

## **Myanmar Forum 2016 20 May 2016, Singapore**

ISEAS-Yusof Ishak Institute, partnering with the University of Michigan's Center for Southeast Asian Studies, organised the Myanmar Forum 2016 in Singapore on 20 May 2016. This one-day Forum brought together Myanmar country specialists, business and government practitioners with an international audience of public and private sector actors who are interested in the developments in Myanmar, especially after the National League for Democracy (NLD) assumed responsibilities of government on 1 April 2016, in order to identify the existing and emerging challenges that the new civilian administration would face, as well as discuss options and opportunities to tackle these challenges and legacy issues.

The highlight of the Forum was a conversation session with U Ko Ko Gyi, General Secretary of the 88 Generation (Peace and Open Society), a respected political organization born out of the student-led democracy protests of 1988. U Ko Ko Gyi is a Burmese politician, democracy activist and former prisoner of conscience. The 88 Generation (Peace and Open Society) has consistently supported the NLD's efforts in Myanmar's democracy movement since 1988.

The Forum's five panel sessions covered different aspects of Myanmar's history, culture, political evolution, economic and social development, and the contours of Myanmar's business landscape. Panel speakers gave their informed assessment and candid insights on various aspects of Myanmar's transition.

### **Panel 1: History and Culture – The Past Informing the Present**

The first panel provided a broad overview of the historical context within which political, economic and social evolution in Myanmar has taken place. The discussions included a historical overview of Myanmar's political evolution, including legacy issues such as the ceasefire negotiations and communal tensions, as well as insights on Myanmar's demographic make-up and a cautionary note on the current pressure on urban ecosystems (including housing, social services, heritage and environmental issues) in the drive for development. Myanmar in 2016 represents a return to democracy from decades of isolationist practices under authoritarian rule. From a post-colonial state with recurring military interventions and decades under an unsuccessful socialist experiment, in today's Myanmar military rule is ceding to civilian rule, and the quest for greater connectedness with the world continues to emerge. The key for Myanmar's continued political evolution beyond 2016 requires considering issues such as reconstruction after the decades-long civil war, rebuilding the economy from its socialist isolationist past, and determining the balance of civilian-military rule amidst competing notions of the nation and what it means for the different populaces residing within its borders.

In this connection, the 2014 population census represents an unprecedented opportunity to establish a standardised foundation of reliable information/statistics for

future policy-planning, notwithstanding obvious shortcomings motivated by political considerations (e.g. non-enumeration of certain displaced communities in conflict areas). Myanmar's statistical system faced almost complete disintegration under the centralised information system implemented by the military. This centralised system was efficient in gathering information, but it engendered factionalism and limited the sharing of information horizontally and vertically. There is still lingering mistrust to share the census results with relevant agencies and departments. Without credible statistics, many issues at local levels (including urban planning and administration) will continue to be adversely affected.

Trust is also important in national reconciliation efforts. In fact, the single-most important factor is building trust with and among the different ethnic ceasefire groups. The previous government did not manage to accomplish this at the systemic level, despite some headway in building personal trust with some of the ethnic armed group leaders. The legacy of broken trust stems from the days of the past military government. Even with Daw Aung San Suu Kyi's (henceforth referred to as "Daw Suu") tremendous political legitimacy and the trust that many ethnic leaders have in her, the past experience has made them wary. This may lead them to revisit the compromise agreements that the Thein Sein government had ceded to them. The Thein Sein government negotiators had made these concessions in order to gain some legitimacy in the eyes of the ethnic armed organisations.

Other issues to take into consideration include the communal tensions in Rakhine State, and the rise of ethnic nationalism. The communal tensions have historical undercurrents. After a huge incident of communal violence in 1942, both sides started negative socialisation processes that fed into the negative attitudes. Solving this issue requires addressing the socialisation process. Linking citizenship, identity and religion further conflate the issue. The rise of ethnic nationalism is also important for the peace process and for the Rakhine issue. When the Union Solidarity and Development Party (USDP) government opened up political space, there was a mushrooming of civil society across the country, especially in the ethnic areas. But as the USDP government did not pay attention to promoting an all-inclusive national identity, the new government will now need take this particular issue into account to produce tangible results in the peace process.

