

# CAUTIOUS OPTIMISM

After decades of being scorned and isolated Burma is firmly back on the map, but there are many hurdles to overcome before the country is truly open for business

STORY BY CRAIG HODGES PHOTOGRAPHS BY ELLEN BOONSTRA



**(Opposite page)** Myanmar's greatest archaeological site, Bagan, has an estimated 4,400 temples. **(Above)** For reintroducing the Burmese cat back into its homeland, the Cat Villa (see sidebar "Pouncing Back") has played a pivotal part. **(Below)** The view of Yangon from on high reveals a city with its pastoral charms still intact.







Almost daily news reports tell us that the rush has started. Numerous airlines, hoteliers and tour operators have struck new deals in Myanmar. AirAsia, Qatar Airlines, Dragon Air, Hilton Worldwide, Accor and Best Western now join the likes of Shangri La and DMOs Exotissimo and Destination Asia who have been operating on the ground in Myanmar for many years. In fact, the second half of 2012 saw a veritable stampede, as the number of business travellers matched leisure travellers.

### MYANMAR HOSPITALITY AND TOURISM CONFERENCE

In late February 2013, Myanmar's Minister for Hotels and Tourism U Htay Aung stood before a sizable tourist industry audience at the inaugural Myanmar Hospitality and Tourism Conference in Yangon. During his opening speech, made ostensibly to encourage investment, he listed Myanmar's significant advantages. "Myanmar's attractions," he said in clear English, "are man-made, cultural and heritage. [The] country is open to the sea, [it has] a long coastline, [it is] not a city-state, [has] over 100 national races

and [has] the possibility of attracting millions.'

The minister's speech hinted at his ambitions for the country's budding tourist industry, but it could not conceal just how fragile it remains, especially given how far behind the rest of the world it lags. Here is a quick comparison. Myanmar tourism recorded less than a tenth of Thailand's total arrivals in 2012 and generated only a little over US\$500 million in revenue for that same year. Citing this arrival figure, it was interesting to hear in the minister's speech that he was "disappointed", since back in January 2012 as the then Deputy Minister, The Myanmar Times recorded him as saying, "quick tourism growth could lead to a dilution of Myanmar's cultural heritage."

### TOURISM AND PLANNING

Tourist industry growth and investment is predominantly seen by the Myanmar government and the NLD opposition as a development catalyst. Cabinet ministers make frequent appeals for outside public and private assistance with investment, training and technology transfers, all with the desire to ensure the industry quickly gets up to speed.

Normalising ties and integrating economies is the goal, and Myanmar is hoping to gain from what Jeffery Sachs calls the "convergence effect", where technologies can be leapfrogged and entire industries globalized using best practices currently available.

Responding to the government's calls, incoming analysts and industry investors certainly found in their exploratory visits that reliable industry data was scant, industry leaders were often out of step with modern business practices, government industry investment and education was lacking, there was poor access to technology and only a small elite benefited from the industry status quo. A shake-up involving industry-wide coordination was necessary if Myanmar was to avoid falling further behind and missing out on international assistance with economic integration and industry normalization.

Without conclusive industry data and with so many businesses found to be operating in the informal economy, it is difficult to say the extent to which weak institutions may have already distorted and damaged the prospects of Myanmar establishing a fully functional tourist industry that operates in the formal

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economy. Investors may have had sanctions lifted, but there are still plenty of due diligence and risk assessments to be made in the years ahead. Equally there are many institutional voids to be filled by enterprising businesses to ensure Myanmar can sustain a sophisticated service economy alongside the tourist industry.

President U Thein Sein's more inclusive governance practices are allowing the number of actors to grow, so there are no surprises that an increasing number of eligible stakeholders and competing voices demand to be heard. On this front the government is already being tested. The sensitive issues of land grabbing and unfair compensation have already seen farmers, NGOs and activists calling for an improved housing, land and property (HLP) rights framework in Myanmar to be developed as a high priority. In recent months complaints associated with hotel zones are seemingly as common in the media as proposed industrial zones.

