



USAID | **BURMA**
FROM THE AMERICAN PEOPLE

USAID/BURMA

SPECIAL ATMOSPHERIC REPORT:

SEVEN MONTHS IN REVIEW AND FUTURE TRENDS TO WATCH

April 2019

Contract Number: 72048218C00004

Myanmar Analytical Activity

Acknowledgement

This report is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of Kimetrica and do not necessarily reflect the views of USAID or the United States Government. This report has been written by Kimetrica (www.kimetrica.com) and Mekong Economics (www.mekongeconomics.com) as part of the Myanmar Analytical Activity, and is therefore the exclusive property of the United States Agency for International Development (USAID). Melissa Earl (Kimetrica) is the author of this report and is reachable at melissa.earl@kimetrica.com or at Kimetrica LLC, 80 Garden Center, Suite A-368, Broomfield, CO 80020.



MYANMAR IN REVIEW: OCTOBER 2018 - APRIL 2019

A More Public Role for Aung San Suu Kyi? The lack of public disagreements between Aung San Suu Kyi and the Tatmadaw has been a defining characteristic of the NLD-led government. In February, however, a Parliamentary Joint Committee was established to report on constitutional reform by July. Tatmadaw generals soon issued public statements about the process moving too quickly. Then, on May 7, presidential pardons saw the two *Reuters* journalists released from jail. Some experts postulate that 73-year-old Suu Kyi may soon relinquish certain administrative responsibilities to free up time for campaigning and, possibly, as part of a still unclear succession plan.

The military maintains its ability to veto any legislative action due to its 25 percent of seats in parliament, so proposed constitutional changes without the military's support is impossible. Thus, amendments targeting military power will almost certainly be blocked, although amendments that deconcentrate or decentralize power to states and regions may pass. (Pages 17-18)

Electoral Landscape. Despite the emergence of multiple small parties over the past six months, support for the NLD remains strong. The NLD's popularity in ethnic areas is waning, but the party is still expected to enjoy a comfortable position in the lead up to the 2020 elections. Nevertheless, USDP is quietly recruiting ethnic minorities as potential parliamentary candidates, while the NLD retains a Bamar-centric approach. A weakened NLD, relative to 2015, increases the likelihood that a parliamentary coalition may be necessary to form a government after 2020, though it is still early in the process. (Pages 15-18)

Conflict in Rakhine. In the last seven months, Rakhine State experienced higher levels of conflict relative to other regions or states. The Arakan Army continues to engage the Tatmadaw, fighting for ethnic Rakhine equality and rights. Fighting is expected to continue in Rakhine over the next six months. Meanwhile, there is no immediate prospect for the return of Rohingya refugees in Cox's Bazaar, where another rainy season is starting. (Pages 6-8)

The Economy. The IMF reported that Myanmar's economy is losing momentum, with declines in foreign direct investment and tourism. Unless the Government implements stronger banking and investment reform, the economy will grow, but at a noticeably slower pace. With inflation now falling between six and seven percent, it will be important to monitor economic indicators for signs of instability over the coming months. (Pages 1-5)

The China Myanmar Economic Corridor memorandum of understanding was signed in September 2018. State Counsellor Aung San Suu Kyi recently attended the Belt and Road Initiative Forum in Beijing in April 2019. During her trip to Beijing the State Counsellor, met with Chinese President Xi Jinping, though it appears no major agreements were signed. China continues to push for the Myitsone Dam in a package of promised investments, yet to formally approve the dam could damage the NLD's standing in Kachin and elsewhere. In public, the issue has been handled cautiously by the NLD, while the Chinese have been open, if not clumsy, about their desire for Myitsone. (Page 1-3)

Free Speech Watch. Despite the release of the *Reuters* journalists, activists and journalists remain under intense scrutiny, most recently for their coverage of conflict in Rakhine between the AA and Tatmadaw. Free speech advocates will try to push for constitutional amendments that formally protect free speech during the review of the 2008 Constitution, but the NLD and the Tatmadaw are expected to keep the pressure on as the general election approaches. (Pages 13-14)

MYANMAR KEY EVENTS OCTOBER TO DECEMBER

10 OCTOBER

- 5** EU announces they may withdraw Myanmar from its EBA scheme
- 9** Eleven Media journalists are arrested for criticizing Yangon Chief Minister
- 14** Wirathu gives first speech after ban on public speaking at pro-military rally
- 15** Government holds peace talks with Tatmadaw and NCA signatories
- 23** Myanmar and China sign a MoU for the Mandalay Muse railway
- 29** KNU announces temporary suspension in peace talks
- 30** Bangladesh and Myanmar governments announce intention to repatriate Rohingya refugees

