

## In Brief

ASSK visits Rakhine

UN names Norwegian, Knut Ostby as interim UN resident coordinator for Myanmar

SHC Capital Asia is planning to acquire MM Myanmar from FMI, Yoma Strategic Investments and Exemplary Ventures for S\$69.7 million.

Jotun, Norwegian paint company, opens factory in Bago region

Pope avoids using “rohingya” word during visit



# Myanmar Insights November 2017

*By Myanmar Capital Partners*

## News Round-Up

<b>Kyat Exchange Rate</b>	<b>MMK/USD</b>
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<b>30/08/17</b>	<b>1359.00</b>
<b>31/10/17</b>	<b>1352.00</b>
<b>30/11/17</b>	<b>1353.50</b>

## Politics

**NLD: The Scorecard** - Two years ago, on Nov. 8, 2015, a majority of Myanmar voters gave the National League for Democracy (NLD) led by Aung San Suu Kyi a mandate to form a new government. An NLD-dominated Parliament convened on Feb. 1, 2016, and got off to a good start, releasing hundreds of political prisoners — including detained student activists — downsizing ministries, scrapping oppressive laws that had long been used by military rulers to jail political dissidents, amending other controversial laws and issuing guidelines limiting the gifts civil servants may receive. Parliament revoked the 1975 State Protection Law and the 1950 Emergency Provisions Act — which were widely used to jail individual political dissidents under successive military administrations. It also abolished provisions of the Ward or Village Tract Administration Law requiring citizens to report overnight guests to authorities. The measures had been used to hunt down political activists. Parliament is also working to revise the 1993 Child Law and to enact a long-awaited bill that would take steps to protect women against violence. The NLD has increased health spending since taking office. On her government's first anniversary, Aung San Suu Kyi cited this significant progress in the public health care sector, adding that the international community had acknowledged it. She said significant progress had been made in the fight against three diseases: tuberculosis, malaria, and HIV/AIDS. Myanmar, once ranked near the bottom in terms of global efforts to fight against the three diseases, is now near the top, she said. The Global Fund established to fight the three diseases has commended Myanmar's achievements in this area and pledged US\$500 million to fund the effort for the next three years.

During the government's first year, ASSK said that the aspect of the administration's track record she was most proud of was the fact that her ministers were free of corruption. She has repeatedly spoken out publicly against corruption and called for the public to submit complaints against corrupt government officials, ensuring the confidentiality of all submissions. The economy however has been in decline since 2014. Between 2015 and 2016, when the election was held and the new government assumed power, investors and business owners adopted a wait-and-see approach. In 2016 and 2017, the new government was preoccupied with downsizing the number of ministries from 36 to 21, and couldn't focus much on economic development, and thus the economy continued to deteriorate. The unexpected escalation of unrest in Rakhine State has had some economic consequences as well. While the crisis hasn't had a direct impact on businesses, as the area affected by the conflict was limited, it had influenced international opinion and that has had consequences for investment flows into the country.

Political analyst Maung Maung Soe said "I don't see much to be satisfied with — only the fact that a civilian government took power," he said. "It is good to see a civilian government after the junta had ruled for so long. But , the military remains a powerful influence under the 2008 Constitution." Constitutional reform is no easy task for the NLD, as the military — the country's most powerful institution — sees its main duty as safeguarding the charter, which guarantees that it maintains an important leadership role. Constitutionally, 25 percent of seats in all national and regional parliaments are reserved for the military. It also holds three key ministerial portfolios — Defense,

Home and Border Affairs — and appoints a vice president. Nonetheless, the NLD has vowed to reform the Constitution before the current government's term expires in 2020.