The discussions in Panel 1 mainly highlighted the complex nature of Myanmar's evolution. But the discussions also pointed out there are also many opportunities and how the country will continue to evolve depends on how the political actors will take advantage of these opportunities.

## **Panel 2: Political Evolution—Democracy Dilemmas**

The second panel continued with the focused assessment of political developments in Myanmar, particularly the implications of the 2015 election results and the tasks ahead for the first civilian government in more than half a century. The discussions highlighted the following:

- While great progress has been made in the area of democratization, including more venues for public participation and academic freedom, there is a dire need for concrete policies and substantive programmes to give effect to the slogans. Currently, there seems to be a conflation of slogans and programmes. The government is relying on numerous central and regional planning agencies for policy formulation. The legacies from the Indian administration and socialism mean that these agencies are stretched thin and not yet producing concrete policies. The new government needs information to produce necessary policies, but there is a dearth of information due to the structural problem of the military's control of security sector information, and the reduced role of civil society, parties and the media. Everyone, including investors, is in a waiting mode, for both political and policy stability, and to learn what those policies are going to be.
- One major change is the *personification* of change in the form of Aung San Suu Kyi. In 2015 people voted for the NLD as a protest against the military, leading to a landslide win for the NLD. As a result of this victory Daw Suu wields both *awza* (honor/moral authority) and *ana* (power). And yet, the 2008 constitution forces the NLD and the *Tatmadaw* (military) to live and work together. In fact, the “iron triangle of power”: the military, the oligarchy (business oligarchs associated with the military), and Buddhist nationalists have put the NLD in a structural straitjacket.
- The combination of centralized power and populist strategies by the current government may challenge the strengthening of institutions that are necessary for stable democracy and good governance. Weak institutional capacity means Myanmar needs risk-taking leaders —especially at the mid-level.
- The new government should also prioritize engaging with and strengthening a broad set of stakeholders, including political parties, civil society organisations (CSOs) and the media. Civil society plays an important role in rebuilding and reconciliation, but there should not be expectations for a truth and reconciliation commission. Although there are interactions at the top level, the main problems are at the local level. Stereotyping and Buddhist nationalism are also obstacles to local reconciliation. Thus, to pursue reconciliation the government needs to move beyond its electoral mandate and bring a broader set of stakeholders to the table. This also includes local or regional parliaments. The regional parliaments are important for building capacity but have not functioned very well in the past, and are not exercising the mandate they have under the constitution.
- There are four challenges related to change: democratization, ethnic peace, civil-military relations and development (poverty reduction). In addressing these challenges, progress in one area does not translate to progress in

another area, and can actually undermine it. Thus, leadership matters in dealing with these priorities and the trade-offs involved. The biggest challenge seems to be managing local and international expectations, as people have contradictory expectations. Even so, Daw Suu can do much to move the reconciliation process forward, and address broader party interests. This is where the tremendous support for the new government can be turned into an opportunity for the policy cycle.

