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# Changing Myanmar: Reforms And Challenges

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# Introduction

- Land Area: 677,000 sq km.
- Population (2012): Over 61 million (proj. from 2008)
- Multi-racial (8 major ethnic groups; 135 dialects); multi-religious (Buddhist, Muslim, Hindu, Christian, Animist)
- Presidential/electoral (30 March 2011 --); military (1962-74; 1988-2011); parliamentary democracy (1948-1962); one-party Socialist (1974-1988)

# Fuel & Energy

- Crude oil prod. 18.6 thbbl/d (2010/11; cons. 37 thbbl/d (2010). Proven res. 50 Mbbl (Jan. 2011)
- Gas prod. 44.2 bcf/a (2010/11); X. 41 bcf/a (2010/11). Res, 10 tcf (US est. 2010), 15.5-19.3 tcf (Myan Govt. est., c. 2011).
- Uranium ore: mostly low grade (<0.1% U<sub>3</sub>O<sub>8</sub>) in 5 sites in Upper Myanmar
- Max. electric power supply 1,610 MWe (rainy season) & 1,340 MWe (Summer)
- Demand: 1,560 MWe (monsoon); 1,850 MWe (summer)

# Financial Resources

- Reserves (end 2011): US\$ 3.9 billion
- GDP in ppp (est. 2011): US\$ 82.7 billion; <1,400 per capita. ADB est. GDP growth 5.5% (2011), 6% (2012)
- Exports (FY 2011/12): US\$ 9.1 billion (gas >\$ 3 billion);
- Imports (FY 2011/12): US\$ 9.05 billion.
- Maj X (FY 2010/11): gas (28.5%), Jade (24.9%), pulses (10%), timber (6.6%), garment (4.3%)
- Maj. M (FY 2010/11): Pet. prod. (22.8%), machinery (13.6%), iron/steel const. mat. (6.7%), cooking oil (3.1%)
- External debt (April 2012): over US\$ 7 billion
- Budget deficit (2012 est.): 4.9% of GDP.



# Elections: Contentious Result (7 November 2010)

- 29 million voters; turnout 77% for all 3 parliaments (73% in 1990).;
- USDP (pro-military party) won 76.5% overall
  - Lower House (L): 79.4% (NLD, 80.8% in 1990)
  - Lower House (U): 76.8%
  - Provincial Parliament (7 Regions & 7 States) (P): 74.9%
- Govt. accused of rigging the elections for USDP using advance votes, payouts, public services, coercion
- NUP (ruling party under Ne Win): 5.5% overall, 3.7% (L), 3% (U), 7% (P)
- 22 others: 4 natl. (1.9% ); 18 ethnic ( 15.7%) + 6 indpndt.
- Military 25% in all 3 parliaments
- Legitimacy deficit still remains
- Constitution in effect from 31 January 2011
- **Pluralism & multiple authority structures?**

# Union Executive: No Longer Sole Authority

- Not sharing power but redistributing power among military and co-opted elites
  - However, the President has considerable executive authority (in principle): espouses *good governance & clean government* (whetting the public appetite for change)
  - All ministers/dy. ministers resigned from party/MP (as per Constitution)
  - 30 ministers (35 ministries)
    - 26 USDP MPs (85% military.)
    - 3 C-in-C nominees (in service-army)
    - 1 non-MP (foreign affairs, ex-col.)
- 39 deputy ministers (majority non-MPs; technocrats, civil servants, professionals)
- 4 C-in-C nominees (2 in defence)

# Provincial Executive (Chief Ministers)\* Confused Authority?

- Kachin State (civilian USDP)
- Karen State (B.G, milty.rep.MP)
- All other five states & seven regions (USDP; ex-military.)
  - 3 former ministers
  - 4 former Lt. Generals
  - 1 former B. General & 4 former colonels.

