



# Myanmar

The political and business environment

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Control Risks



## Control Risks

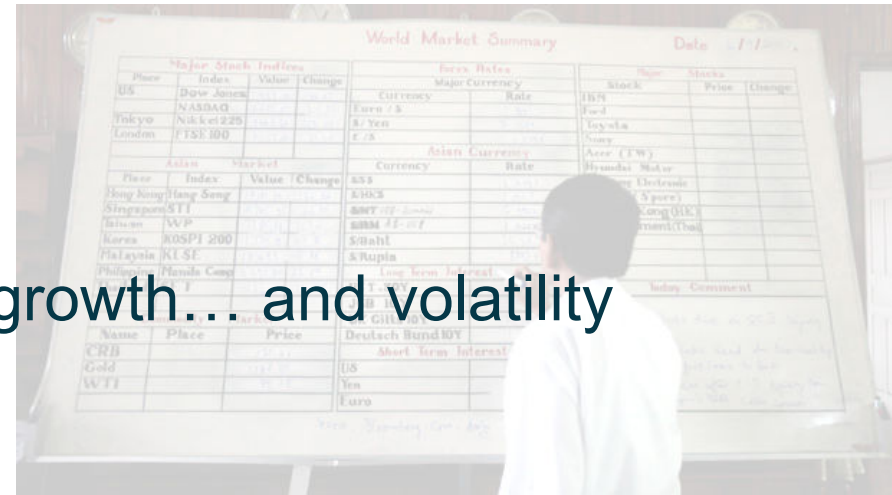
### Politics: To 2015 and beyond...

- ❑ An impressive, positive political shift underway – historic opportunity.
- ❑ But great potential is accompanied by great uncertainties:
  - Political process so far quite dependent on key individuals.
  - Potential personal and institutional rivalries?
  - Can compromise politics and reform consensus be sustained?
  - How might NLD behave in government?...
  - ...And how might 'hard-liners' and the military respond?
  - Can minority issues be successfully managed?