**Hurt Feelings** – The government feels “wronged” over a UN Security Council statement on the Rohingya refugee crisis that reflected international media's perceived bias of the issue, said presidential spokesperson Zaw Htay. “We feel wronged that UN Security Council members have echoed those allegations. What I would like to tell the international community on behalf of the government is that we are trying to find a long-term solution for the Rakhine issue,” he said. The government will continue doing what it takes to solve the problem, he said, but would not try to counter the UN Presidential Statement because it has already asked the international community to present evidence of the alleged human rights violations and abuses. The UN statement released on Nov. 6 expressed concern over reports of human rights violations and abuses by Myanmar security forces in Rakhine State against Rohingya, saying that abuses involved systematic use of force and intimidation, killing of men, women, and children, sexual violence as well as destruction and burning of homes and property. International groups such as Human Rights Watch have also documented killings and rape of Rohingya and satellite imagery showing razed villages, while access to northern Rakhine is heavily restricted. The statement also called on the Myanmar government to end the excessive military force and intercommunal violence that had displaced more than 600,000 people, the vast majority Rohingya in Rakhine State. “We don't necessarily have to do as the statement asks. But we can't ignore it,” said Zaw Htay. The statement also urged the Myanmar government to work with the Bangladeshi government and the UN to allow the voluntary return of all refugees to their homes in Myanmar with safety and dignity. In response, the State Counselor Office issued a statement on Nov. 7, saying that it regretted a Presidential Statement was issued about a situation that is in the process of being resolved amicably between two neighboring countries. The United Nations is turning a blind eye to measures being taken by the Myanmar government, said an MP, adding that the public should stand by the government on the Rakhine issue. Public trust is a necessary condition for the government to make the country's democratization a success and solve its pressing economic and social problems, Zaw Htay added.

**Health Budget** - The Myanmar government has granted one billion kyats for research and development in the health sector, according to the minister for health and sports Dr. Myint Htwe. Addressing a meeting of the Food and Drug Administration (FDA) in Naypyitaw he said “All our work, without research, is like fumbling with our eyes closed.” This is the first time in the country's modern history since independence in 1948 that the Health Ministry has received a research and development budget, with the NLD government planning to double the amount next year. The funds will be used for research in all the departments under the ministry for teaching, food safety and pharmaceutical production, said director-general of the FDA Dr. Than Htut. “Nothing will develop without research. Not only manufacturing but services also need research. According to international practices, organizations use up to 40 percent of their budget on research and development,” said Dr. Than Htut. The research budget is a separate fund from the medical research budget, an annual allocation for the Medical Research Department under the Health Ministry. The ministry comprises the Department of Public Health, Department of Medical Services, Department of Medical Research, Department of Human Resources for Health, Department of Traditional Medicine, Department of Sports and Physical Education, and FDA. The national health plan of

Myanmar (2017-2021) aims to extend access to a basic essential package of health services to the entire population by 2020. According to the health ministry, the country's life expectancy is 64.7 years, the lowest among ASEAN countries.

## Business

**ANA Backs Out** - Japan's ANA Holdings Inc has dropped a plan to form a joint venture in Myanmar after its application for an air operator's certificate (AOC) was rejected by Myanmar authorities. ANA established the Asian Blue joint venture last year with local investor Golden Sky World, owned by tycoon Shwe Than Lwin. ANA had agreed to take a 49 percent stake in the airline, which would have focused on international routes, in anticipation of growing demand as Myanmar opens up following decades of military rule. Asian Blue was ANA's second attempt at investing in Myanmar. In 2014 it scrapped a plan to buy a 49 percent stake in Asian Wings Airways after growing competition made the investment too risky. "We can't find a reason," said ANA's Myanmar representative H. Aramaki, referring to the government's refusal to issue the operating license. He said ANA's operation in Myanmar would continue as usual.

## Infrastructure

**Chin State** - With a population of 478,801 as of 2014, is the least developed region in Myanmar and the second least populated. Basic infrastructure is still largely absent, and this has been a major hurdle for the Chin economy. Now, the regional government wants to attract investors by improving Chin's road and maritime connectivity with other regions of the country as well as with neighbouring India. They are trying to establish the Paletwa Port and highways in order to have maritime and road access from Paletwa to Mizoram in India. Five areas in northern Chin are going to have bridges and road networks with India. The regional government has plans to develop border trade markets. The airport project in Falam is also moving ahead. Additionally, they are about to implement the Manipur hydropower project.

**Outlook** - The lack of roads and other key infrastructure threatens the sustainability of Myanmar's economic growth, which has been accelerating at over 7 percent for the past several years, according to a November report by the Economist and Baker McKenzie. It says the country's "positive economic trajectory will be challenged by a massive infrastructure need that the government does not have the resources to meet alone." "While Myanmar's economic growth is predicted to continue to sit above an average of 7pc for several years to come, sustaining this growth will depend on massive investment from the government, development finance institutions and the private sector," it said. "If it is not forthcoming, the growing infrastructure gap could put the brakes on Myanmar's economy."

