

## In Brief

Drop in tourism due to Rakhine troubles

Nationwide ceasefire a “forlorn hope”

TPG sells Myanmar Distillery stake to ThaiBev for undisclosed sum

Kandawgyi Palace Hotel completely ravaged by fire

ICG warns Europe re-imposing sanctions may not be helpful to the Rohingya crisis



# Myanmar Insights October 2017

*By Myanmar Capital Partners*

Kyat Exchange Rate	MMK/USD
31/07/17	1363.00
30/08/17	1359.00
31/10/17	1352.00

## News Round-Up

### Politics

Some Cooperation - Myanmar and Bangladesh have agreed to cooperate to restore stability in Rakhine State but failed to reach an agreement over the repatriation of refugees. “Bangladesh wants to repatriate as soon as possible. But we will go step by step and form a joint working group for repatriation,” Kyaw Zeya, permanent secretary of Myanmar’s foreign affairs ministry, said. About 600,000 Rohingya Muslims have fled Myanmar since Aug. 25, when insurgent attacks on police outposts in Rakhine State prompted clearance operations by the Myanmar Army. Myanmar’s home affairs minister Lieutenant General Kyaw Swe and his

Bangladeshi counterpart Asaduzzaman Khan agreed to halt the mass exodus of refugees to Bangladesh, and restore normalcy in Rakhine State to make repatriation possible. “We are however yet to rebuild infrastructure and draw up resettlement plans to accept them back. These works are being handled by state leaders themselves, and so it is difficult to predict when they will be complete,” said Tint Myint, permanent secretary of the Home Affairs ministry. However, the two countries only signed two agreements covering security and border cooperation, but not on the repatriation of refugees. There is a huge gap regarding the numbers of people who fled to Bangladesh between the ground survey of Rakhine State government and UN statistics, according to the President’s Office.

**Army Rejects Criticism** - The Myanmar Army chief rejected accusations of abuses by his troops during operations in northern Rakhine State in a meeting with the US ambassador saying, “no action goes beyond the legal framework.” Snr-Gen Min Aung Hlaing told US ambassador Scot Marciel “unlawful acts are not allowed” in response to the ambassador raising concerns over the exodus of more than 500,000 people to Bangladesh and reports of excessive use of force and genocide by the security forces in Rakhine. Most of those who have fled since militants attacked police outposts on Aug. 25 are Rohingya Muslims. Reports of killings, rape, and arson by security forces have stoked claims of ethnic cleansing in the international community. Despite the army’s denial of crimes, the UN human rights office said that Myanmar security forces began its “clearance operations” before the Aug. 25 militant attacks, brutally driving out Rohingya Muslims from the region, torching their homes, crops and villages to prevent them from returning. In a report based on interviews with refugees who have arrived in Bangladesh in the past month, the UN human rights office said that the destruction by security forces, often joined by mobs of armed Arakanese Buddhists, of houses, fields, food stocks, crops, and livestock made the possibility of the Rohingya returning to normal lives in northern Rakhine “almost impossible.” “Credible information indicates that the Myanmar security forces purposely destroyed the property of the Rohingyas, scorched their dwellings and entire villages in northern Rakhine State, not only to drive the population out in droves but also to prevent the fleeing Rohingya victims from returning to their homes,” the report said.

#### Business

**Loan Delayed** - The World Bank has delayed a US\$200 million loan to Myanmar amid intensifying international pressure over the exodus of more than 500,000 Rohingya from Rakhine State. In a statement the World Bank said it was “deeply concerned by the violence, destruction and forced displacement of the Rohingya” and would withhold the loan until conditions improved. Militant attacks on 30 police stations and an army base in northern Rakhine on Aug. 25 triggered an army crackdown that has caused the exodus. Meanwhile, about 30,000 Arakanese and Hindus were internally displaced by militant violence. The World Bank

stated it would continue “high-impact projects that support education, health services, electricity, rural roads and inclusion of all ethnic groups and religions, particularly in Rakhine state.” “We also assessed the conditions of our recently approved development policy loan and concluded that further progress is needed for the loan to be made effective,” the statement added.

**Yangon Water Bus** - After a delay of three months, a water bus service on Yangon’s rivers was begun recently, offering a new transport option to the city’s 5.2 million residents. Thirteen boats will connect Bohtataung and Insein townships with seven stops in between under the first phase of the project, Tint Tint Lwin, the chairwoman of Tint Tint Myanmar company which won a tender to provide water bus services in February, said at the launching ceremony. Three imported boats from Australia which can each carry 180-230 passengers, three boats from Thailand which can carry 60 passengers and seven locally constructed boats which can carry 150 passengers will run between 6:30 a.m. to 6:30 p.m. every day. It takes about two hours to drive from Insein to Botahtaung, but by the water buses, it will only take around 45 minutes. The initiative falls under the regional government’s plans to upgrade public transport services to relieve worsening traffic jams in the city, following the new bus system that launched in January. The service was previously planned to launch in late June but there had been some delay in importing boats because of bad weather and in arranging the required documents with the related government departments for the project. Based on the customers’ demand, the routes and stops will be expanded under the Yangon regional government’s instructions. Two routes along Nga Moe Yeik Creek and Thanlyin Township will follow within three to six months after the jetties have been constructed, she added. Some 56 to 67 boats are expected to be in service for the full operation, which aims to serve an annual 12 million commuters this year and a projected 24 million by 2020. She added that Yangon Region Transport Authority is also arranging to expand the bus lines that connect the water bus terminals. Commuters will use a top-up card payment system with water bus rides costing between 300 and 500 kyats.

#### Infrastructure

**Electricity in Rakhine** - The government has earmarked US\$5.75 billion to provide electricity next year to more than 40 villages in the troubled northern Rakhine State. More than 500,000 Rohingya Muslims have fled the region since militant attacks on police and army outposts triggered an army crackdown that has involved extrajudicial killings, rape, and the burning of Muslim villages, according to refugees in Bangladesh and satellite imagery. Access to the area is heavily restricted, but a UN Human Rights Office report released recently based on 65 interviews conducted in Bangladesh with individuals and groups stated the security operations began before the militant attacks, with the intent not only to drive out the population but also prevent them from returning to their homes. Deputy director-general of the electricity and energy ministry Ye

Toe Thwin said that certain Rakhine townships have already been connected to the national power grid and more added during 2018. Tenders have been invited for electrification of some 44 villages throughout the state according to the ministry. Only 38 percent of the country's population is connected to the national grid, leaving 62 percent of the population, most of them in rural areas, without access to government-supplied electricity, deputy electricity minister Dr. Tun Lwin told Parliament in June. The production cost of electricity by state-owned and private power plants is around 92 kyats per unit, but the price sold to users is 69 kyats on average. The government had to subsidize the gap, which created a loss of 337 billion kyats during the 2016-17 fiscal year, said the deputy minister.

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