- Myanmar's new institutions have the possibility to produce a transition. The military has changed its tactics by swallowing their pride and avoiding a confrontation with Daw Suu, seeking to improve their public image by outsourcing non-security policy areas to the NLD (e.g. health and education) as well as offering their expertise on the peace process to the new government. As the NLD government doesn't have its own in-house expertise, it may likely end up having a position similar to the military's.
- Although questions remain about the role of the military in the post-election power transition and in the work of the forthcoming legislature, it was true to its word in allowing the 2015 election to proceed smoothly, and in remaining committed to the process for the transfer of power to a new government after the NLD's overwhelming victory.
- Transition implies a known endpoint, but in Myanmar today, it is uncertain what the endpoint actually is. There has certainly been a lot of change to the political system at the macro-level, and it is possible that Myanmar is moving from illiberal pluralism to liberal authoritarianism. This could still change to a more liberal democracy within the "100 days" timeframe. The centralization of power around Aung San Su Kyi begs the question, "Do two wrongs make a right?" The creation of offices for Daw Suu was a reaction to the prohibition of her assuming the presidency, but the centralization of power around her may affect nascent democratic institutions.
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- In tackling the challenges ahead, the government must interact with students, soldiers, monks, labour groups, farmers, and ethnic nationalities. These are legacy issues—problems which were not created by the NLD government but which still need to be addressed. The government will still have to enforce law and order. The government has struck a populist tone, but whether the direction of this populism will be directed inwards (minimum wage) or outwards (protectionism against MNCs) is still uncertain. Additionally, patterns of public participation which are largely supportive and responsive of the winning party's public campaigns, at times seem to contradict with the populist advocacy in Yangon and elsewhere.

### **Panel 3: Economic and Social Developments**

The third panel considered Myanmar's options for economic and social development. Two of the speakers on this panel focused on economic matters, and two on social matters. This session was held under Chatham House rule.

Considering the likelihood that the NLD government will build on the foundation of work done by the previous Thein Sein administration, some structural adjustment remains to be effected. It will benefit the people of Myanmar, to whom most of the dividends of economic reform under Thein Sein did not reach.

The World Economic Forum has reported that Myanmar will be the world's fastest growing economy in 2016. NLD pronouncements and policies thus allow us to look ahead. Priorities enunciated by President Htin Kyaw highlight improving the quality of life of a majority of the Myanmar people. The NLD has also included five policy priorities relating to the economy in its election manifesto. One of these was fiscal prudence; the government is now reallocating funds toward social expenditure, exerting budgetary control and SOE reform. Related to this priority, the NLD has also emphasized another priority of having a lean government and recently, it has begun to downsize the cabinet, merging the ministries and reducing the position of deputy ministers. A third is the revitalization of agriculture; the needs and potential of agriculture will figure importantly in the shaping of economic policy, and the government has requested substantial funding for a loan program to be undertaken by the chronically underperforming Myanmar Agricultural Development Bank. A fourth is financial sector development, including changes in monetary policy. Finally, the NLD administration will focus on the country's infrastructure, on logistics and the economics of logistics.

On 1 May the government started its 100-day programme. There is relatively little information on this programme so far. As regards to implementation, the government has streamlined the Office of President by consolidating the authority of Daw Suu in the capacity of State Counsellor, but it has also created five cabinet committees. Three of these—concerning socio-political, economic and administrative affairs—are chaired by Daw Suu, while the vice-presidents chair the cabinet committees on social affairs and nationality affairs. Thirty-five permanent secretaries, appointed under Thein Sein, remain in place. They will provide the crucial linkages between government policies and economic reforms. There is also to be an economic advisory council.

The financial sector must continue to be developed so that it can emerge as a trusted allocator of resources for sustainable development. Investing in small and medium enterprises (SME) will help strengthen the economy. The micro-finance business law will allow micro-finance institutions to play a role in poverty reduction, as they will be able to make loans to the poor without the need for collateral. At the other end of the spectrum, the securities and exchange law and the Yangon Stock Exchange have created new opportunities for Myanmar investors. A recent financial institution law which governs local banks will allow them to attain international standards. Efforts to

modernise payment systems are also under way. Developing human resources and technical capacities and infrastructure in the financial sector is an ongoing concern, as is the need to create trust in financial institutions. The Central Bank of Myanmar (CBM) now enjoys independence and the new government has not changed its leadership. The CBM must now absorb and apply the advice of those foreign parties that are advising it. The new government is also continuing some of the Thein Sein government's policies for the financial sector, in the area of tax policy for example. But the emphasis on lean government may prove a burden for the existing bureaucracy.

