runs cycling tours around Yangon's cycling area every Friday and Sunday. The Friday tour leaves from the Bike World Guest House (10F Khabung Road, 6 Miles, Pyay Road) at 9:30pm and arrives back at the same place at about midnight. The Sunday tour leaves from the same place at 6:30am and, after a one hour bus trip, the cycling begins. Returning at 3pm, bikes can be hired for between K10,000 and K20,000.

Check out cyclingmyanmar.com for more details.

Golf

The people of Myanmar (particularly the upper and middle classes) are huge golf fans. Courses can be found all over the country and they range from traditional British built courses that are over 100-years old to the modern Gary Player designed course at Pun Hlaing in Yangon. Some courses in and around Yangon include:

- Myanmar Golf Club - Pyay Road, 9 Mile, Mayangone Township.
- Pun Hlaing Golf Club - Pun Hlaing Golf Estate Avenue, Hlaing Tharyar Township.
- Yangon Golf Club - Kha Yae Pin Street, Dayingone Ward, Insein Township.

For those not quite willing to spoil a good walk, there is a driving range on the east side of Inya Lake (opposite the Sedona Hotel) where you can hit balls into the water.

Lethwei

Lethwei (pronounced "Laway") is the local version of the better known Muay Thai in Thailand. Lethwei is by far Myanmar's most popular martial art and, while there are certain similarities to its Thai counterpart, one of the key differences is that, in Lethwei, if there is no winner after a certain number of rounds, then the match is declared a draw. Matches sometimes take place at the Thein Phyu Indoor Stadium on the northern end of Thein Phyu Road next to Kandawgyi Lake.

Chinlone

No doubt you've passed a group of longyi clad men in the street, kicking a bamboo ball into the air with incredible skill. That's Chinlone, the most popular participant sport in the country. The ancient game - which has variations throughout Southeast Asia - is not about who wins or loses, but who can play the most beautiful shots. There is actually a competitive element to it, and Myanmar recently won the gold medal at the Southeast Asian Games hosted in December of last year.

How to Avoid Buying Fake Rubies and Sapphires

By Maxwell Myint

The market for gemstones in Myanmar is one of the most vibrant and active in the world. Our natural resources have long been renowned for their quality and desirability. In particular, rubies and sapphires both come from the *corundum* family, with rubies being red and sapphires being any other colour but red. Rubies exhibit the “asterism” effect, better known as the “star” effect, which is one of their most prized characteristics. Natural rubies come in red, blue, purple, pink, white (clear), gray and black (both silver and gold stars).

With exciting new times in Myanmar come exciting new opportunities, and I have been speaking to an increasing number of people in the country recently who are considering making an online gemstone purchase to compare markets. There are certain things that you will need to consider, as the online market for fake gemstones is on the rise, even on the more reputable and popular sites like *Ebay*.

1) Ensure that the person you are buying the gemstone from has a good return policy. 2) Bear in mind that the colour of the actual gemstone will almost certainly not have been accurately reproduced neither by the camera nor the computer screen on which you are viewing it.

Each computer screen is different in terms of its calibration and some online sellers have been known to digitally enhance the colour of the piece in order to increase its desirability.

3) Make sure that you check the Feedback section of the seller/store's account. This is extremely important. If there are a large number of comments, you can use filters to select negative or neutral comments.

As I said, our domestic market is extremely exciting, to say the least, and in such a market there will always be those who wish to defraud consumers by counterfeiting desirable items. A major problem that stems from such an industry with regards to rubies and sapphires are the synthetic or “lab grown” stones, often referred to as “manmade”. In terms of the online market, there are probably more manmade corundum stones on sale than there are genuine articles. Key to spotting such items is looking for an overly transparent stone, in which the star is easy to define. In most cases this is indicative of a manmade ruby or sapphire.

There is also a treatment done to natural stones called “diffusion”, which improves asterism to make the star easier to see, but most stones that have



been diffused are much darker and more opaque. As mentioned earlier, genuine rubies and sapphires come in a variety of colours, but synthetic varieties only come in red and blue.

Other stones on the market (including Star Garnets, found mainly in India and the state of Idaho in the US) are occasionally mistaken for rubies or sapphires (and can be used fraudulently as such), but they generally have fewer rays, which is the most effective method of determining the difference (garnets having four to six rays, corundums having six to 12 rays).

Hopefully this quick guide will save you the trouble and embarrassment of making a risky yet avoidable online purchase. With a bit of vigilance and due diligence, the internet is a safe and often preferred means of shopping.



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