

An old hand with an 'eye for Myanmar'



M-ZINE+'s Victoria Bruce speaks to Keith Rabin

Keith Rabin is president of KWR International (KWR), an American consulting firm specializing in delivering economic-based research and consultancy services. He first visited Myanmar in 1980.

His professional experience spans engagements for the Japan External Trade Organization (JETRO), the Japanese Ministry of Economy, Trade and Industry (METI), the Japan Bank for International Cooperation, the Korea Securities Dealers Association (KSDA), and numerous foreign and local governments and business associations.

You're a veteran of the American financial community – what has been the general reaction towards Obama's Myanmar visit and US re-engagement with Myanmar? Is Myanmar a country on the US business community's radar and why?

The general view in the US toward Myanmar is one of curiosity. Most businesses remain primarily focused on our domestic economy and few have any experience dealing with Southeast Asia. Where tangible interest exists, it remains mostly focused on China, though it is true that interest is growing. So aside from the major multinationals and a few select cases, I don't think you can really say it is 'on the radar'. This is especially true in comparison to what we are seeing from clients and contacts in Japan, Korea, other parts of ASEAN and

Australia. While it is also early in these markets, they have both shown more interest, and in general begun taking steps to identify specific opportunities and entry strategies.

Part of the challenge is U.S. firms need to redefine their approach to international business. Until recently Southeast Asia and emerging markets were seen primarily as a low-cost collection of countries from which to manufacture products and commodities for export. This, however, is changing as these markets expand, wages and costs rise, and growing numbers of people adopt middle class or better lifestyles. This is creating more demand for the higher-value products, services and brands produced by U.S. companies at a time when our own cost competitiveness is improving relative to other countries and revenue growth is difficult in more mature markets given current economic weakness in the U.S., E.U. and Japan.

Keith, tell us about your personal experience with Myanmar. When did you first visit the country?

I first visited Myanmar in 1980. China was opening up at that time, and I had thought about becoming involved there, but I had seen a documentary on Myanmar a few years earlier in college and after a business trip took me to Asia I visited Myanmar and decided to start a trading company that focused on this market.

I became one of a very small group of non-diplo-

matic foreigners allowed to extend my visa and for the next seven years travelled extensively within the country and spent several months a year there. Maintaining close relations with a wide range of government and private entities in Myanmar as well as the U.S., we worked primarily with mid-sized companies looking to do business in areas such as apparel, housewares, gift-wares, agriculture, ceramics and manufacturing. We also began developing our own products, which we distributed to large chain stores like Macy's, Pier 1, Cost Plus, Bloomingdale's, Saks 5th Ave., distributors and smaller stores across the U.S. and occasionally Europe.

Myanmar, however proved difficult, and in 1987 we diversified into Thailand and other Southeast Asian countries. I also entered graduate school. The business grew several hundred per cent, but it became more focused on freight forwarding and collections I sold off the assets after I graduated and began work first as U.S. country manager for a Japanese sporting goods company and then as a consultant working with organizations such as USAID, the UN and the World Bank.

I later joined two of the world's largest public relations companies, working on international transactions for companies such as GE Capital as well as initiatives for the National Development Information Office of Indonesia, Department of Export Promotion of Thailand and International Telecommunication Union's Programme for Development. I was also responsible for developing the first global public relations initiative to promote the Republic of Korea as well as research and communications efforts on behalf of the Japanese government to support various trade negotiations with the U.S.

Tell me about KWR International. Why was the company established and what is your firm's "Vision for Myanmar"?

My work as a consultant for economic development agencies and large public relations firms taught me that unless clients possessed well-defined strategies, management/technical expertise and an understanding of marketing/promotion, it was not easy to provide the support they required. Each of these functions are critical, almost like three legs of a stool, and to provide expertise in one of these areas without adequate attention to the others, at best made it difficult to deliver the results that were desired.

KWR International was founded as a firm that can provide an integrated approach combining expertise in these three areas. By understanding the needs of both the client and audience they are trying to reach, and our research/analysis, hands-on business development/

management services and public/investor relations expertise, we are able to help them develop mutually viable approaches and structures and to provide the ongoing support necessary to allow effective implementation over the long term. While much of our work is featured on our "<http://www.kwrintl.com>" website, examples include ongoing support for the Japan External Trade Organization (JETRO) and its Ministry of Economy, Trade and Industry, as well as numerous engagements for the Federation of Korean Industries, Korean Chamber of Commerce in the USA and Japan Bank for International Cooperation.

We were also instrumental in developing the strategy and launch of Incheon's Tri-port initiative. This led to the opening of Incheon's well-known airport and the multi-billion dollar development of New Songdo City. We have also actively supported development of the Riau Islands in Indonesia and its Batam, Bintan and Karimun free trade zones.

In addition, we have undertaken many confidential assignments for U.S. and foreign corporations seeking to enter, or resolve operational issues and investments in Asia and vice versa. For example, several years ago



Faded photo but renewed interest, Keith Rabin, right

we helped a U.S. technology company restructure two subsidiaries in Korea and helped in their overall Asian business development efforts.