On social matters, the latter two speakers stressed the deep divisions in Myanmar society, dating back decades, and the need for attention to the legacy of land confiscation and land grabbing. Addressing Myanmar's land issues will require recognition of communal ownership and of the use of swidden (slash-and-burn) practices, facing up to land grabbing, more awareness promotion of land-titling at the village-level so that land titles can serve as a last resort in self-protection against the loss of land.

Other issues to be addressed are the need for a comprehensive peace settlement, more inclusive economic growth, and coping with Myanmar's rapid adoption of technology and exposure to the outside world. Prospects for the success of the proposed 21<sup>st</sup> Century Panglong conference face jeopardy in the face of rival understandings of the extent of accommodation that its success will require. Highlights are:

- When the Thein Sein administration took over in 2011, if anything unified people across this deeply divided society it was a shared sense of despair, above all felt by parents concerned about the future for their children. After decades of brutalizing, coarsening civil warfare and political repression, many citizens doubted the sincerity of the post-2011 government to work for the good of Myanmar. The success of the November 2015 elections brought to the surface distorted expectations of just how many of Myanmar's many challenges could be resolved by a legitimately elected government.
- Myanmar's political, economic and social troubles are at least five decades old. In fact, repressive rule dates back to the "democratic 50s". Power had been concentrated in the hands of a small group of Buddhist, male, Bamar soldiers and an inner circle of commercial elites close to them. With fragile and to some degree non-existent infrastructural, linguistic, political and relationships from one part of the country to another, the society has little sense of shared experience. These divisions are different to those that affect the rest of Southeast Asia, as the trauma of sixty years of ongoing warfare, repression and the socialization of distrust have entrenched them. Even those people living far from violence have felt the effects of the state's national security focus—in the neglect of health and education benefits, and in the failure to create the social infrastructure that could have led to commonalities.

- Nevertheless, most ordinary people are realistic about what can be accomplished. Voting in November was about getting old elites associated with military rule out, and now more and more is being said about the duties of citizenship. Myanmar people can thus take charge in fighting these legacy challenges. Real grievances have been pent up for decades, and there are four specific areas that merit mention.
  - o The decades-long and multi-layered issues of land confiscation and land grabbing. There are expectations of speedy resolution of these problems.
  - o The desire for more inclusive economic growth. SMEs have not done particularly well thus far in the “transition,” and reducing the role of “the cronies” will both prove economically difficult and have potential unforeseen political and conflict-related consequences.
  - o Comprehensive peace, and not just a ceasefire or a series of them. This will require real political concessions. The idea of a “twenty-first-century Panglong conference” means different things to different people. It must be borne in mind that the original Panglong deal was nine paragraphs long and was signed by only three ethnic-minority groups.
  - o The coincidence of many transitions taking place simultaneously. After long isolation and disconnection from the rest of the world, Myanmar has gone from five to eighty percent Internet saturation in just six years, entirely due to the cellular rollout. The country has gone on-line faster than any other, and it has, unlike any other country, done so via smartphones. It has the fastest rate of Facebook uptake in the world, which has led to new opportunities that many appreciate but also unmitigated platforms for extremism. The dangerous spread of this extremism and hate targets mainly but not exclusively Muslims.

#### **Panel 4 – Myanmar’s International Relations**

The fourth panel discussed Myanmar’s international relations, starting with a brief assessment of major recent trends in Myanmar’s foreign relations and an analysis of how the country’s opening has affected international engagement in a few key industry sectors. As regards foreign policy, the new NLD-led government appears poised to conduct a policy that embraces the country’s longstanding principles of being independent, active, and non-aligned, seeking balanced external relations with the major powers and a constructive role in regional institutions. The new government’s democratic mandate and legitimacy also give it added room for manoeuvre in foreign affairs by opening doors to additional partners and attracting international interest in investment in Myanmar. International investors are playing crucial roles by helping to build Myanmar’s infrastructure, enhance its public and private sector capacity, and meet pressing social needs through corporate social responsibility projects. With easing or progressive removal of international sanctions, Myanmar has begun to

diversify its trade and investment relations, which has contributed to an infusion of new ideas on how to strengthen private sector practices and public policies related to economic development and corporate governance.