### DIVERGENT POLITICAL INFLUENCES

Exposed to multiple political influences, Myanmar has arguably arrived at a point where it finds itself having travelled simultaneously down multiple "tourism development paths". In many respects these paths are incongruent with one another, and it remains to be seen how these differing development perspectives and priorities will be harmonized, if at all. This is the major issue that all tourist industry insiders should be most cognisant of before they commit to Myanmar.

There are numerous examples to illustrate how these influences are playing out in recent tourism developments. Take the development of Hotel Zones in central Myanmar, which is very much akin to the Chinese model of development, with an emphasis on rapid modernization, centralized planning and meeting collective needs ahead of individual rights defining the focus of development. So that meeting political priorities comes ahead of securing popular support.

### ABOUT THE WRITER

Originally from Adelaide, Australia, Craig has worked in media, events and tourism for the past 20 years, including five years across Asia. His current affairs, social commentary and cultural travel articles have appeared in Australian, Vietnamese and international publications. In June 2012, he relocated to Yangon where he started a consultancy specialized in advising companies looking to do business in Myanmar. He is the founding editor of the Myanmar Insiders Report series which was launched late last year. For more information visit [craighodgesconsultancy.weebly.com](http://craighodgesconsultancy.weebly.com)



(Opposite page) Inle Lake is famous for its tribal villages, floating pagodas, craft workshops, and leg rowers. (Above) The Burmese people are winning over visitors with their easy-going ways and friendliness. (Below) Inle Lake is also a floating market in miniature.





This in stark contrast to the Inle Lake area, where a high priority has been given to environmentalism over economic development – a policy very much in keeping with the European model of development, where environmental considerations are increasingly taking precedence ahead of creating industry and employment.

The insistence when securing a hotel deal to ensure that Foreign Direct Investment laws will guarantee against nationalisation, provide freedom from over-regulation and ensure brand protection is very much akin to the American model of laissez-faire development, where capital and business priorities often take precedence ahead of guaranteeing any lasting benefits will be accrued by local people and governments.

## PREPARING FOR ASEAN

The next major test of Myanmar's new governance and development models

will come with completing construction projects in time for a series of major events. To avoid being embarrassed in front of its ASEAN neighbours, it would appear speed and expediency may win out over other development priorities, such as taking into account broader social and environmental factors.

Under pressure to host the World Economic Forum in mid-2013, hold the SEA Games in December 2013, take up the chairmanship of the ASEAN summit in 2014 and join the ASEAN Economic Community in 2015, Myanmar is reported to be still engaging long-time supporter China for direct developmental assistance ahead of other countries.

## TOURISM MASTERPLAN

After repeated calls from industry groups, one of the most positive signs that progress is being made is the focus on drafting a

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Myanmar tourism masterplan. After short periods of public consultation, Myanmar is about to see the release of its first national tourism masterplan, the drafting of which commenced in late 2012. According to project team leader Paul Rogers, the tourism masterplan was called for by stakeholders inside and outside the industry, and has been guided by the responsible tourism policy that was accepted by the government in late 2012.

Investors are understandably seeking clarification on how the masterplan will be interpreted with each tourism proposal put forward. Who will participate and how will be on-going debates around each tourism proposal, whether that be in relation to the issuing of a simple hotel licence or dedicating a whole farming region over to developing an entire hotel zone remains to be seen. Taken from a broader perspective, how this tourism masterplan will be integrated into the development process goes to the very heart of the issue of governance and the exercise of political power in the new Myanmar.

## DESTINATION OF CHOICE

The Myanmar Marketing Committee manager observed that, "Tourists are willingly coming to Myanmar knowing that it is expensive." Demand is strong despite poor infrastructure and bookings continue despite few tourism products. So who would come to a country affected by decades of misrule, corruption, deep poverty, poor infrastructure, on-going civil unrest and human rights abuses? How does such a country suddenly emerge as a tourist destination of choice?

Myanmar's isolation since the early 1990s ensured that, much like Cuba, it was not exposed to the Western forces of economic globalization. Myanmar is devoid of familiar icons, brands, foods, modern architecture, trends and cultural norms that have come to envelope the globalised world. It is authentic and eccentric and this is its double-pronged appeal.

