

Burmese Days: Will Ethnic Tensions Ward Off Foreign Investment in Myanmar?

Although the 2010 elections and subsequent reform policies under the new President, Thein Sein have altered the political landscape and opened the floodgates for foreign investment in Myanmar, there has been increasing concern over the state of security in the country, highlighting the need for thorough due diligence and regular security assessments.

A recent wave of terrorist attacks in city centres has caused security concerns for foreign tourists and companies entering the country. Since 11 October, at least eight explosive devices have been detonated in four different states. Three people have been killed and several others injured, including an American woman in the Traders Hotel in Yangon. A number of undetonated explosives have also been discovered, which are said to be similar in construction and very likely planted by a single organisation. There has been much speculation as to who was responsible for the bombings. The authorities have reportedly arrested at least 8 suspects, one of whom, Saw Myint Lwin, had previously served in the Karen National Union (KNU), leading to accusations of KNU involvement. One report even stated that Saw Myint Lwin had confessed to this being the case. However, the KNU and the government have consistently denied such involvement and on 18 October, the Yangon chief of police announced that a group of ethnic Karen businessmen had planned the bombings to scare off foreign investors. Such reports emphasise the need for due diligence and prior on-the-ground operational assessments on the part of foreign companies looking to do business in Myanmar.

There is concern that these events are connected to recent religious conflicts between the Buddhist population and the Muslim minority. In the town of Meiktila in March of this year, a disagreement in a jewellery shop between its Muslim proprietors and two Buddhist customers lead to widespread violence and the deaths of over 40 people. This event is one of many such violent clashes which have led to numerous deaths and the displacement of an estimated 140,000 Burmese Muslims to neighbouring Bangladesh and refugee camps on the border with Thailand. Buddhist-Muslim conflict is symptomatic of underlying long-term tensions.

The 1947 “Panglong Agreement”, between the country’s various ethnic and religious groups and General Aung San, the father of Aung San Suu Kyi, was designed to prevent discord. The agreement promised “full autonomy in internal administration for the frontier areas” but was largely ignored after 1948 and abandoned when the military junta came into power in 1962. This resulted in each ethnic group forming their own armed militia, and although ceasefire attempts were

made in the 1990s and 2000s, these armed groups are still the cause of religious and political instability. Since the end of 2011, the government has signed 14 formally endorsed ceasefire agreements, a significant improvement from its predecessors. The most important of these was the January 2012 treaty with the principal Karen political group, the Karen National Union (KNU), representing its armed wing, the Karen National Liberation Army (KNLA). This brought to an end the world’s longest running civil war; uninterrupted since 1948. While a recent two day peace talk between the representatives of all 18 ethnic groups did not result in the hoped for universal ceasefire, the occurrence of such a meeting is an historic development in itself. Another round of dialogue is scheduled for December of this year and although this is seen by many as significant political progress, ethnic and religious conflict remains an alarming cause for concern and a potential detractor of foreign investment in the country.

Many have argued that the recent reform measures have allowed such tensions to flare up, particularly in areas such as Rakhine state, where 200 people were killed in October 2012 and more recently, on 3 October 2013, five Muslims were killed by a Buddhist mob. The Rohingya Muslims of Rakhine state, thought to be originally from modern day Bangladesh, are officially seen by the government as immigrants, unable to apply for citizenship. As a result, the Rohingya minority, often referred to with the derogatory term “kala” (a word with a complex etymology but generally understood to mean “foreigner”), are described by the United Nations as one of the most persecuted minorities in the world.

The de-facto leader of the Buddhist anti-Muslim movement is the Buddhist monk, Ashin Wirathu, who propagates the increasingly widespread conviction that Muslims are becoming too powerful and seek to wipe out Buddhism in the country. He was imprisoned in 2003 for inciting anti-Muslim violence but released in 2012 and has since been an advocate for the boycotting of Muslim businesses. With his almost neo-Nazi rhetoric, Wirathu represents an increasingly xenophobic paradigm in the country. His followers distribute stickers emblazoned with the Buddhist cosmological number “969” to Buddhist shopkeepers to differentiate themselves from their Muslim counterparts.¹

¹ The sacred Muslim number 786, which is the sum of the Arabic letters in the opening phrase of the Qur’an and is displayed by Muslim shops throughout South East Asia, is believed by 969 supporters to be evidence of a Muslim plot to take power in Myanmar in the 21st century, since 7 plus 8 plus 6 is equal to 21. The number 969 has its roots in the Myanmar Buddhists’ belief in numerology and is used as a counterpoint to 786; representing the nine characteristics of the Buddha, his six teachings, and the nine attributes of the monastic order of the Sangha.

The previous military regimes used the underlying potential for sectarian and religious violence as a justification for their authoritarian policies, thus suggesting a worrying possibility of reform deceleration and an increased military presence as a reaction to these events. In April 2013, Human Rights Watch reported that although the government had to some extent intervened to protect refugee Muslims and had deployed security forces, they were also responsible for fuelling unrest, either by inaction or in some cases encouraging conflict. An interview with the BBC on 24 October by Aung San Suu Kyi, in which she stated that there is “fear on both sides”, has also been viewed by many as unhelpful and even a tacit support of Buddhist extremism. The vast majority of Myanmar citizens and government officials are Buddhist, and so the government are unlikely to enact any policies that would be seen as unfavourable to the Buddhist majority before the 2015 election. The response to this issue by the government in Naypyidaw is therefore key to on-going stability in the country.

The reforms may have paved the way for exciting financial growth in Myanmar, but they have simultaneously given a public voice to those who seek to incite deep-rooted ethnic conflict and potentially destabilise the region. More than ever, there is a need for foreign companies to seek specialist expertise rather than depending on government reports and uncorroborated press coverage. Concurrently, companies must be aware of who they are doing business with, not only to safeguard their investments but also to ensure compliance with the various international regulatory authorities. New reporting requirements issued by the US State Department serve to further highlight this.

The 2015 elections will undoubtedly be a key factor for the long-term stability and growth prospects of the country, and will be highly scrutinised by foreign investors. Although heavy scepticism has been laid on President Thein Sein’s announcement in late October that he will not be running for re-election, it does indicate an initial step towards the constitutional reform needed for Aung San Suu Kyi to be voted into power. Whatever the structure of the new government, Aung’s likely presence does not allay fears that sectarian extremism will remain a pervasive force in the country. While ethnically defined militia groups continue to control significant trade routes, and the number 969 is still seen adorning the doors of Buddhist owned shops, Myanmar will remain a risky place to do business.

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