11 NOVEMBER

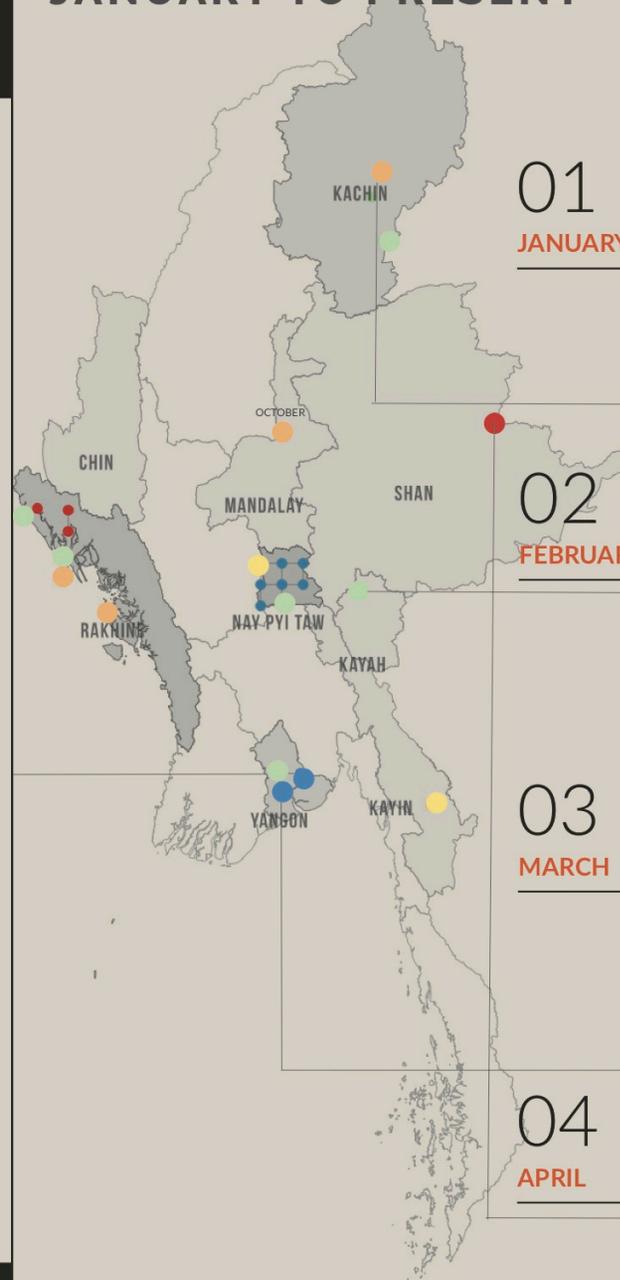
- 3** National by-elections held. The NLD lost 4 seats to USDP and ethnic parties
- 9** Kyaukphyu Port Framework Agreement Signed by China and Myanmar
- 16** UN adopts resolution calling for a full investigation of human rights violations in Myanmar
- 29** Heavy fighting between the Arakan Army and Tatmadaw begins

12 DECEMBER

- 7** Kachin Student Protesters convicted, sparking protests in Kachin
- 11** Kachin IDP camps face food shortages. China supposedly cut off access to camps
- 21** Government announces the GAD will transfer from military to civilian control

● CONFLICT	X 4
● POLITICAL	X 10
● ECONOMY	X 6
● PEACE PROCESS	X 2
● SOCIAL	X 8

JANUARY TO PRESENT



01 JANUARY

- 4** AA attacks Myanmar border police posts
- 10** NGOs and UN agencies banned from working in 10 Rakhine State townships
- 29** Possible resumption of the Myitsone Dam announced

02 FEBRUARY

- 3** Protests over a statue of Aung San start in Loikaw
- 22** Rakhine State Investment Fair held
- 25** Government meets with all four Northern Alliance members
- 26** Joint committee formed to propose constitutional amendments

03 MARCH

- 11** The deadline for registration of Vacant Fallow and Virgin land passes
- 14** Bangladesh announces plan to relocate Rohingya refugees to Bhashan Char Island
- 21** Non-signatories to the NCA are invited to peace talks
- 31** Yangon municipal election is held, universal suffrage granted for election

04 APRIL

- 17** United Wa State Army hold military parade and demand their own autonomous state
- 24** Myanmar Supreme Court rejects Reuter journalists' appeal
- 26** China hosts the second BRI International Forum

INTRODUCTION

For this special monthly report, Myanmar Analytical Activity (MAA) researchers examined events from October 2018 and April 2019 to identify economic and political trends in Myanmar. This report is divided into four thematic sections. The first three outline the most significant developments expected to influence the political, economic, social and conflict context in Myanmar over the coming six months: the economy and China; issues in Rakhine, conflict, and migration; and freedom of speech. Finally, and although a long-term issue, we look at how the changing climatic conditions are influencing Myanmar's development.