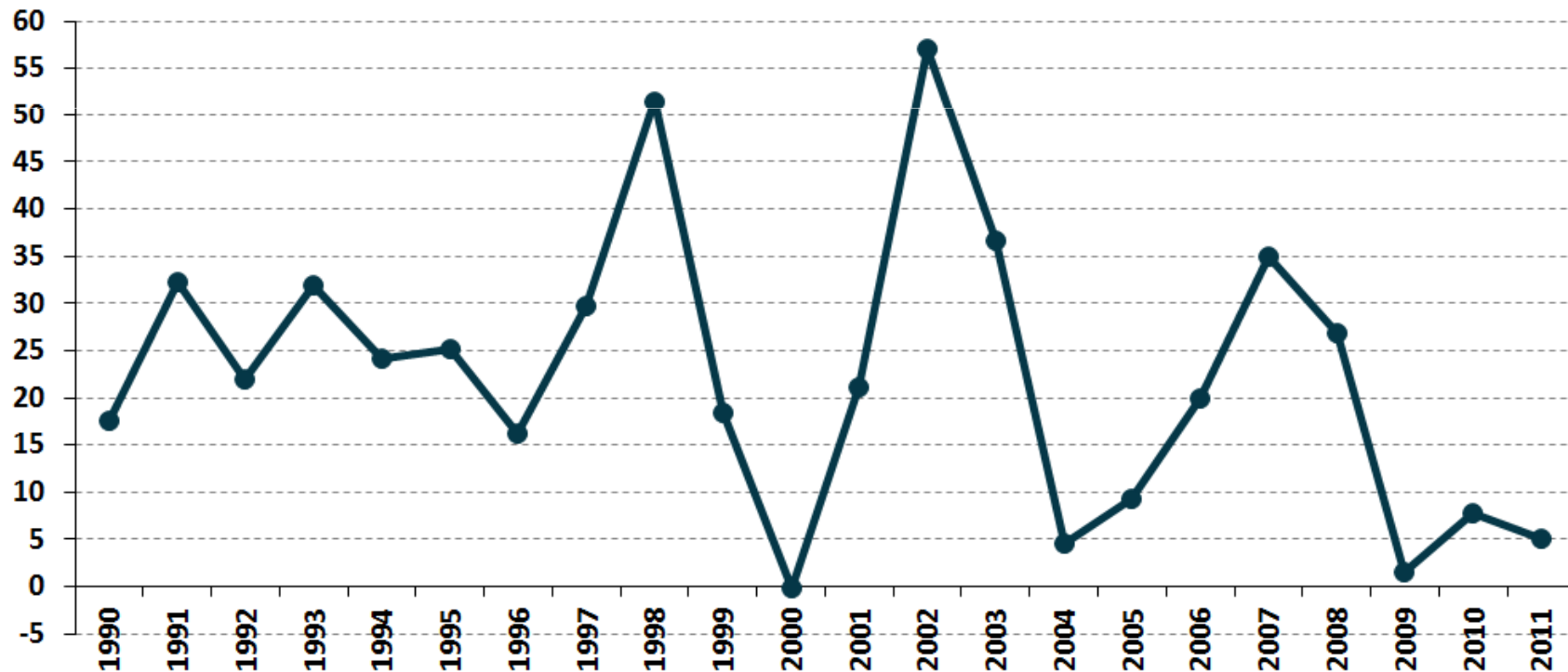


# Control Risks

Economics: Great scope for growth... and volatility



Myanmar consumer price inflation 1990-2011 (annual % change)



Source: World Bank

## Control Risks

### Business and regulation: Changing fast!

- ❑ FIL amendments coming, compromise likely; also SEZ laws etc....
- ❑ ...but stable, secure investment environment is a long-term project.
- ❑ Wide range of factors to consider beyond on-paper laws and logistics:
  - Risks vary depending on sector, location, timeframe etc.
  - Every firm has different tolerance for reputational, integrity risk.
  - Now have to deal with and consider multiple levels and actors.
  - Local partners are crucial, and possibly the #1 challenge.





## Control Risks

Positive momentum may overcome reform and business-environment problems, but challenges are daunting.

Investors must be realistic about the risks as well as responsive to the emerging opportunities.

- Understand macro and micro
- Expect complexity and flux
- Plan for multiple scenarios

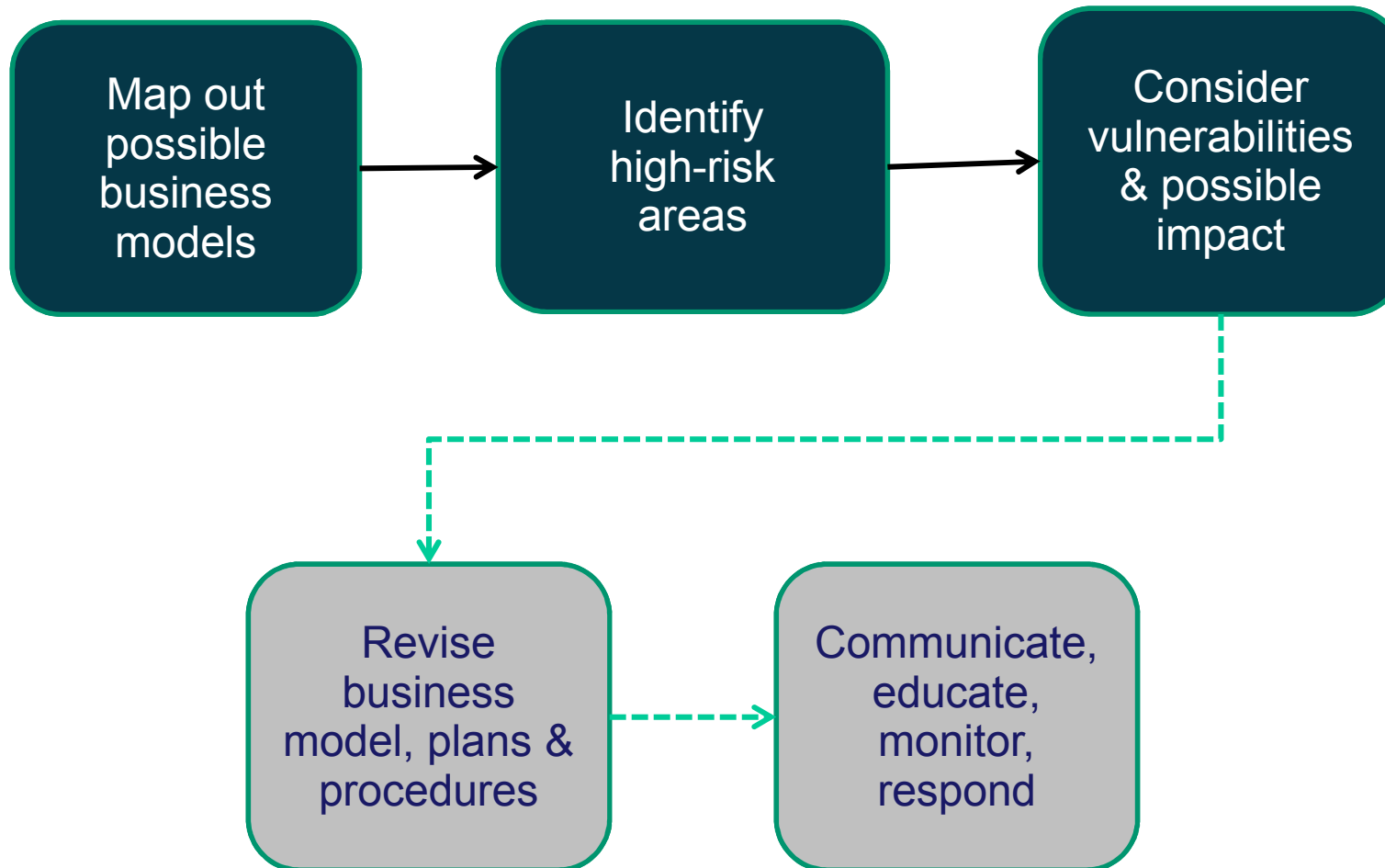
## What do you need to do to succeed in Myanmar?

