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Myanmar in 2016

Change and Slow Progress

ABSTRACT

The new government in Myanmar in 2016 faced many of its predecessor's challenges; however, some progress was made in policy reversals and legislative reform. Although the government hosted a major ethnic peace conference, violence erupted again in Rakhine State as community tensions transformed into armed conflict. The country experienced more flooding, an earthquake, and a slowing economy locked into falling commodity prices.

KEYWORDS: Myanmar, NLD, Panglong, peace conference, Ma Ba Tha, Rakhine

AFTER A MOMENTOUS ELECTION THE PREVIOUS November, the year 2016 in Myanmar began with high expectations for the incoming government. In transitioning from opposition to ruling the country, however, the National League for Democracy (NLD) inherited many of the country's problems and discovered that slow and steady progress would require compromise and careful attention. The government was lauded for taking the first steps toward lasting peace by hosting its Panglong conference, and it worked with the state Buddhist authority to delegitimize a Buddhist nationalist organization. However, that the military retained its control over key portfolios meant that ethnic conflict and displacement continued and that Rakhine State, formerly known as Arakan, would deteriorate once again into violence by year's end. Flooding again displaced thousands across the country and an earthquake damaged a World Heritage-listed archeological site. While the economy slowed during the year, the US sanctions that had been imposed since 1997 were finally lifted.

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DOMESTIC POLITICS

The final parliamentary session of the Thein Sein government was held in January 2016 and included the passage of the president's Security Bill granting blanket immunity for all presidents from any crimes committed while in office. The president also released 102 prisoners, including 52 political prisoners, following a meeting with US Deputy Secretary of State Antony Blinken. The country's first Extractive Industries Transparency Initiative (EITI) report was released in January amid criticism from international NGOs that it did not include an adequate account of the ownership of companies and details of contracts, nor an adequate account of the jade industry. The UN Special Rapporteur on Human Rights in Myanmar reported to the UN Human Rights Council in Geneva that the new government faced formidable human rights challenges, and that land rights was one of the most pressing.

In February, the new NLD-dominated parliament was sworn in with MP Win Myint (NLD) elected Speaker of the Pyithu Hluttaw (People's Assembly or lower house), while fellow MP Win Khaing Than (NLD) was elected Speaker of the Amyotha Hluttaw (National Assembly or upper house). The Deputy Speaker of the Pyithu Hluttaw would be MP Ti Khun Myat of the Union Solidarity and Development Party (USDP). Among the new government's activities in the first session was the suspension of 68 projects approved by the previous parliament, including a coal-fired power plant in Tenasserim Division, and orders to all states and divisions to compile lists of land disputes and land confiscations. In March, the long-time friend of Aung San Suu Kyi, Htin Kyaw (NLD), was sworn in as the new president, and Myint Swe (USDP) and Henry Van Thio (NLD) were sworn in as vice presidents. The new government reduced the number of ministries from 36 to 21, and appointed 18 ministers while the three others ministries remained under military control—Defense, Home Affairs, and Border Affairs.¹

Aung San Suu Kyi was the only woman appointed to the cabinet and she claimed four ministries—Foreign Affairs, Education, Energy and Electric Power, and the President's Office. Her role as foreign minister would also give her a place on the National Defense and Security Council. The NLD announced that it would create a new role for her as 'State Counselor' to act as a coordinator between the government and the parliament. The following month, the new government ordered the release of 69 students from

1. "NLD Reduces Government Ministries," *Myanmar Times*, March 18, 2016.

Tharawaddy Prison who had been arrested during the Letpadan crackdown in 2015. It also announced the released of 83 political prisoners, including four journalists arrested under the previous government for allegedly misreporting a story about a secret chemical weapons factory. The USDP also dismissed 17 party members, including former Pyithu Hluttaw Speaker Shwe Mann; Thein Sein resigned as party chairman at the party's central conference in August. He was succeeded by former Brigadier General Than Htay, with former General of the Air Force Myat Hein as vice chairman.²

