## **INVESTMENT ADVENTURES IN EMERGING MARKETS**

#### PERSPECTIVE

# **Travels in Myanmar: A New Frontier**

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Myanmar represents one of the newest frontier markets, and is one I've been anxious to learn more about. Long isolated with a military regime, Myanmar has been undergoing a transition over the past few years. After five decades of military dictatorship, it is now under civilian rule. Thousands of political prisoners were released, economic and legal reforms were initiated and some societal restrictions were eased. The lifting of Western sanctions also helped drive stronger gross domestic product growth and foreign investment.

On my most recent visit to Myanmar this summer, I decided to start in the more remote city of Mandalay, which was the seat of the ancient kingdom. Mandalay has an incredible history, and I wanted to get a feel for how people outside the more major city of Yangon lived.



At the palace grounds in Mandalay

A poem English writer Rudyard Kipling published in 1890 put Mandalay on the map so to speak. The poem expressed the thoughts of a British soldier's nostalgia for the place. Compared with the cold climates and social restrictions of the United Kingdom at the time, Southeast Asia was considered to be "exotic."

Mandalay was the capital city of what was then called Burma, a British protectorate from 1885 to 1948. Kipling portrayed Burma as a place of beauty—not only the country but also its people. Kipling's words have since reappeared a number of times in popular culture, including in the song, "On the Road to Mandalay," which Frank Sinatra sung.

Kipling wasn't the only Westerner enamored with the country. The beauty of Burma and its people also impressed George Orwell, who many know as the author of the novel "1984." He also wrote a book called "Burmese Days," first published in 1934.

Other places around the world have acquired the name "Mandalay" (including a casino in the United States) to suggest something exotic and beautiful.

Today Mandalay has a population of more than a million people, but still has a bustling small-town charm. An enormous walled and moated palace dominates the center of the city, evidence of its position as the last royal capital. Situated on the Irrawaddy River smack in the middle of Myanmar and about 700 kilometers from Yangon, Mandalay has been called the center of Burmese culture.

However, an influx of Chinese immigrants (mainly from Yunnan Province) has exerted a cultural influence on Mandalay. One Burmese writer once said that Mandalay felt like "an undeclared colony of Yunnan." Today, Chinese immigrants represent about 30%-40% of the city.

China has held a strong influence on the country, and today, Myanmar plays a crucial part in China's "One-Belt One-Road" initiative. Joint projects include a pipeline, port and industrial park as part of a special economic zone.

Burmese is still the principal language of Mandalay, although Mandarin Chinese is increasingly heard in the city's commercial centers. English is a distant third language.

King Mindon founded the city in 1857 in the shadow of Mandalay Hill to be a new royal capital. It remained the royal capital until the British fully annexed Burma following three Anglo-Burmese wars. In 1885, King Thibaw and his queen Supayalat were sent into exile. I visited the impressive palace, but there was not much inside since the British had carted away the treasures which can now be seen in London's Victoria and Albert Museum.

During World War II, the Japanese were fighting the British and conducted air raids on the city. Resulting fires destroyed a large part of the city. Then, when the Japanese occupied the city from 1942 to 1945, they turned the palace grounds into a supply depot. Allied bombing then turned it into rubble. In 1948, the country obtained its independence from the British.

The current buildings on the site are replicas constructed in the 1990s, although the watchtower (which I climbed up) survived. It's quite a beautiful piece of wood construction. Probably the most impressive thing about the palace is the absence of stone that one would typically associate with palaces. Everything was made of wood. Also, the palace grounds—located in the heart of the city—are enormous. It was almost like being in another village, complete with barracks for soldiers and shops.



Mingun Bell - See the people inside?

I also visited the famous giant Mingun Pagoda and Bell on the other side of the Irrawaddy River. My colleagues and I rented bicycles at a small shop, then cycled to the Irrawaddy River. There, we found a boat run by a husband and wife with their two children and set off on the river.