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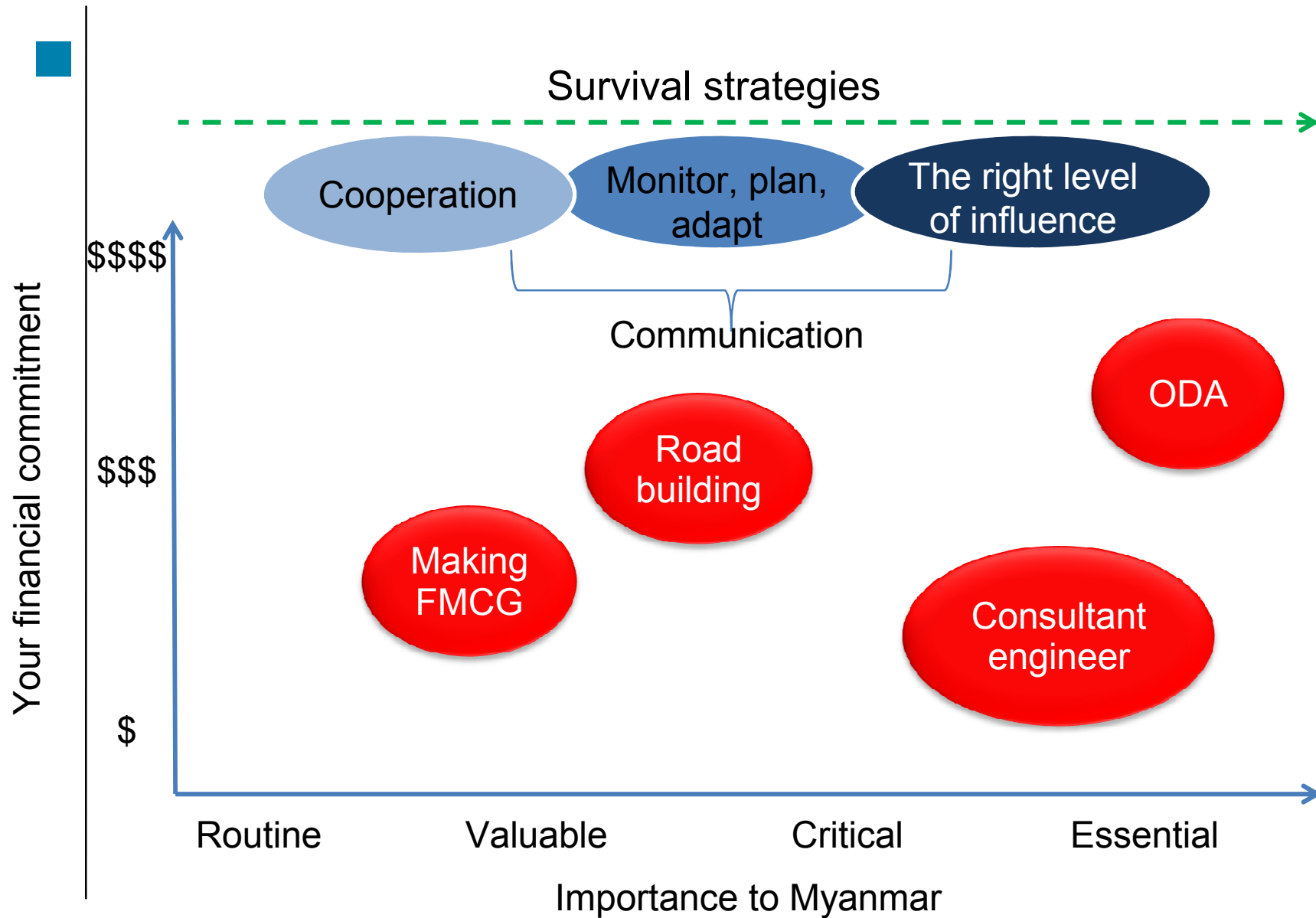
## Control Risks

