Chairman’s Note

Private and Confidential | For SIIA Corporate Members and Advisors
April 2022

Myanmar Coup: One Year On
It has been more than a year since the military’s takeover in Myanmar, but while the crisis has evolved, there still appears to be no end in sight. Indeed, there are signs that the situation may worsen. This is not only concerning the on-going violence but economic and financial policy regarding holdings of US dollars (USD) in the country. This note shares some of the thinking about the country’s present situation and outlook. Please note that this information is provided on a confidential basis to you, as our member and friend.

1. **Evolving Resistance and Military**: Myanmar’s pro-democracy forces have evolved their tactics. What started off as in-street protests in February 2021 transformed into sporadic, smaller-scale protests in May. By end-2021, resistance forces became more defined and sustained. This took the form of the People Defense Forces (PDF), which established consistent partnerships with ethnic armed groups and together, pose a force to be reckoned with. The confrontation is no longer only directly between the PDF and the Tatmadaw and police. Violence against civilians is reported and the recent attack on the Central Bank of Myanmar Deputy Governor, carried out at her home, is a new high point of concern. Despite these, the strength of the military is still not to be underestimated.

2. **(No) Possibility of Dialogue**: The international community and ASEAN have continually pushed for meetings with all sides, hoping to bring key parties to the table. But the State Administrative Council (SAC) has refused to allow the ASEAN Special Envoy to meet with the NUG and the ousted National League for Democracy (NLD), insisting that both are unlawful associations and terrorist groups. At present, there is no dialogue and no formula which can be agreed between the two sides. Given the situation, some analysts project three possible scenarios. First, a revolutionary path towards a zero-sum outcome. Second, a middle path, which is the current situation of ongoing resistance. Third, a transformation path, where conflict is managed constructively through non-violent means and inducements.

3. **Tatmadaw Game Plan**: The SAC and Tatmadaw have also adapted. While it has traditionally fought conflicts that are geographically concentrated, current fighting is widespread and in areas that the military is less familiar with. It thus began hiring people on the ground with a better understanding of the terrain to fight. The Tatmadaw hopes to cement itself as Myanmar’s legitimate leader via elections in 2023, after re-writing the Constitution. It remains to be seen who its contenders will be although elections are unlikely to be free and fair if the NLD remained banned. Sources say the military is conversing with the Lady to work out a compromise for pardon. The likelihood of Aung San Suu Kyi returning to politics seems slim but given her personality and legacy, she is unlikely to accede to the military’s demands.

In any event, the NLD is said by some to be less relevant. For the younger generation, who make up the bulk of Myanmar’s demographic, the NUG which emerged post-coup is more representative of sentiments. Unlike the Bamar-majority NLD, the NUG is more inclusive, garnering the support of a number of ethnic groups. Power in the NUG is also less concentrated at the top, whereas the Lady had called almost all the shots in the NLD. For these reasons, the NUG has been intentional in separating itself from the identity of the NLD. The NUG is contending with the junta as the legitimate leader of Myanmar and some in the West such as France recognize the NUG.
4. **Business and Kyat Issue**: Reputational costs, sanctions, and an uncertain outlook, have seen many investors exiting Myanmar including recent announcements by Kirin, energy giants Total and Chevron, and British American Tobacco. Some businesses are keeping the lights on for their employees, some of whom turn down secondment opportunities due to family obligations. In general, Myanmar has become less interesting for investors who see neither opportunities at flipping profits in the short-term nor capacity for infrastructural improvement and development in the long-term. Most recently, the military’s announcement that all foreign currency must be converted to Kyat triggered even more panic. This has impacted many of the Myanmar citizens who have held USD, amounting to a seizure of their foreign currency. Some see the move as a sign that the military is ready to return to the days when Myanmar was a closed economy with a currency that has no ready financial convertibility. Foreign investors especially are rightfully concerned about their USD holdings and reserves. However, on April 20, the military announced a number of exemptions for foreign entities, specifically those that hold a permit from the Myanmar Investment Commission and those operating in the Special Economic Zones.

5. **Humanitarian Struggle**: People on the ground remain resilient even as fighting is ongoing. During the Thingyan festival, Yangon was very quiet but there is more normalcy and celebrations in Mandalay and Bagan. Power outages affect both urban and rural areas, causing severe disruption to businesses. The impact on livelihoods is severe and the United Nations has warned that half of Myanmar’s population could sink into poverty this year, with urban poverty set to triple, and a country-wide risk of acute malnutrition. Desperation has resulted in crime waves in major cities where rising numbers of theft, robberies and break-ins have been triggered by poverty and soaring food prices. There is also the risk of a fourth pandemic wave given the highly transmissible Omicron variant and overstretched medical facilities and resources.

6. **ASEAN’s approach**: Myanmar’s military has been excluded from several ASEAN meetings since last year and most recently, was not invited to attend the Foreign Ministers meeting in February as it failed to progress on the Five Points Consensus. Going forward, there is some suggestion that ASEAN could suggest a humanitarian pause on fighting, to provide much needed aid. Should there be cooperation, the current ASEAN chair, Cambodia, is thought to be willing to allow the SAC to represent Myanmar.

7. **Visitors**: Even outside the areas of conflict, there is still a moderate chance for random acts of violence. Myanmar is opening to tourists again, but many advise against visiting and this applies doubly to business visitors. An official Singapore government warning remains in place, although some of the business community who have been in Myanmar for the long haul have returned.

I hope this note may be of interest to you. We have tried to gather information from those we know inside the country, and from other sources, but information is hard to evaluate and there are opposing views. If you wish to discuss the matter, we would be glad to hear from you. Once again, I ask that you keep this confidential, and I would be happy to hear your views.

Yours sincerely,

[Signature]

Simon Tay
Chairman