Some key highlights are:

- The NLD's recent foreign policy pronouncements constitute "old wine in new bottles with new labels." Both during the 2015 campaign and after the election, Daw Suu and other NLD leaders expressed their intent to follow a neutralist and independent foreign policy in line with longstanding tradition. Nevertheless, there were important differences in nuance, including a shift from a realist to a more neoliberal approach. Daw Suu also now seems to have a more positive view of regional organisations.
- Daw Suu has a pragmatic view of Myanmar's relationships with the great powers. She has sought to balance Myanmar's ties with the major powers. The NLD's foreign policy can benefit from the party's democratic legitimacy, which gives it more manoeuvre space.
- Daw Suu has also stressed a people-based approach in which the interests of the society, not just state or region security drive foreign relations. This presents new opportunities for conducting a "multiple-track diplomacy".
- But the continuing arms embargoes present a challenge to efforts to maintain diverse relations. The military has influenced the country's foreign policy for decades and is still taking a lead role in bilateral relations with Thailand and China over border issues.
- There are also economic underpinnings for the need to maintain diverse relations. From the historical origins of pursuing a non-aligned policy in the Cold War years, Myanmar's geographical location spurs the ambition to be an arena for cooperation rather than competition.
- Myanmar's external economic relations indicate that China and ASEAN economies have great impact as investors. The US sanctions figure significantly in financial actors' calculations on Myanmar. Thus, the moves by the US Treasury in mid-May to relax certain sanctions was practical, and although more was expected, the latest round of easing gave relief to three Myanmar state-owned banks.
- Myanmar's external engagement through private sector channels also provide additional opportunities to help address the country's challenges and needs. For example, GE has provided practical engagement and problem-solving in areas such as leadership development, capacity-building, literacy training,

finance, health, and transportation, working with ministry officials, local professionals, and external partners. The private sector can assist the government's efforts to meet social challenges and balance the economic disadvantages. The Oversea-Chinese Banking Corporation (OCBC) has promoted "grassroots government," advocating for measures that advance peace, social mobility, and well-being, all of which are keys to economic development.

- Financial institutions can get tripped up on detailed regulations, and banks that navigate the regulations well add real value for their clients.

### **Panel 5: Doing Business in Myanmar**

The fifth panel drilled deeper into the experience and lessons of doing business in Myanmar, from the perspective of different types of businesses, including local and foreign conglomerates, entrepreneurial start-ups, as well as ancillary service providers who represent or advise potential and current investors on Myanmar's investment scene. The panellists' views highlight that although the business environment in Myanmar is challenging the legal framework and investment processes are moving quite rapidly in the right direction. Paperwork has been reduced and timelines for approval have been dramatically shortened. Still, some constraints remain, for example, in foreign exchange controls and human resources. There is thus a need to invest in talent. Companies must be flexible as rules and regulations change. They also need to invest for the long term.

Myanmar is in a good position to "leapfrog" traditional paths to development like manufacturing for export, in which it is not competitive. SMEs and startups can use technology to take advantage of disruptive business trends, and there are many energetic young entrepreneurs willing and able to do this. Politically also the tide is turning against big crony companies that have previously dominated business. . It is not necessary to pay bribes to get licences and contracts from the government. Myanmar is less corrupt than some other places in Southeast Asia, and it is "refreshing" that policy-makers and officials are so conscientious about evaluating business plans. Good corporate governance is also increasingly important. Corporate social responsibility, environmental sustainability, and community engagement are also emerging as important considerations in doing business, and there are increasing calls for and acknowledgement that business must contribute back to the community. The government, in particular, is now very sensitive to environmental concerns.