The first 100 days of the NLD-led government saw slow progress in the areas of constitutional and legislative reform while national reconciliation remained a priority. At the same time, the National Assembly Farmer Affairs Committee reported that over 200,000 acres of farmland had been confiscated nationwide by the state in past decades and that 6,000 complaints of farmland confiscation remained unresolved. In June, the Central Committee on Confiscated Farmlands and Other Lands resolved to settle all land grabbing cases within six months. Although another 6,000 acres of confiscated land was returned to owners in the Irrawaddy Division, in July the parliament received an additional 2,000 complaints of farmland that had been seized by the state in previous years.³ A bill to amend the Peaceful Assembly and Peaceful Procession Act was introduced to the national parliament in June, removing multiple charges, limiting penalties, and replacing the need to seek official permission from authorities with notification to authorities.⁴

Later in the year some progress was made to clean up the jade industry—in August, the government froze the renewal of some 321 existing jade and gems block permits, and announced that permits would not be renewed until by-laws to the Myanmar gemstones law had been passed.⁵ And in October, the national parliament voted to abolish one of the favorite tools used to stifle political dissent under military rule—the 1950 Emergency Provisions Act, which allowed for the arrest and detention of persons indefinitely without charge.⁶

2. "Meet the Leaders of the Opposition," *Irrawaddy*, August 25, 2016.

3. "Parliament Receives Thousands of New Complaints of Confiscated Farmland," *Irrawaddy*, July 6, 2016.

4. "Burma's Harsh Protest Law Likely to Be Replaced," *Irrawaddy*, May 6, 2016.

5. "Aung San Suu Kyi Moves to Clean Up Myanmar's Murky Jade Trade," *The Guardian*, August 9, 2016; *Burma Bulletin*, September 2016, 9.

6. "Parliament Votes to Scrap Emergency Provisions Act," *Myanmar Times*, October 5, 2016.

ETHNIC CONFLICTS, BUDDHIST ISSUES, AND PEACE CONFERENCES

In late 2015, the Tatmadaw (armed forces) renewed its offensives against the Shan State Army–North (SSA-N) in villages and townships in central Shan State, leading to over 10,000 internally displaced persons. Following clashes between the Shan State Army-South (SSA-S) and the Ta'ang National Liberation Army (TNLA, the armed wing of the Palaung State Liberation Front), the UN Office for the Coordination of Humanitarian Affairs (UNOCHA) reported that 4,200 persons had been displaced. A further 2,500 squatters had been forcibly evicted from land owned by the military's Myanmar Economic Holdings in Yangon and Pyin Oo Lwin, a city in the country's center once known as Maymyo. In May 2016, the new government announced the creation of a committee to help resettle internally displaced persons and to coordinate the activities of UN agencies and international NGOs (INGOs). Aung San Suu Kyi would chair the Central Committee for Rakhine State Peace, Stability and Development.

Meanwhile, over 500 persons (including monks from the Buddhist nationalist movement, the Organisation for the Protection of Race and Religion or Ma Ba Tha) protested the new US Ambassador Scot Marciel's use of the word Rohingya as a designation for the Rakhine-based Muslim ethnic group, often called the world's most oppressed minority. At the same time, about 70 other persons marched in Yangon, calling for unity and tolerance. Aung San Suu Kyi later told the UN Special Rapporteur on Human Rights that the government would continue to avoid using the word 'Rohingya'. The UN Refugee Agency also estimated that over 110,000 refugees from Myanmar were living in Thailand and that most were ethnic minorities displaced by fighting between ethnic armed organizations (EAOs) and the Tatmadaw.

A state-level Joint Monitoring Committee (JMC-S) was formed in Nansang, Shan State, in January 2016, to oversee the de-escalation of conflict, while other state-level JMCs were to be formed in Tenasserim and Bago Divisions, and in Karen, Mon and Chin States. Hostilities continued in Shan State between the SSA-S and the TNLA, and clashes were also reported in Karen, Chin and Rakhine/Arakan States throughout 2016. The NLD government later announced that a new National Reconciliation and Peace Center would replace the previous administration's Myanmar Peace Center.

In late August-September, the NLD government hosted its much anticipated four-day “Union Peace Conference—21st Century Panglong” in Naypyidaw, the capital, with 1,400 participants including government officials, military officers, and representatives of 17 EAOs—including non-signatories of the National Ceasefire Agreement (NCA). A total of 73 papers were presented in 10-minute slots by representatives from the government, the Tatmadaw, political parties and EAOs. Speakers focused on topics ranging from their vision for a federal democratic Union, security and defence priorities, ethnic equality, sovereignty and self-determination, decentralization, and constitutional reforms.⁷ It was agreed that a follow up Panglong Peace Conference would take place six months later.

