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Passage to India's opening up

INDIA has taken a bold step in opening up its retail, aviation and broadcasting sectors to foreign investment. Investors should welcome it all the more as it appears to signal a break in the policy paralysis that has contributed to faltering economic growth in recent months. In seeing it through a coalition Cabinet not always given easily to consensus, Prime Minister Manmohan Singh demonstrates some potential of bringing back the optimism that greeted the economic reforms he initiated as finance minister 20 years ago.

It remains to be seen if the latest decision will lead expeditiously to a second wind for the economy. Much depends on whether he can persuade most of his

political allies to implement or, at least, not block implementation of the new policy. Shrewdly, he has left it to the states to allow such investment in the retail trade.

If such giants as Walmart, Carrefour and Tesco find the 51 per cent ceiling on foreign investment acceptable and state governments approve them, the impact will be enormous on the country's 50 million robust small shops and the 220 million people who depend on them for a living. Some of the adjustment will admittedly be painful, but the transformation will likely be gradual. It will essentially be a process of creative destruction, by which the sector will gain from increased efficiency and re-

duced wastage (especially of perishable foodstuff).

Hopefully, more Indian politicians will be able to see that such improvements should bring political pay-off in lower prices for consumers. Farmers should gain in selling their produce in a modern, bigger and more competitive market. The 30 per cent minimum that foreign retailers have to procure from small manufacturers should benefit these vendors and help them integrate into global supply chains. Job-seekers should find more, not fewer, employment opportunities.

Aviation and broadcasting, too, stand to gain from higher productivity, improved management and up-to-date

equipment that foreign capital is in a position to bring. Again, increased competition from foreign participation might lead to casualties among those that have long been protected, like the financially strapped state-owned Air India. But if foreign investment puts pressure for a more open and freer market, the two industries would become more efficiently run and be able to offer more value for money.

Even with the latest reforms, the Indian economy is far from optimally open, but Dr Singh has taken an important step to restart the process. He needs to have them work well to sustain momentum and convince the nation that additional liberalisation measures now in the pipeline will work as well.

United front for reforms in Myanmar

Kudos to the President, Speaker and opposition leader Suu Kyi for burnishing the country's global image

By BRIDGET WELSH
FOR THE STRAITS TIMES

MYANMAR'S leaders have stepped out in step with each other this week to showcase the country's reforms.

President Thein Sein and opposition leader Aung San Suu Kyi have marked historic visits to the United States, as the parliamentary Speaker Thura Shwe Man visited Australia and Singapore.

Their messages were consistent: Myanmar is reforming. The reform is genuine and irreversible. And the Myanmar people are leading their own reforms.

They spoke as nationalists bringing Myanmar onto the national stage, carefully aiming not to outshine one another and to focus on common interests, namely earning international support for the country's reform efforts and creating opportunities for investment, notably through the removal of sanctions and the promise of technical assistance.

This international exposure of Myanmar's leadership troika is unprecedented. Despite continued rumours of the persistent power of former senior general Than Shwe, whose role cannot be completely dismissed, two men and a lady have been in the trenches of the reform process. It has not been easy going, as substantive reforms take time and compromise.

Politically, the main showcase is the removal of censorship restrictions after the free and fair by-election in April.

Economically, the highlight has been the introduction of the floating exchange rate last April that has brought greater fiscal transparency and stability.

The other expected measures are "in process", particularly the long-awaited foreign investment law. It passed Parliament earlier this month, but is being further reviewed, in part due to the limits of investment in arguably some of the most attractive sectors of its economy - for example, agriculture. The performance of each of them on the international stage is illustrative of the commitment to the process of liberalisation.

The difficulties the leadership troika faces are more domestic than international. The reality is that there is competition among them for political position, especially the next presidency.

Mr Thein Sein is expected to step down after one term, but how much he would like to leave his own candidate is not known.

Mr Thura Shwe Man's ambitions are well-known.

Public expectations of an Aung San Suu Kyi presidency are high, despite the potential constitutional limits on her in that position due to the nationality of her children. These interests are inherently difficult to balance, and will come more to the fore as the next



election nears. There are also tensions as a result of different constituency pressures. These tensions were evident in the constitutional crisis between the executive and the Parliament earlier this month after the Parliament impeached the judges in the Constitutional Court who report to the President.

The court had passed a ruling that effectively limited the decision-making powers of the Parliament, specifically the rights of its committees to question the executive's governance.

Rather than resolve the issue head-on, the judges resigned, but not before it became clear that a stand-off was in the offing between Mr Thein Sein and Mr Thura Shwe Man over their respective branches of power.

A similar dynamic occurred over the Myanmar National Human Rights Council late last year, which resulted in the council not getting the adequate funding it needs. Again, the Parliament through Mr Thura Shwe Man stood its ground against executive power.

Differences between Ms Suu Kyi and the other members of the

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troika have also emerged, most obviously over her statements about the use of the name "Myanmar" rather than "Burma", and the tone of her remarks in Thailand at the World Economic Forum last January.

Within the country, open variance between her and the members of the former military regime are more muted, but present nevertheless, particularly in the areas of democratic governance and the influence of business crony interests.

Mr Thura Shwe Man favours a more liberal economy, but is close-

er to the pressures of local business than the others. Ms Suu Kyi has to work in the constraints of those expecting her to be democracy's advocate.

Add to the mix the different personalities and styles of the three leaders.

Mr Thein Sein is unassuming and quiet, often seen as not having a clear plan but anchored in principles. Ms Suu Kyi is used to the media limelight, and her iconic presence creates high expectations while simultaneously distancing her from parliamentary deal-making. She is now moving

from the role of critic to lawmaker, a difficult transition.

Mr Thura Shwe Man is a seasoned politician, having managed the backrooms for decades, but is also aiming for exposure and greater popular support. He has the most serious challenge of addressing his past, given his perceived involvement in military operations, but has a podium in the Parliament to repackaging himself.

While their styles differ, they share a common outlook on the need for change and mutual respect for one another. To date, even with differences, none of the points of conflict have crossed the lines of civility and opportunities for future cooperation.

These collegial bonds are the bedrock of the gains made for Myanmar on the international stage this week. In Singapore and Australia, commitments of financial and technical assistance for reforms were reiterated.

Businessmen continue to be open to investment and impressed with the statements of the political leadership, although they are more measured in bringing in funds as they await a more secure investment climate.

In the United States, bans on the entry of leaders were removed and the significant import ban on goods from Myanmar was lifted.

This is part of the US "action for action" policy aimed at responding to changes inside, notably the release of more political prisoners this month. This measure is largely symbolic, but its lifting removes a possible investment hurdle.

Myanmar has become one of US President Barack Obama's foreign policy successes, with both sides of the political divide in the US praising its cooperative efforts towards democracy.

These three leaders deserve credit for changing Myanmar's global image. It is through working together that they have moved Myanmar towards the promise of a better future.

Looking ahead, what they do and how they work together will be vital for Myanmar's continued reform process. The limits on cooperation are present but, so far, these leaders have found a working rhythm that is working.

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