



U.S. EMBASSY RANGOON

110 University Avenue, Kamayut Township, Rangoon, Burma

Keynote Address “Toward a New Era of Economic Engagement and Responsible Investment in Burma”

Mingalaba. Good afternoon.

It is a pleasure and honor to be here at the Euromoney conference to offer this keynote after a long day. It is a particular pleasure to be seen so many old and new friends. I want to acknowledge U Soe Thane and U Htin Aung here in particular.

Frankly I found it a bit curious that a US Ambassador was invited to address a EuroMoney conference. But I suspect I know why. I will address that later. Regardless, I am grateful to be invited and want to extend my congratulations to Euromoney for another outstanding event.

These gatherings are important on a number of levels. Primarily, they give us a chance to listen, learn, share perspectives, and generally step away from the day-to-day traffic of our work and perhaps consider some Big Ideas and Big Themes. I would like to offer my take on the Big Ideas that are on our minds of some in the US and elsewhere.

But before I discuss big ideas, I'd like to start with a small word, the one in the title of this talk: era.

Webster's Dictionary defines an "era" as a moment in time marked by a memorable or important date or event; especially one that begins a new period in history. The challenge in defining an era is that when you're in the moment, it sometimes can be hard to tell when exactly a "new period in history" has begun. Often you recognize a new era only in hindsight.

And sometimes new eras appear to begin and do not last.

Here in Burma, we are indeed witness to a remarkable period of the country's history, one that we all hope signals a new and sustained transformative era of peace, prosperity, and development for a country that for too long has been isolated and disconnected from the international community.

We all are extremely encouraged by the continuing momentum of reform we are witnessing on virtually a daily basis: whether it's the release of hundreds of political prisoners, the enactment of a new and progressive labor law, increasing media freedom, a more free and active civil society, or reduction of black lists to enable the return of former "enemies of the state" to take part in shaping the "new Burma."

These developments are not only welcome to the people of this country but also to its neighbors, the region, and the world. The Asia-Pacific region in fact remains the world's most dynamic region, an engine of global development and progress. Through these sea lanes pass more than half the world's

trade. In this region are the four largest countries by population, the top two of which happen to border this country, something not lost to anyone living here.

Adding Burma to this mix, to enable connectivity from South and Central Asia through SE Asia to the Pacific, and up through to SW China to the north, only heightens the promise and potential of Asia in the coming century. And in turn contributes to the peace and stability of the region and beyond. If only for that reason, what happens here should and must matter to us all, whether companies, investors or governments.

Indeed, to a remarkable degree, the country we are in today is markedly different from the country of just a year ago when I took my first trip here as US special envoy. For those who live, work and seek to do business here ... for policy crafters and decision-makers in Washington DC... for global investors around the world... it's abundantly clear: a new era in this country's history beckons.

The question becomes then: will what we're seeing turn out to be a new era or just a new phase? Where will all this promise lead? And how far will it go?

Just as I am encouraged by the progress to date, so am I encouraged by the many voices both within the government and outside who are quite clear-eyed about the problems that remain, the urgent challenges that must be overcome to achieve common goals of a just, peaceful, stable, democratic, and developed country. We must be honest about these challenges just as people here are:

- The lack of human and institutional capacity
- A deeply ingrained culture of corruption and cronyism
- Lack of adequate transparency and accountability
- Deep deficiencies in the judicial system, and rule of law more broadly, that remain a cloud over human rights protection and indeed the investment climate
- And the flare-up of communal violence, most recently and violently in Rakhine State, which I visited just last weekend -- where social divisions remain deep and quite tense, and where conditions of humanitarian need remain urgent

There has been encouraging progress in recent months in ending longstanding armed conflicts and associated abuses against ethnic minority peoples due to the focused and sincere efforts of many in both Naypyitaw and ethnic minority communities. But lingering conflicts in Kachin and Northern Shan State continue to raise concerns about the road ahead, particularly whether a sustained environment of stability awaits investors. We all are watching this with great interest.

Still, with all these lingering challenges, I believe there is ample reason to be optimistic.