### **Conversation with U Ko Ko Gyi**

The conversation session with U Ko Ko Gyi afforded a first-hand glimpse into the complexities of Myanmar's journey towards democratisation and change. With examples of his personal experience, U Ko Ko Gyi talked about the 88 Generation and

its role in the democracy (and later, democratisation) movement, and its current and potential contributions to promoting peace and reconciliation, and supporting democracy in the country.

U Ko Ko Gyi gave a historical context to the role of student activism in Burma's colonial past, as well as in the country's contemporary history. To this day, Myanmar's National Day commemorates the first Rangoon Students' Boycott in 1920 which aimed for independence from colonial rule. Subsequent movements, including the 1300 Revolution (the 1938 British Oil Corporation workers' strike) as well as the students' movements, were all in the same mould. After independence, the students continued to be the voice highlighting oppression of democratic rights. The activism of the students was compelled to go underground with the demolition of the Student Union building after the 1962 coup. The bloody coup in September 1988 – following months of protest initiated by university students over unjust social conditions, culminating in a nation-wide strike on 8 August 1988 (the "Four Eight" strike) – led to many student leaders and participants, including Ko Ko Gyi, to be arrested and imprisoned. Even after release from prison, the close monitoring of any activity carried out by these students inevitably led to re-arrests and harsher sentences. In between arrests, the 88 Generation students conducted several campaigns to support the NLD's revitalisation while Daw Suu was under house arrest.

U Ko Ko Gyi's prison experience brought valuable lessons of endurance in overcoming daily hardships, which included finding common ground for discussion and co-existence. After his release during the Thein Sein-era amnesties, U Ko Ko Gyi was invited to represent the 88 Generation on the investigative commission. U Ko Ko Gyi is currently a member of the joint monitoring committee Union-level (for the peace negotiations). This resonates with the 88 Generation's goal and mission for peace and open society in the country.

The endurance level of the people who continue to high be today in support of the winning NLD party in the 2015 elections. Thus, even as there many challenges, there is also an abundance of opportunities. With the people's endorsement for the NLD to lead the country, and with over 80% of elected seats in parliament, the ruling party can repeal and revise laws that do not work, and promulgate new laws to address the current situation. It is also easier for the ruling party to implement any laws and regulations enacted by Parliament. Another opportunity is the willingness of the people to endure hardships in their support for the NLD to succeed. In contrast, the Thein Sein government had to seek credibility by engaging with civil society organisations, and opening up to the ethnic groups. As the new government has the people's endorsement, it will be easier to realign with old allies and strengthen state-society relations (which had collapsed in the past). State, market and civil society are the three main pillars for strengthening democracy.

U Ko Ko Gyi stated that the 88 Generation Peace and Open Society will continue its work to push for amending the 2008 Constitution, and its support for the NLD, which

it supported with dedication in the 2015 elections. He also confirmed the 88 Generation's readiness to serve for the benefit of the people.

Other points of observation shared during the discussion with the audience include:

- 88 Generation Peace and Open Society is not registered as a political party, although having taken part in politics since 1988. Currently, the expectations and focus are on the smooth transfer of power for the NLD.
- The Four Eight crackdown provided a chance for the student leaders who fled to border areas to deal with and build relations with the ethnic armed groups. The 25<sup>th</sup> anniversary of the 8-8-88 revolution in 2013 provided an unprecedented opportunity to discuss openly the establishment of a democratic federal Myanmar; amend the Constitution; and hold a genuine National Convention. The army itself has come round to discussing federalism.
- The race and religion issues are all related to trust. More consultations are necessary among and with the different religious groups. These discussions should not mix or conflate race and religion. All citizens should enjoy equal rights, regardless of race or religion. Myanmar needs a national identity with which the different ethnic and religious groups can claim ownership, so as to build solidarity across potentially divisive lines.
- In working with the private sector to achieve quick wins, it is worth considering the "Three P" principle – Profit (for the business) but considering how to benefit People especially in the areas where investment projects are sited, and also taking into account Planet (i.e. environmental) concerns.

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