The country's harsh authoritarian rule brought out qualities in everyday individuals, artists, poets, students and monks, not seen



The Burmese Cat Villa at Inle Lake.



during periods of peace, stability and plenty. People genuinely had to struggle, persevere and make do. It is the human resilience found in Myanmar that may also hold a universal appeal.

The spiritual side of Myanmar is another key attraction. Whether they are Buddhist, Muslim, Hindu or Christian, religion still very much underpins one's identity and influences one's outlook on life to a much greater extent than most modern societies.

## BUILDING BRAND MYANMAR

When you realize that the Myanmar Marketing Committee has an annual budget of about US\$250,000, it immediately becomes apparent that Myanmar is no way in control of its tourist brand internationally.

It is only within the last six months that the Myanmar Tourism Federation authority has undergone the comprehensive exercise of evaluating the country as a destination in terms of its unique characteristics, a sense of its 'personality', what resonates most with the majority of visitors, and quizzed focus groups about building a recognizable brand.

Given that visitors are already coming to Myanmar, some insiders are asking why Myanmar should even bother with the branding exercise. Why not leave the task to private enterprise, to individual airlines, hoteliers and tour operators to make up their own minds, and spend their own money reaching potential travel markets?

Speaking at the Myanmar Hospitality and Tourism Conference in Yangon, Destination Asia CEO Jim Reed proposed that the Myanmar authorities should levy a tax on tourists. He pointed out that the US\$10-dollar departure tax was no longer collected. Instead he said that it should be clearly understood the "user pays" when going to Myanmar. He cited that neither increased departure taxes in Indonesia, nor the hefty reef tax charged visitors to the Great Barrier Reef in Australia, has had any appreciable negative impact on visitor demand.

Providing Myanmar could efficiently allocate the taxes to the tourist industry, Reed felt confident the government could successfully avoid going cap in hand to donors and also avoid draining precious tax revenues that should be spent on critical areas such as health and education.

Given there is little government support for promotional activities, the Myanmar tourism industry looks resigned to accept that it will have to continue to ride the wave of positive sentiment in the mass media, and by doing so, continue to rely on others to shape its popular image. This is a low cost but risky strategy. Relying as it does on positive news to outweigh the negatives, such a strategy more than influences travellers and adds to

## POUNCING BACK WITH CATS PHOTO

The shores of Inle Lake, in eastern Shan State, are not only home to the famous fishing villages on stilts but also to a growing population of pedigree Burmese cats who reside in their own mini-villas at Heritage House. Once believed to be the favoured pet of royalty and guardians of temples due to the animal's intelligent and affectionate nature, the Burmese cat had vanished from its Southeast Asian ancestral homeland until enthusiasts decided to repatriate the cats from the best possible sources in the UK and Australia. Instigated by the China Exploration and Research Society (CERS), the Burmese Cat Villa breeding project has become a tourist attraction. For more information visit [www.cers.org.hk](http://www.cers.org.hk)



(Above left) It used to be that restaurants and hotels would advertise their listing in Lonely Planet. Not anymore. Now it's TripAdvisor that is the traveller's gold standard.



(Above right) With ATMs scarce in Myanmar, crisp US dollar bills are the preferred method of payment. (Below) At the opening ceremony of the Myanmar Hospitality & Tourism Conference, His Excellency U Htay Aung, Myanmar's Minister of Hotels and Tourism, third from left, presided.



investor uncertainty about the management of Myanmar's tourist industry at a time of the greatest need.

## CAUTIOUS OPTIMISM

The sudden appeal of Myanmar has surprised other tourism success stories like Cambodia and Vietnam, and perhaps left them a little crestfallen. The regional tourist industry, meanwhile, is buzzing with expectation. Now that many travel boycotts and sanctions have been lifted, industry insiders are using the expression 'final frontier' destination to describe the re-opening of Myanmar. Still, pundits surmise it may take years before this final frontier is conquered and the country is brought up to international

standards. As substantial inroads are being made to implement political, economic and legal reforms, Myanmar deserves to be supported with cautious optimism.

The 2014 Hospitality and Tourism Conference will take place from 22 – 24 February in Yangon. For more information visit [www.mhtc.sphereconferences.com](http://www.mhtc.sphereconferences.com)

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