The boat trip across the river and downstream took about a half hour. We offloaded our bikes and cycled through the dusty streets to see the giant pagoda and the huge Mingun Bell. According to the local Burmese, the weight of the bell was 55,555 "viss," a local unit of measure, which is approximately 90,000 kilograms. The bell is five meters in diameter and almost four meters high. It was in good condition with no cracks, and we could stand inside while people struck the outer edge to get a sense of the sound.

We then proceeded to the pagoda, climbing 174 steps (there was some significance to that but we never found out what it was) up a hill. We were swarmed by a lot of young hawkers trying to sell us sandalwood fans, woven grass hats and cheap jade beads. As we reached the top of the rocky hill, the boys offered to help us through an area where an 1839 earthquake had damaged the stones and created deep fissures. It was pretty dangerous, but with the boys' help we made it to the top to see the entire landscape.



Enjoying the view!

# The Almighty (Crisp) Dollar

As we came down the hill, we ended up giving the boys who helped us some cash. On the way back to the boat, we stopped at a little shack selling instant coffee from Singapore. Three cups with some bread totaled a mere US\$1.80.

When we returned to the boat to head back, we encountered further evidence that capitalism was alive and well in the country. The lady running the boat unbundled a large spread of goods and gave us her best sales pitch. We gave in and ended buying two baggy pantaloons, a Burmese-style cotton shirt, two beaded necklaces, a shawl and postcards. They did pretty well with us—and it explains why the price of the boat trip itself seemed quite cheap!

The next day, we took off for the Amarapura Temple which took about two hours of cycling. We stopped at one of the few gas stations along road to find out the price of gas. The gentleman running the station said that he sold gasoline at the equivalent of \$0.80 per liter. He was very kind—he offered us the use of his pump for our bicycle tires and gave us bottled water, refusing to take payment. Since we didn't have a clue as to the exact location of the temple, he also drew a map for us to follow.

Again we reached a river and had to take a boat to get to the temple complex. There was a big celebration going on there, and we enjoyed the bright costumes and flowers. Some young people were eager to exchange money and asked if we had US dollars. When we pulled out our dollars to exchange for kyat, they refused to do the exchange, which puzzled us. They said the dollars were wrinkled and they could only accept unwrinkled dollars! We discovered this was not unusual in Myanmar. While in the United States, merchants gladly accept folded, crinkled, ink-splattered or even torn bills, only crisp, unwrinkled dollars would be accepted in Myanmar. I vowed to bring a steam iron with me next time!



A colorful celebration in Myanmar!

As we cycled back to the hotel, I noticed a lot of advertisements for mobile phones and mobile phone service providers. Mobile phones are becoming ubiquitous around the world, even in remote areas. I saw advertisements for foreign companies as well as local ones. When we stopped at a roadside stand in the middle of a farm area to ask for directions from some teenagers, one pulled out his smartphone and bought up Google maps to show us the directions.

Back at our hotel, a European luxury automaker was having an exhibition and a seminar. A number of its new models were on display, one selling for US\$330,000. Obviously only a very few people in the country could afford it, but the fact that there was an exhibition was interesting, and an indication of brand-building and perhaps some potential sales interest.

Since Mandalay is considered the cultural and religious center of Buddhism in the country, the next day we decided to visit some of the major Buddhist sites—of which there were many. The city boasts hundreds of pagodas and many monasteries.



Giant reclining Buddha in Yangon

At the foot of Mandalay Hill, we saw the Kuthodaw Pagoda with the "Buddhist Bible," considered the world's largest book, consisting of over 700 slabs of stone inscribed with the entire Buddhist canon. We went up Mandalay Hill which involved more climbing, but then took the convenient and tourist-filled escalators and elevator to reach the top terrace of the Sutaungpyei Pagoda.

We were met an incredible, panoramic view of the Mandalay city and plain far into the distance. The setting sun provided us with a wonderful end to our visit to this historic city.

While Myanmar faces some challenges, I'm excited to see what the future brings, and encourage travelers to explore its many cultural charms.

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