Under the leadership and vision of President U Thein Sein, his partners in government, and an energized Parliament that notably includes Daw Aung San Suu Kyi, the reform agenda continues ahead. These individuals have no illusions but seem committed to facing them honestly and head-on, and hopefully in partnership together.

I have also met so many people ... ordinary citizens ... who remain strongly dedicated to contributing to a more democratic and developed society here. Former political prisoners who after decades behind bars are now jumping back into the fray with vigor to fulfill their life's dedication towards change in this country.

The challenge for those of us on the outside, then, whether investors or government officials, is to be realistic, to see the country for what it is and not to have either too high expectations or too much disappointment if our expectations are not immediately met.

At the same time, we should look beyond the obvious opportunities to transform our relationships with a country of such tremendous political and economic potential, to consider how we can contribute to realization of that potential in a way that conforms with both our interests and our values.

For the US's part, in May of this year, with bipartisan support in Washington, Secretary of State Clinton announced U.S. intent to ease investment sanctions. This intent was enacted on July 11, the same day I presented my credentials as the first US ambassador here in 22 years. We waived the two largest barriers to our – and others' -- economic engagement here, allowing once again dollar-denominated financial transactions and new corporate investment.

I want to make clear this will not be the end of the process of change in US policy, of course: we have made it clear from the start that as Burma reforms, we intend to be partners in that reform, even if fully extracting ourselves from the array of restrictions imposed over the years may take some time. Please note that just as we expect Burma will not turn back on the reform process here, neither will the United States turn back on its commitment to assist.

During her May announcement, Secretary Clinton urged companies to not only go and invest here, but do so responsibly. Do due diligence. Understand local conditions and contexts. More importantly, consult with local communities as you begin to engage – and as you choose prospective partners. Model values of accountability, transparency, and good corporate governance. Bring education, training, and best labor practices to workers here, create jobs and raise standards of living, and consider environmental and social impacts of your activities to ensure you leave local communities better off than when you first arrived.

I know U.S. companies traditionally conform to these best practices around the world. I have already hosted two business delegations in the month-and-a-half I've been ambassador, and all the U.S. business leaders I've engaged take their obligation to Corporate Social Responsibility seriously. I even detect an enthusiasm to contribute to the historic transition going on here, an excitement that they can be part of history in the making. I think they also know they can tell their shareholders that engaging in this way is not just good karma, but good for business.

Indeed the people here in the government and at the grass roots are watching how we engage and will judge us on whether we are here to exploit or indeed invest. They have high regard for Western values and are hopeful we will act according to those values. That is a challenge for us all.

In return, as addressed throughout today, the people of this country must be prepared for the implications of foreign economic engagement. Protectionist sentiment is not unnatural. It is in fact evident in all countries – including my own, I must admit. But while the risks of opening up to FDI are apparent, I believe this country stands more to gain than most from doing so.

Anyone who travels here can feel the excitement, anxiety, and uncertainty of the long and difficult journey ahead for Burma. Transitions are difficult, change is hard. There will be stumbles, perhaps even some steps backward. Even those with the best intentions here cannot say for certain where it all may lead.

But in this new environment, which we hope harkens a new *era* and not just phase in the life and history of this country, it should be our collective duty, from those of us who set government policy to those of you who manage global capital, to individuals in both of our countries who work in private sector businesses and civil society organizations, to work together to create opportunities for

shared economic benefit, to pursue responsible business practices, and to foster respect for universal human rights and values.

By doing so, we not only enhance the value of our investments, we can help this country reach its full potential. And in the process, we not only may enhance our common prosperity but also our broader goals of promoting peace, stability, and security in Asia and beyond. I expect investors and businessmen in this room will understand why those goals will be in their interest as much as in the interest of U.S. and Asian governments. Our partnership to promote progress here can serve as a win for all.

I hope you all consider that Big Idea as you consider all that you've learned and discussed here today and continue tomorrow.

Thank you again to Euromoney for the kind invitation, and thank you all very much for listening.

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