Buddhist Issues and Rakhine State

The state Buddhist authority, the State Sangha Maha Nayaka Committee (Ma Ha Na), in July disowned the infamous Ma Ba Tha, claiming that the latter was not a Buddhist organization formed in accordance with the basic Sangha (monastic order) rules, regulations, and directives of the State Sangha. The action followed comments made by the NLD’s chief minister of Yangon, U Phyo Min Thein, that Ma Ba Tha was not needed because the state already had a committee to oversee Buddhist religious life. The Ma Ha Na further stated that none of the Sangha conventions of all Buddhist orders from 1980 to 2014 had endorsed Ma Ba Tha’s legitimacy; that such organizations may never deal in political affairs; and that the formation of a new Buddhist order was prohibited. Under the previous government, the Ma Ba Tha had been responsible for organizing anti-Muslim protests, instigating violent reprisals against Muslims across the country, and pushing controversial race and religion laws through parliament.⁸ In November, the Ma Ba Tha’s main spokesperson, U Wirathu, drew parallels between his views on Islam and nationalism and those of US President-elect Donald Trump.⁹

An independent Advisory Commission on Rakhine State was established by the Office of the State Counsellor in August, to be headed by former UN

7. “Not without Wrinkles, Peace Conference Lauded for Taking Landmark ‘First Steps,’” *Myanmar Times*, September 5, 2016.

8. “State Sangha Disowns Committee for the Protection of Nationality and Religion,” *Myanmar Times*, July 13, 2016; “Ma Ba Tha Fades with Barely a Whimper,” *Myanmar Times*, August 4, 2016.

9. “Ma Ba Tha’s U Wirathu: Trump ‘Similar to Me,’” Associated Press, November 18, 2016.

Secretary-General Kofi Annan. The commission was tasked with providing recommendations for the prevention of conflicts, ensuring humanitarian assistance, rights and reconciliation, and to establish infrastructure and promote development plans in Rakhine. The Arakan National Party objected to the inclusion of foreigners in the commission and 2,000 protesters gathered in Sittwe, the capital of Rakhine State. In October, nine police officers were killed in a series of coordinated attacks on Myanmar Border Police posts in Maungdaw and Rathedaung Townships in Rakhine State. The attackers, armed with knives and guns, fled with a cache of guns and bullets. The government locked down the region and tightly controlled the flow of information from Rakhine State due to fears of inciting inter-religious reprisals such as occurred in 2012.

A statement issued by the President's Office identified the perpetrators as belonging to a group called Aqa Mul Mujahidin, whose leader Havistoohar was a militant from Maungdaw, with previous training from the Taliban in Pakistan.¹⁰ Information Minister Pe Myint claimed that the nature of the conflict in Rakhine State had changed from riots and tension between the communities to armed conflict.¹¹ Civil society groups reported that large numbers of persons had been displaced due to the operations of security forces and militants in the region.

NATURAL DISASTERS

Heavy monsoon rains in northern and western Myanmar in July and August caused flooding in Rakhine State, Mandalay Division, Magwe Region and Chin State, and led to the displacement of over 20,000 people in Rakhine State. Further flooding of the Chindwin and Irrawaddy Rivers led to over 100,000 people being displaced across the Sagaing, Magwe, Mandalay, Irrawaddy and Bago Regions.¹² A senior meteorologist warned that Myanmar would suffer from increasingly damaging floods due to the ongoing destruction of forests and ecosystems.¹³ Meanwhile, a 6.8 magnitude earthquake

10. "New Fears of Communal Violence in Myanmar," *The Economist*, October 15, 2016; "No Choice but to Shoot Them,' Official Says of Rakhine Manhunt for Militants," *Myanmar Times*, October 18, 2016.

11. "Myanmar Says Foreign Islamists Instigated Series of Attacks," *Wall Street Journal*, October 15, 2016.

12. "Thousands Displaced as Floods Hit Five Regions, One State," *Myanmar Times*, August 3, 2016.