Several factors make predictions difficult, including: ongoing ethno-religious conflict across the country; a central government involved in a complex power-sharing relationship with the military; an economy growing at unequal rates across the country, leading to massive internal migration and emigration; the increasing influence of China over internal political and economic affairs; and no durable solution for the Rohingya crisis. This report outlines a number of likely trends to watch in the coming months in Myanmar's complex and dynamic environment.

ECONOMIC OUTLOOK

Although the economy has and will continue to grow, there are some early signs of a slow-down. Foreign direct investment (FDI) in Myanmar has decreased in recent years. Figure 1 shows how the value of total annual FDI approvals halved from 2015 to 2018. It should be noted, however, that a few large projects can cause notable changes in annual FDI approval levels. Many earlier investments were large oil and gas, and power projects (see Figure 2), and investment in manufacturing remains robust.

Singapore is by far the most important investor in Myanmar, followed by China, but as investment by third countries is often channeled through Singapore, China is considered the largest investor in Myanmar. The Rohingya crisis has increased investor country risk calculations, so future investment will continue to move from the West to the East.

INFRASTRUCTURE – AND CHINA

Myanmar's economic relationship with China will be the most significant determinant of infrastructure development in the country in the coming months and years, with the agreement of the Chinese Myanmar Economic Corridor

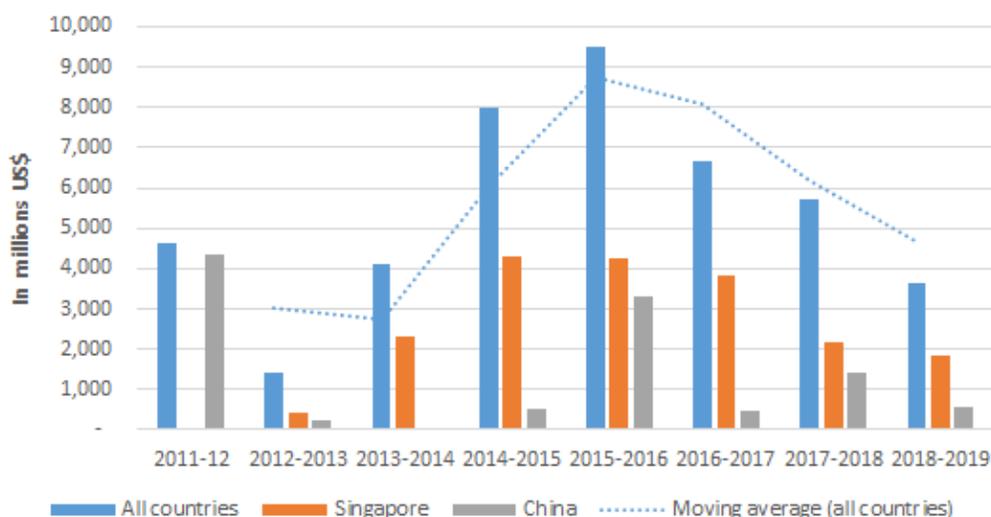


Figure 1. Approved FDI in Myanmar, MEKONG ECONOMICS (DATA: DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION)