Nevertheless, there are still a lot of opportunities for investors to engage in infrastructure projects in the country. One of bright spots for Myanmar is its telecoms sector. "Prior to the reform period, Myanmar had one of the world's lowest rates of connectivity, with very limited internet access and active SIM cards measured in the thousands," it said. "This has changed virtually overnight, and Myanmar now has more than 50 million active SIM cards, as well as the region's fastest mobile internet speeds," it added. Among the infrastructure that the Myanmar government has prioritised are the areas of power, as well as water and transport, the report said, adding that the government is actively seeking foreign investors in these sectors.

## Culture and Tourism

**The Royal Family** - The national premiere of “We Were Kings”, a documentary about the forgotten royal descendants of King Thibaw, the last king of Burma, kicked off a nostalgic atmosphere at the Irrawaddy Literary Festival in Mandalay recently. The 58-minute film features interviews with the grandchildren and great grandchildren of King Thibaw. Author of “The King in Exile,” Sudha Shah, was joined by the only two living grandchildren of King Thibaw, their descendants and royal descendants of the penultimate King Mindon. “We Were Kings,” directed and produced by Alex Bescoby and Max Jones of Grammar Productions, has won the Whicker’s World Foundation Award 2016. The film brings the lost descendants of King Thibaw into the spotlight by focusing on the struggle of U Soe Win, the great grandson of King Thibaw, as he tried to bring the remains of the exiled king back to Myanmar. King Thibaw was sent to India by the British in 1885 and died in exile in 1916.

Some of the last king’s descendants had hoped and planned for years to return the remains. “There are many different views, even in our family, about bringing back the remains, as were featured in the film,” said Soe Win. “My uncle Taw Phaya said let it be and my cousin Devi said it was not yet time. But I still wanted to keep trying simply because I do not want him to rest in exile, not because I want to reestablish the monarchy.” Soe Win led his family to restore the abandoned tomb of King Thibaw and the first princess in Ratnagiri, India. Since King Thibaw did not receive a proper royal ceremony or religious rituals at his funeral, Soe Win struggled to perform these rituals by seeking support from the governments of Myanmar and India. “But bringing back the remains was another story. It was not only up to the royal descendants. It became the affair of the entire country and the decision rests in the hands of the people,” he said. “We also need to think about the descendants of the first princess, who are living in India. Maybe, the time hasn’t come yet to move her remains.” Prince Taw Phaya – the third son of the fourth daughter of King Thibaw, Princess Hteik Su Myat Phaya Galae – said the remains should be left where they are as the country and the world have changed greatly. “May he rest in peace. Let’s not dig this up again,” he added. On the other hand, for the royal descendants of King Thibaw and King Mindon, “We Were Kings” revisits their lives in Mandalay, the last royal capital where King Thibaw spent his final days as monarch. “I do not want to recall the bitter past. When I watched this film with my brother, family and other royal family members, I was sad remembering that my mother had to struggle a lot,” said Princess Hteik Su Phaya Gyi, the only living granddaughter of King Thibaw, who presented at the premiere. Princess Hteik Su Phaya Gyi, 95, widely called Phwar May or Aunty Su among the royal descendants, is the second daughter of the fourth daughter of King Thibaw, Princess Hteik Su Myat Phaya Galae. “Since stories of us have been wiped from the pages of history for a long time, youth today have no idea what is happening with King Thibaw’s descendants. I thank Alex, Max and Sudha Shah,” she said. “However, I no longer want to live as royals after all the time and troubles. Things have changed. I am now at peace living as an ordinary person. Do not call me princess or a royal, for I am not anymore. It was history and let it stay history,” she said.

Together with the film’s Myanmar premiere, one mystery has entered the spotlight again—the disappearance of an enormous ruby of the royal family. According to an article by Alex Bescoby, Soe Win travelled to London for the first time and visited the Victoria & Albert Museum to see valuable artifacts that once belonged to his family. Accompanied by Bescoby, Soe Win’s visit had another purpose—a treasure hunt for an

enormous ruby, also known as “The Nga Mauk” of the then-royal family that was said to be “worth a kingdom”. Hundreds of gold and gem-studded items were seized from King Thibaw by the British and the then British colonel Edward Sladen, who was the chief political officer of the invasion force and has been the main suspect in the disappearance of the ruby. There are rumours within the royal descendant’s family that the ruby was given to Queen Victoria as a gift by the colonel and might have been kept as part of the Royal Collection since then.

**Website:**

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