*\* Protocol order: behind Union Minister but same status*

# Military's Continuing Role/Personalities

- Military's complete autonomy to manage own affairs; special fund for security
- Commander-in-Chief (C-in-C) as supreme commander of all armed forces;
- President (P) leads the National Defence and Security Council comprising P, 2 Vice Ps. 2 Speakers of Parliament, C-in-C, Deputy C-in-C, Defence Minister; Foreign Minister, Home Minister, Border Areas Minister
- **(Outgoing)** C-in-C's nominees to 25 per cent of the seats in all national and regional parliaments (mainly junior officers);
- Nominees of the **(outgoing)** C-in-C as ministers and deputy ministers for defence, home affairs and border areas;
- Executive President (former PM, SPDC), V-P (SPDC Sec-1), LH Speaker (SPDC & JCS), UH Speaker (Min., BG) UEC Chair (SPDC), CJ (milty.), Const Tribunal Ch. (JAG)

# Selected Govt. Reforms/Initiatives

## Politics/I.R.

President meeting with ASSK; call expatriates to return without fear  
Substantive dialogues bet. ASSK & liaison minister; rel. free/fair by-elec. & NLD won 43 out of 44 contested seats (total 46)  
Allow Sp. Rapp. for H.R. to visit  
Myanmar NHRC formed  
Accept ranking legislators/officials from UN., US, UK & Europe  
Bid for ASEAN Chair 2014  
ASSK allowed to travel abroad

## Security

Four amnesties (sentence reduced. 14,578/55 political prisoners or pp. May; 6,359/220 pp. October; sentence reduced, 6,656, 3 Jan; 651 mostly pp, 13 Jan)  
Peace overture to all armed groups (August)

## Administration/public affairs

Presidential advisory groups (econ., pol., & legal: 3 each)  
Open discussion of problems & issues in forums/media  
Media censorship relaxed

# **Selected Govt. Reforms/Initiatives (contd.)**

## **Economic**

- Poverty reduction initiative (President); raised pensions to current levels
- Suspension of export tax (countering 30% \$ depreciation)
- Abolishing Trade Council
- Suspension of Myitsone Dam by President (PRC J.V. US\$3.6 B)
- Mining ban along 4 major rivers
- F.E. restrictions relaxed (private Banks as moneychangers); managed float of currency K820/\$ from fixed rate of K5.8/\$
- Engagement with IMF on F.E. rate unification
- Visits by Nobel laureate J Stiglitz, Prof Hla Myint (LSE emeritus) & Prof R. Findlay (Columbia)
- National seminars/forums on economic reforms & development policy options
- Revised FDI law (max. period from 50 to 70 yr; max. tax holiday from 3 to 5 yr; lease private land)
- F.E. act under review..
- Formulation of new land law (transfer, inherit, sale)
- Labour law (union; strike, dispute settlement)
- Car imports relaxed

# International Response to Reforms

- E.U. Increased humanitarian aid (H.A. up to US\$200M for 2 yrs) and removed visa ban on the President and 87 Myanmar officials, suspended sanctions for 1 year
- U.S. Secty. of State Clinton visited Myanmar & later partially waived sanctions on IFI's & US NGO/private engmt., eased visa ban; suspended financial sanctions. Invited F.M. to D.C.
- Japan reviewing ODA moratorium; promised increased H.A. and technical assistance; waived US\$3.7 billion debt
- Denmark doubled H.A. to US\$17M; U.K. additional aid of US\$15M.
- Norway, Denmark, Japan, U.K. & France engaged at ministerial level & UK PM, ROK President..
- IMF, ADB consultations begin