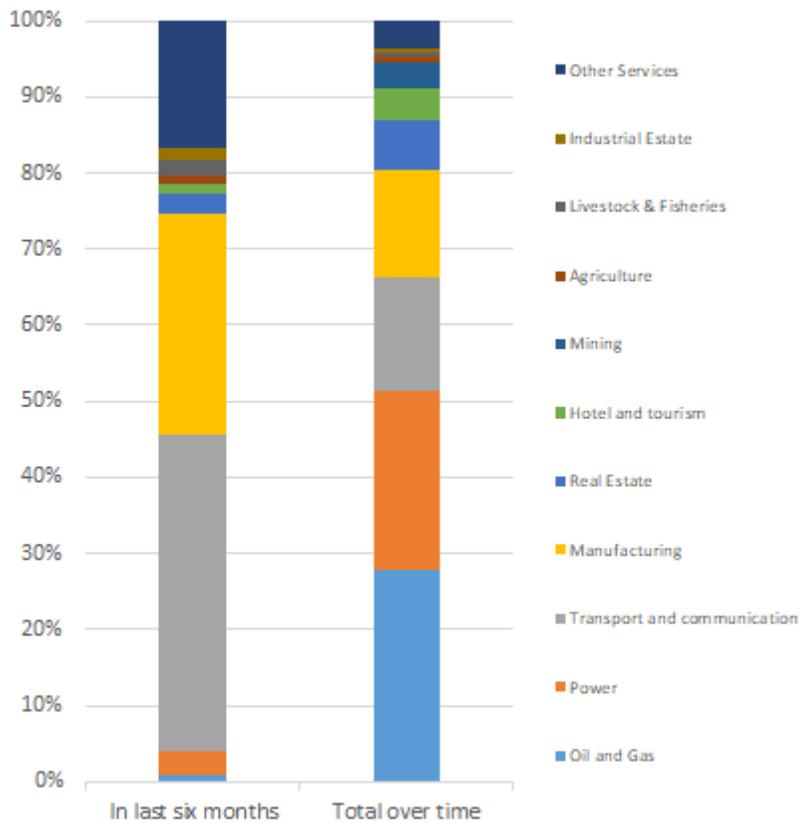


Figure 2. Approved FDI by Sector, MEKONG ECONOMICS
(DATA: DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION)

(CMEC) in September 2018 opening the door for the future implementation of major infrastructure projects. Part of China’s Belt and Road Initiative (BRI) in Myanmar, the CMEC involves an opaque decision-making process.

Flagship projects of the BRI in Myanmar are the Myitsone Dam, the Mandalay-Muse railway link, the Kyaukphyu Port, and New Yangon City. Myanmar set up a steering committee led by

State Counsellor Aung San Suu Kyi to guide the implementation of infrastructure projects in Myanmar. Suu Kyi attended the BRI Forum in Beijing from April 25 to April 27. Ahead of the forum, the State Counselor met with Chinese President Xi Jinping and held bilateral talks to discuss cooperation and collaboration between the countries. Some analysts expected major breakthroughs or announcements, but the Myitsone Dam, arguably the most prominent infrastructure project in the country, was not discussed during the bilateral talks according to a Myanmar Government spokesperson, and at the time of writing, no other agreements regarding CMEC projects have been made.¹

The Myitsone Dam, one of the most prominent infrastructure projects in Myanmar, has prompted widespread anger over its potential impact on the affected communities living along the Irrawaddy River, and on the surrounding environment. The issue could define the NLD’s first term in office if a final decision on the future of the dam is made in 2019.

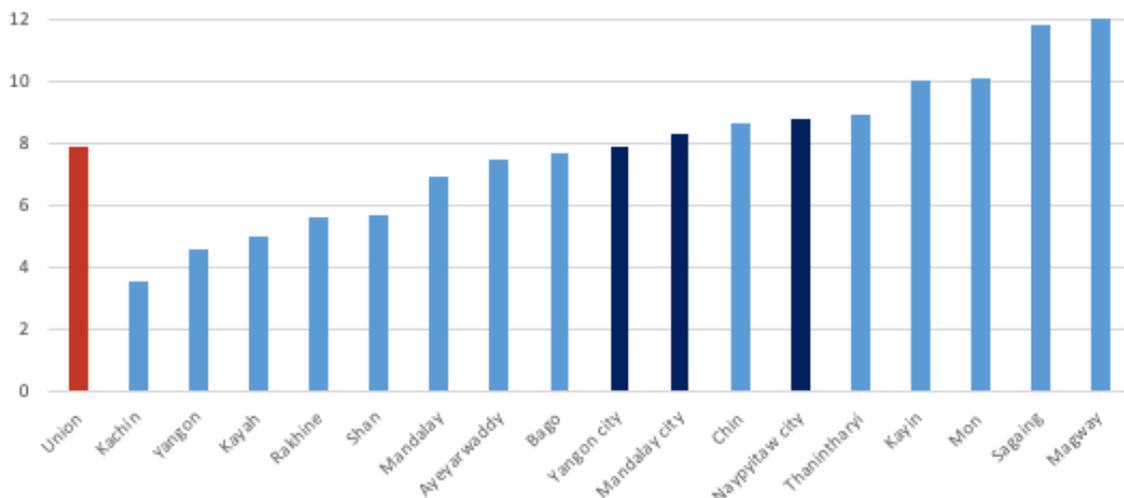


Figure 3. Annual Inflation Rate (as of March 2019) per State/Region
MEKONG ECONOMICS (DATA: MINISTRY OF COMMERCE)