Like many who have spent time in Myanmar, I have always hoped to again become active there. I have been approached a few times over the years, though did not feel the time was right. About a year ago, however, I decided it was time to re-establish my connection. We released a report last April titled 'Business and Investment Opportunities in the New Myanmar,' which was very well received and is now about to be released in an updated second edition. With the support of Myanmar's government I also made an extended trip there and our work is again increasingly focused on this market. Examples include a study on Myanmar's electrification needs, a survey on business and investor perceptions toward Myanmar, and due diligence reviews for clients seeking to evaluate entry strategies and hands-on support during their visits. Moving forward, we are actively improving our ability to help clients take advantage of the many opportunities that are emerging.

What do you see as being the biggest impact of US sanctions on Myanmar? What has this done to the country's economy?

I have never been a proponent of sanctions, as I don't believe they have the desired results. In Myanmar's case I believe sanctions have only helped to prolong the isolation that is now being reversed. Part of Myanmar's problem was the almost total lack of knowledge

and interest among businesses and investors about the potential the country offered. Therefore, unlike markets such as China, where human rights concerns have been balanced by strong corporate, and other, interests promoting engagement, in the case of Myanmar politicians simply responded to those who exerted the most pressure and the result was a network of sanctions that served only to further isolate Myanmar.

President Obama's visit, along with growing corporate and investor interest, are two of many factors now reversing this trend. While some human rights activists believe the rapid movement we are now seeing is premature, I would point to the many positive developments we have seen over the past year which far surpasses what was seen during the long period when the sanctions remained in effect. While much remains to be done and resolving the many problems facing the nation will take substantial time and effort, the trend has clearly been in the right direction and further engagement is only likely to further broaden constituencies both inside and outside Myanmar who favour, and benefit from, further liberalization and reform.

For you, how significant is Obama's visit to Myanmar? What will this mean for Myanmar-US relations?

Obama's visit is extremely significant. It is symbolic of the growing U.S. 'pivot' toward Asia, the increased importance of Southeast Asia, and the need for U.S. companies and investors to reorient themselves towards expansion outside the U.S., particularly in emerging markets. This is true not only in strategic and economic





terms but within the overall bilateral relationship. His visit will help to showcase growing opportunities and the potential for closer cooperation, as well as growing U.S. interest in further developing ties to both Myanmar and Southeast Asia, which are expanding far more rapidly than anyone expected.

By all indications, Myanmar and the U.S. have a growing affinity for one another and there appears to be a strong mutual desire to expand a relationship. While this surprises some people I think there has always been good will and a desire on the Myanmar side to improve the relationship, though this was very difficult in the past. Therefore, while viewing the changes now taking place in Myanmar, I think one should give equal attention to U.S. recognition of the growing importance of Southeast Asia and the role Myanmar can play in developing the region. It is also very important to understand the importance of Myanmar's assumption of the chairmanship of ASEAN in 2014 in the lead up to the launch of the ASEAN Economic Community in 2015.

Given that Myanmar still has ongoing issues with ethnic conflict and political prisoners, do you think it's a safe investment destination regarding risk and reputation? Are human rights groups going to get up

in arms if US companies invest in Myanmar?

The ethnic issue is extremely important and needs to be resolved, not so much due to concern by human rights groups or risks to investments given much of the population and opportunities exist outside affected areas, but rather to allow true national reconciliation and progress in advancing Myanmar's promise in a fair, equitable and sustainable manner. Fortunately, President Thein Sein and his government recognize the importance of this issue and the danger inaction represents to the course they are taking. Despite continuing tensions, the government has been speaking and interacting with minority groups in unprecedented ways and it has been investing substantial resources and political capital into furthering the national reconciliation process. Input from donors and the opening of the EU-funded National Peace Centre should prove helpful. While this will not be easy and it is important to remember this issue has existed since before Myanmar's independence, hopefully over time this issue can be resolved and effectively managed as all parties seek to benefit from the opening of Myanmar's economy and the potential it offers.

Looking back at how the US has re-engaged with other previously sanctioned countries such as South Africa, the re-engagement with Myanmar has been very fast - sanctions suspended, visit by a President all in one year. Why so fast - what's your take on this?

The fast pace in 'normalizing' relations with Myanmar is the result of a confluence of factors. This includes the U.S. desire to 'pivot' and upgrade its relations in the region with the need for U.S. companies and investors to focus more attention on opportunities and growth outside the U.S., just as the political and economic opening of Myanmar has allowed closer engagement and the development of closer bilateral ties. Additionally, Aung San Suu Kyi's decision to run for, and assume, office, engage in cooperative dialogue, and to note her desire to relax sanctions and more fully normalize relations has also had a very positive impact. I have heard more than one senior U.S. policymaker remark that the spirit of emerging bipartisanship in Myanmar, e.g., Minister Aung Min's support for Aung San Suu Kyi when she received the Congressional Medal of Honour is a lesson that can benefit our own country as well. Closer engagement with Myanmar also happens to be a rare area of bipartisan agreement as seen in comments last Friday by leading Republican Senator Mitch McConnell when he took the occasion to commend President Obama for making the trip to Myanmar. +