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Headline: Local firms 'can play middlemen' in Myanmar

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IE: Those seeking to win business must be ready for competition

By MELISSA TAN

Singapore is up against seemingly every other developed country in the competition for a slice of Myanmar's economic pie, Mr Tan said. For instance, Japan already has a hand in the country's stock exchange. PHOTO: AGENCE FRANCE-PRESSE

SINGAPORE companies need to position themselves to enter the fray in Myanmar as more countries eye a slice of the economic pie there, a top trade official said yesterday.

"We have to benchmark ourselves against the competitors... they are all on the sidelines and they are waiting," said Mr Tan Soon Kim, group director for South-east Asia at trade agency IE Singapore. But he warned companies against rushing in blindly.

In this dog-eat-dog game, Singapore is up against seemingly every other developed country.

"The Japanese, for instance, already have a hand in the stock exchange, in the financial sector. The Koreans are also in the energy business already," he noted.

Even the Americans and Europeans have suspended their sanctions. Mr Tan said: "They're adopting a wait-and-see attitude, but some of their companies have been approaching me for advice on how to get in."

Despite the fierce competition, Mr Tan said local companies could "take heart in the fact that Singapore is welcome... We are good middlemen, and what Myanmar needs today is to connect with the rest of the world".

Singapore's trade with Myanmar is currently worth about US$1.2 billion (S$1.5 billion), making Singapore its third-largest trading partner behind Thailand and China. Singapore is also the sixth-largest investor, with a cumulative US$36 billion of foreign direct investment since 1991.

Mr Tan was speaking on the sidelines of a seminar yesterday at the Singapore Management University, where IE Singapore presented a white paper on business opportunities in Myanmar.

One attractive sector is hospitality, IE Singapore said, noting that Singapore is the largest player in the hotel industry and the biggest investor in Yangon's three largest hotels: Parkroyal Yangon, Sedona Hotel Yangon and Traders Hotel Yangon.

A dearth of hotel rooms, owing to a surge in visitors as Myanmar gears up to host the 2013 SEA Games and the 2014 Asean summit, has led to room rates tripling in recent months, Mr Tan said, adding he had heard that the wait to get a serviced apartment was "about eight months".

Other sectors of interest include financial services, power generation, urban development, manufacturing, industrial development, logistics and telecommunications, IE Singapore said.

White paper co-author Jesse Satria Oeni told the seminar that Myanmar's mobile penetration rate of 1.5 per cent was lower than North Korea's 2.3 per cent.

But Mr Tan warned: "It's not all 'boomtown Charlie'. There are challenges, there are risks."

Mr Sheikh Babu Nooruddin, managing director of Al Noor International, cited high land and labour prices, noting that the government was trying to establish a minimum wage of around US$180 a month.

Mr Nooruddin, whose company runs a garment factory in Myanmar, also pointed to a lack of infrastructure, lack of financing and high inflation.

Mr Tan also said a key challenge was the "fatigue factor setting in". "When we went there, it's almost like a conveyor-belt system when we meet with the ministers. We sit outside, then the delegation before you comes out, you go in. Then when you come out there's another delegation outside," he added.

This meant Singapore companies keen to invest in Myanmar must have at least a draft proposal ready beforehand, and be aware of what the Myanmar government needs, he said, noting that business proposals needed to address employment issues and Myanmar's economic re-engagement with the world, as well as sustainability issues.

IE Singapore plans to open an office in Yangon by October.

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