# Unresolved Economic Problems

- Budget deficit (austerity measures starving ministries)
- Privatization or assets stripping?
- Currency crisis: xchg rate managed float (1 April) but still overvalued (By some 30%) & unprofitable for X. Holding foreign. currency (cash) illegal for citizens; K not fully convertible yet
- No stock exchange yet (Tokyo S.E. Daiwa Sec. help, 2014?)
- Growth without employment creation
- FDI heavily skewed to resource extraction
- Energy shortage and poor infrastructure despite mega-projects: maintenance shortfalls in pursuit of new projects
- Real estate bubble in major cities & near SEZs/IZs; no strata title law for condo.
- Very low ODA: \$7.5/cap/a; cf. Cambodia @ \$52, Laos@ \$69
- No bankruptcy law
- Banking system primitive; no credit cd.; no consumer lending
- SOE/SIE unprofitable mostly & lack investment
- Narrow tax base; tax evasion rampant



# New Relationships

## Hierarchical?/Cooperative/Competitive?

- President & V.Ps
- President & Chief Ministers
- President & C-in-C
- President & NDSC
- Union Minister(s) & Region/State Minister(s)
- Region State/Ministers & State Agencies
- C-in-C & Defence minister
- Regional Commander(s) (RCs) & Chief Minister(s)
- Defence Minister & RC(s)
- Defence Minister & BSO Chief(s)
- MAS & SB

# Union Govt. Peace Offer

- As the first phase, those national race armed groups wishing to make pace through solutions to armed conflicts may contact the State or Region government concerned group-wise to launch preliminary programmes.
- **Upon completion of the preliminary programmes, the government will form a team for peace talks. It is hereby announced that the government invites national race armed groups to peace talks**

# Ethnic Conflicts: Return of Ceasefires (CF)

## Small armed groups:

- Chin National Front or CNF Indian border (CF, Provincial Govt; 2 Jan 12);
- Karenni National Progressive Party, KNPP at Thai border (talks Union Govt., Feb. 12)
- Arakan Liberation Party (ALP) at Bangladesh border (CF, Prov. Govt., Apr 12)

## Significant insurgent groups:

Wa (USWA; 25,000) & Kokang (MNDAA, 2,000) (CF Union Dec. 11)

- Breakaway faction of MTA (Mong Tai Army of narco-warlord Khun Sa), led by Yawd Serk; the Res-toration Council of Shan State/Shan Sate Army-South (SSA-South/RCSS) at Thai border numbering several thousand fighters (CF Union/State Govts. 28 Jan 12).
- Karen National Liberation Army (KNLA)/Karen National Union or KNU) with 2-4,000 troops (CF, State Govt., 7 Feb. 12, Union level Apr. 12).
- New Mon State Party (NMSP) several hundred troops (CF talks, Apr 12)

## Holdout

- Former CF group, Kachin Independence Organization (KIO)/Kachin Independence Army (KIA); several thousand troops. Fighting since June 2011

# Internal Military/Executive Dynamics

## Unity, Cleavage, Rupture?

- Transition process creates uncertainties/tensions
  - Hierarchical structure remains with less authority?
  - Consultative C-M relations? Second guessing?
  - Perceptions of OTS vs DSA graduates: rivalry or co-operation.?
- 
- Erosion of absolute authority & impunity?
  - Diluted power and privileges
  - Frustrated aspirants?
  - Available resources vs. increasing demands?

# ASSK & By-Elections

- Pros
  - NLD as a legal entity
  - Raise intensity & quality of parliamentary process
  - Opportunity to represent people's wishes/concerns
  - Opportunity to win over other parties (incl. military) in critical issues
  - Raise profile of NLD for 2015 elections
- Cons
  - Accept 2008 Constitution and Govt.'s legitimacy
  - Play by existing rules set by Govt. & associated constraints on freedom of movement speech & action
  - A few months a yr. confined to NPT during parliamentary sessions
  - Up against a solid majority by USDP & military reps.
  - Only 6.4% of seats in Union (lower and upper houses combined) Assembly; need 20% for tabling amend. to Const. and get >75% for passing. For amend. impt. sections referendum must win >50% of eligible voters

**Myanmar has moved from ...**





To this (Naypyitaw, 19 August 2011)



# Guardian of Democracy or Defender of Status Quo?