13. "Prepare for Yearly Floods: Hydrologist," *Eleven*, September 5, 2016.

struck 16 miles west of Chauk in the Magwe Region, near the Bagan archeological zone. The Ministry of Culture and Religious Affairs compiled a list of damaged pagodas and temples numbering almost 400. Another 35 pagodas had been damaged in Salay in Magwe Region, five in Mrauk-U in Rakhine State, and 13 in Sagaing Region. The Department of Archaeology and the National Museum and Library accepted UNESCO's assistance for training masons in the restoration of the pagodas.

THE ECONOMY AND FOREIGN RELATIONS

In July, the Ministry of Planning and Finance released its 12-part economic policy—a vague three-page document with promises of details to follow.¹⁴ Some parts of the policy outline appeared very similar to the Thein Sein government's Framework for Economic and Social Reforms, co-drafted by the IMF in 2012. The chair of the NLD's economic committee, Han Tha Myint, had said in 2015 that the economic policies of the former administration would largely be continued amid a fresh push to curb corruption.¹⁵ In August, parliament passed a bill to amend the 2016 Union Budget Law, effectively cutting US\$ 389.9 million from the budgets of 14 ministries (excluding education, health, ethnic affairs, defense, and the state counsellor's office).¹⁶ The parliament also approved a US\$ 100 million loan from the World Bank to develop Myanmar's financial sector, and a US\$ 185.5 million loan from the Asian Development Bank for education.¹⁷

The economic growth rate in Myanmar declined from 8.5% in fiscal year 2014/15 to 7% in 2015/16, and exports fell by 12%, due to heavy flooding, slower investment flows, and lower commodity prices. Lower agricultural exports and lower gas prices contributed to a widening trade and current account deficit—up from 6.3% of GDP in 2014/15 to 7.9% in 2015/16. Inflation remained around 10% in 2015/16, due largely to rising food prices, which contribute roughly 60% of the basket of goods used to measure the

14. "Government Reveals 12-Point Economic Policy," *Myanmar Times*, July 29, 2016; "Govt Releases Economic Policy Outlines, Deferring Detail," *Irrawaddy*, July 29, 2016.

15. "Myanmar Government Releases Economic Policy Goals without Specifics," *Wall Street Journal*, July 29, 2016.

16. "14 Ministries Face Budget Cuts," *Irrawaddy*, August 27, 2016.

17. "Pyidaungsu Hluttaw Agrees to US\$ 100m Loan from World Bank," *Myanmar Times*, August 18, 2016; "Parliament Approves Ministry of Education's ADB Loan," *Myanmar Times*, September 28, 2016.

country's consumer price index. Based on its study of the incubation period for Special Economic Zones in China and Malaysia, the World Bank suggested that Myanmar may need to wait five to ten years before its SEZs could help catalyze foreign investments, let alone contribute to inclusive growth.¹⁸

The environmental conservation and forestry minister under the Thein Sein government, Win Tun, and other officials attended the UN Framework Convention on Climate Change (COP21) in Paris in December 2015. The minister pledged that to offset greenhouse gas emissions, Myanmar would preserve 30% of its forest as public forest by 2030. Aung San Suu Kyi visited China in August for discussions on a range of issues including economic cooperation, trade and investment in health and agriculture, border areas, and the controversial Myitsone Dam project in Kachin State. She traveled to Thailand in June 2016 to sign a new agreement on Burmese migrant workers, allowing them to work legally in Thailand. In August, the Labor and Immigration Ministry began the process of repatriating over 2,000 detained Burmese migrant workers from Malaysia with the support of private foundations and the military, and in September Suu Kyi made her first state visit to the United States. During the year the US Department of State had raised the threshold of reporting requirements on responsible investment in Myanmar from US\$ 500,000 to US\$ 5 million. On Suu Kyi's visit as state counsellor, President Barack Obama announced that sanctions imposed on Myanmar since 1997 would be lifted. In November, Myanmar was also reinstated to the US Generalized System of Preferences—the country had been suspended from the program since 1989.

18. World Bank, *Myanmar Economic Monitor*, Washington, DC, May 2016; World Bank, *Reducing Vulnerabilities: East Asia and Pacific Economic Monitor Update*, Washington, DC, October 2016.