### Roadmap to succeeding...



# Control Risks

## What will you be doing?





## Control Risks

### Where will you do it?

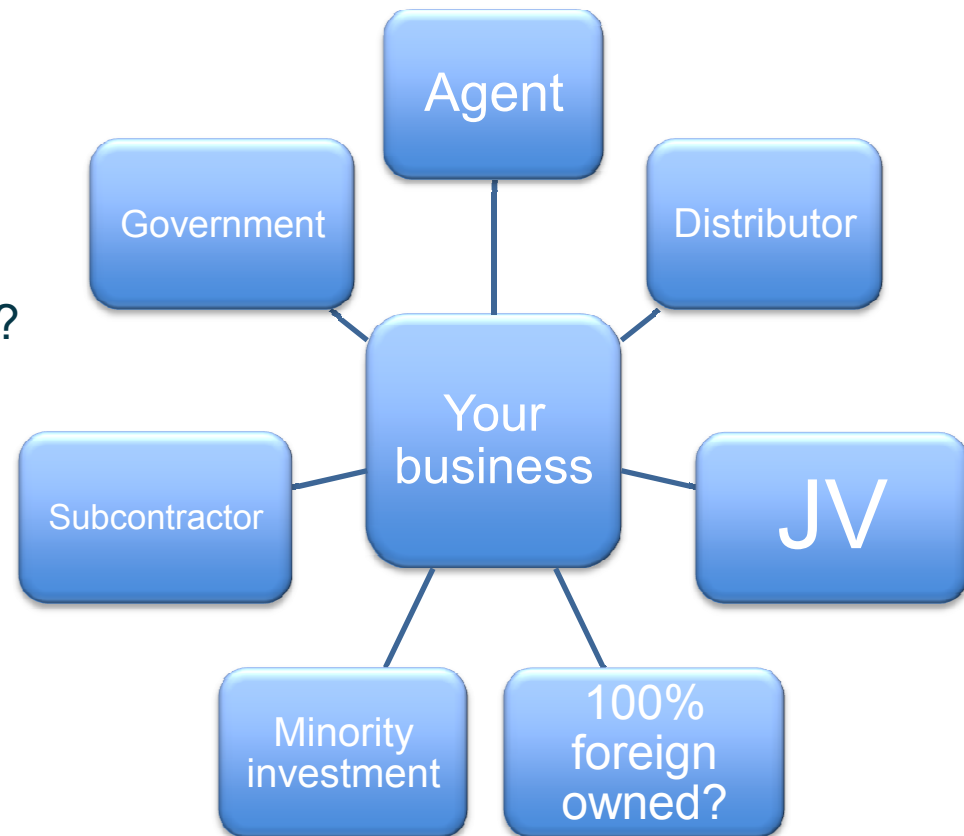
- Conflict and security
- Human rights issues
- Dealing with communities
- Dealing with military
- Dealing with NGOs
- Land
- Transport
- Workforce
- Utilities



