

PDAS Marciel's Remarks

Doing Business in Burma Symposium

Remarks as Prepared

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- Thank you all for coming to today's event. It is apparent from the tremendous cross-section of American companies here in this room that there is an incredible level of interest in Burma.
- I would like to also thank my colleagues from the Departments of State, Treasury, Commerce as well as other government agencies who are here in order to help inform America's businesses interested in the Burmese market. Thanks, as well, to BCIU for putting together such a terrific program.
- Lastly, I would like to recognize the diplomats from Myanmar who are with us today. Your presence reflects your government's commitment to creating a welcoming climate for U.S. firms in your country.
- The reason we're here today is to discuss some of the challenges and opportunities to doing business in Burma. Standing before you today – representatives of the American business community – I want to underscore that the U.S. government is optimistic about prospects for Burma's future and we believe that American business can play an important, positive role in the country's future.
- I had the opportunity to return to Burma about a month ago. The last time I'd visited was in 2009, and I was truly amazed at the country's transformation since then. Four years ago, Rangoon felt like a quiet, closed city. During this last trip, the vibe was much different. There was an energy I had not seen before – I saw more stores in the city, my hotel was filled with foreign business people and diplomats, and there was actually traffic – traffic! – clogging Rangoon's streets. More importantly, the increased freedom was evident in both civil society and government members' willingness and ability to speak openly with me. It was clear that the country, and its economy, had changed. And from everything I saw, the pace of change is accelerating.
- If you think about it, the speed and scale of Burma's transformation are astounding. When I visited last, there was no Derek Mitchell in country – in fact the United States had no accredited Ambassador in Rangoon. The country was led by a general that headed the State Peace and Development Council. Conversations between our governments, when they happened at all, difficult. Aung San Suu Kyi was under house arrest. Public demonstrations and unions were illegal. Open criticism of the government was not tolerated. U.S. sanctions were in full force and the country's investment laws did little to encourage foreign investment. Total bilateral trade between the United States and Burma at that time stood at \$9.7 million. And the only Coca Cola you could drink, if you could find one, was illegally imported from Thailand.
- Now think about where we are just four years later. Burma is now led by a president who shed his military uniform and has proven to be a courageous champion of

reform. Aung San Suu Kyi is a member of the Burmese Parliament and one of the most popular politicians in the country, but is also joined by a gamut of political leaders from different political parties who are participating in the country's National Assembly. President Obama became the first sitting U.S. President to visit the country and invited President Thein Sein to visit the White House, which he did earlier this year. Burmese enjoy greater freedom of association than they have in decades and newspapers have the freedom to report on and question government actions. Over 1,100 political prisoners have been released from Burmese jails. Sanctions have largely been lifted and investment is flowing into the country. The total exports from the United States to Burma through September of this year were \$118 million. The total exports in 2012? Zero. Apart from that, I might add, not only can you get a Coke legally in Burma, but you can buy one bottled in Burma.

- Those changes are only part of the reason we're here talking about doing business in Burma. We're also talking about Burma because it has the potential to be an important new market for U.S. businesses. Burma's government is actively looking to attract responsible foreign investors and we hear consistently from the Burmese government and private sector that they want access to U.S. products. The country possesses abundant natural resources, its consumer market has approximately 60 million people and is virtually untapped, and it seeks to upgrade virtually its entire infrastructure. What's more, it shares land borders with not one, but two economic giants – India and China. If the economy fires on all cylinders, according to some, it has the potential grow from an estimated \$45 billion today to more than \$200 billion by 2030.
- But while this all sounds promising, as Ambassador Mitchell stated in his remarks, Burma is still an emerging market and is in the very early stages of transition. As such, it offers very high potential rewards for businesses but those rewards have commensurate risks as well. I would be remiss if I did not mention a few of the country's issues that concern us at the State Department – things that should concern you as potential investors in Burma.
- There are open questions about the country's elections in 2015. Concerns about the future role of the Burmese military in the economy and politics. Discussions ongoing between the government and armed groups regarding a national ceasefire agreement. And considerable amount of regulatory reform that needs to take place to bring laws in-line with 21st century norms. Senior Advisor Cefkin will elaborate more on these potential issues during her remarks, but these are things you should be aware of in the near and intermediate terms.
- Those risks aside, the U.S. government believes the country is heading in the right direction. We are working very hard with our Burmese counterparts to help the country avoid potential pitfalls and realize its incredible potential. Because of this, we want American businesses to go to Burma to invest and trade. Increased U.S. trade and investment in this fast growing, resource-rich country will potentially provide huge benefits for American businesses and workers.
- But we believe U.S. investment will also benefit Burma and strongly support its new direction by ensuring the Burmese people quickly realize the benefits of reform. And ensuring the success of reforms in Burma could potentially have a transformative effect in providing stability and increasing prosperity in the entire region.

- American companies and products are among the finest in the world. Our companies have the potential to win significant business as Burma modernizes and its domestic market continues to open and grow. Four years ago, you would be hard pressed to see many American brands sold in Burmese stores. Today you see products from Coca Cola, Ford, Pepsi, Chevrolet, Caterpillar, John Deere, and Procter and Gamble being sold around the country. Greater sales of American products support job creation in the United States.
- Increased trade and investment by American businesses will also benefit the Burmese people. More American products in the market mean more choices and higher quality products for Burmese consumers. More investment will support job growth in Burma, raising employment and the country's standard of living, and creating ever more stakeholders in the success of reforms.
- American companies bring with them the highest standards of corporate social responsibility in the world. These best practices in labor rights, environmental standards, and transparency will raise the bar within Burma and could fundamentally change the nature of business operations there.
- In addition, as greater investment enters the country, and wealth increases, the likelihood of reforms taking hold and continuing increases as well. Foreign investment will be critical to making that happen. As the standard of living improves, the credibility of those who argue for a return to the past will further decline.
- Now, I've touched on a number of potential risks to think about when you consider doing business in Burma and I've spoken about the tremendous opportunity that the country offers. If there is anything I would like you to take away today it is this: be patient and prudent and your businesses can make a difference. I ask for your patience because entering an emerging market is hard and the country's transformation will take time. While Burma is making genuine progress, it would be unrealistic to think that this transformation will take place without occasional, temporary setbacks. That said, the U.S. government is optimistic about Burma's future and will continue to work hard to help ensure the country's transformation is a success. And we will keep working hard to ensure that you – American business – can play a leading role in the country's Burma's transformation.