## Control Risks

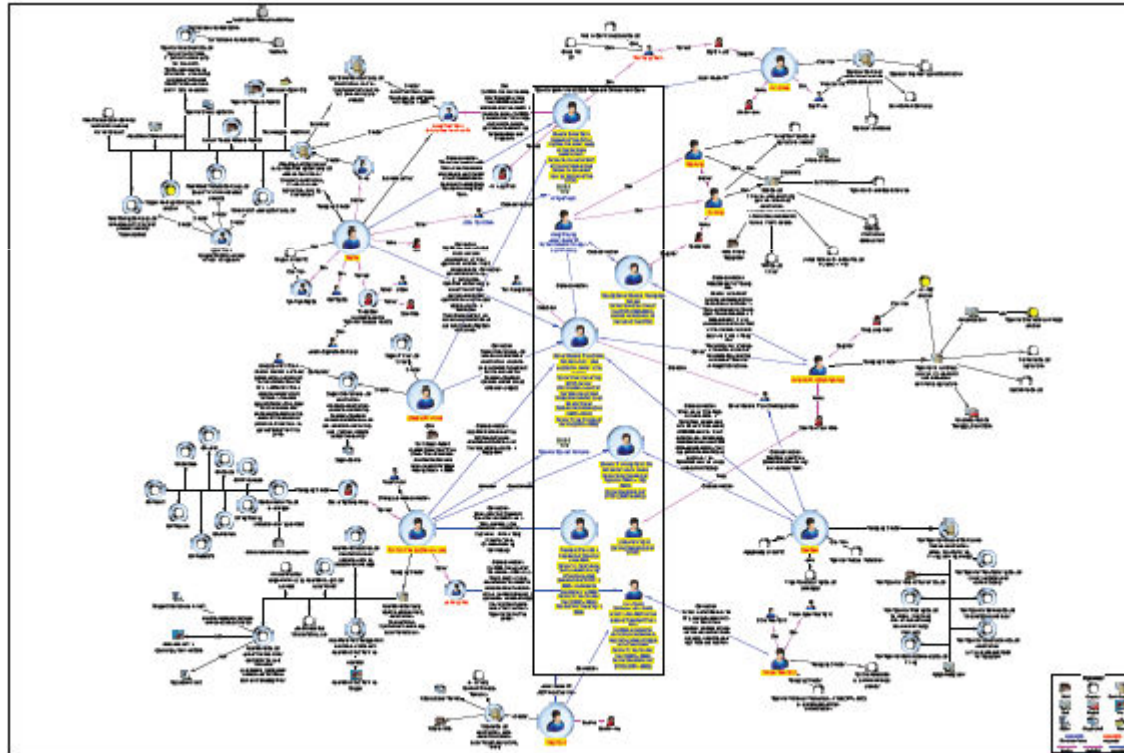
### ■ How will you do it?

- ❑ Toe in the water or big splash?
- ❑ How will that this effect:
  - Routes to market
  - Who does negotiation?
  - Getting money in, and out?
  - Supply chain
  - Management control
  - Legal recourse
  - Market share
  - Corporate governance



# Control Risks

## Who will you be doing it with?



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### ■ So, how do you see the wood from the trees?

- Establish the context:
  - Is your partner politically exposed? Too connected, or not enough?
  - How important are you to your partner?
  - What is their track record?
  - How close are you going to have to be to government?
  - How ethical are your competitors?
  - Are you going to be taking business away from an existing player?
  - What are the potential consequences of that?
  - Have you done as much as possible to insulate yourself against the extreme reputational and political uncertainty that will continue?
  - What recourse do you have if it all goes wrong?

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- In conclusion: same same, but different



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- 34 offices on 5 continents
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*Helping our clients to succeed in complex or hostile environments*