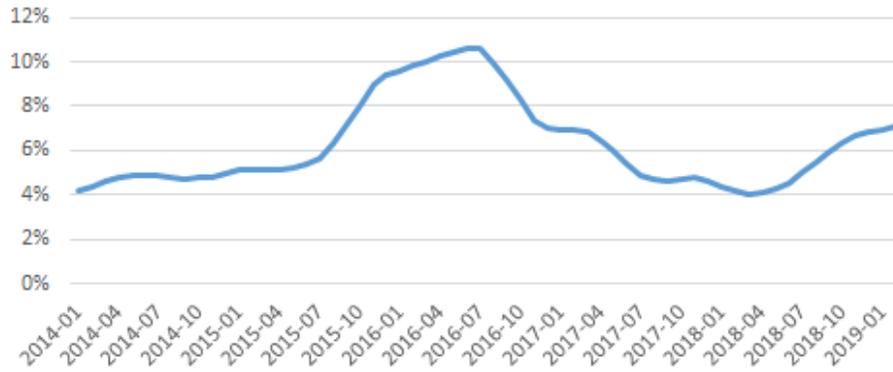


Figure 4. Inflation at the Union Level, MEKONG ECONOMICS (DATA: MINISTRY OF COMMERCE)

According to some political experts, the Myitsone Dam is the primary threat to the NLD’s assumed win in the general elections in 2020. As a political issue, the Myitsone Dam touches on the NLD’s relationships with ethnic parties, its anti-corruption platform, its desire to deliver basic services, and the security and sovereignty of the country. Although plans for the dam are more than a decade old, China has integrated the project under the scope of the CMEC and aims to frame the implementation of other projects as contingent on the continuation of the dam. Political analysts speculate that the Myanmar Government will either make a decision about the dam soon, to ensure adequate time to rebuild relationships between the announcement and the 2020 election, or will aim to postpone an announcement until after the elections. However, this timing will also be influenced by the extent of pressure from China to move the project forward, and its willingness to wait for meaningful progress over the next 18 months.

How the Government deals with the Myitsone Dam will have a large impact on future infrastructure projects in Myanmar as the country is heavily dependent on foreign investment to develop its infrastructure. To obtain foreign investment, Myanmar must be an attractive and trusted partner for investors, a message repeatedly communicated by Aung San

Suu Kyi.ⁱⁱ The Project Bank, an online database of potential infrastructure projects that ranks the projects’ returns and matches funds for the project, could be a strong facilitator of more transparency. However, visible public progress has not yet been made on the Project Bank with regards to external sharing of information or public engagement on pending infrastructure investments.

PRICES

Inflation, now trending at seven percent, is a concern. The depreciation of the kyat and the increasing budget deficit are attributed to the increase in the inflation rate this year. An increase in public spending, a potential given in an election year, could further increase inflationary pressures.

Figure 3 shows that the inflation rate varies significantly across the country, possibly reflecting weak transport systems and poor market integration. Inflation is highest in the faster growing areas, such as the city of Mandalay, which is a major trade hub and has significant infrastructure projects. Figure 4 shows the inflation rate at the Union level over the last five years.

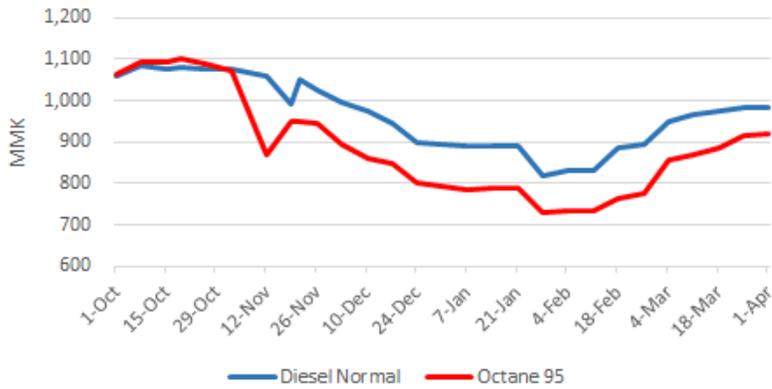


Figure 5. Fuel Price Development, MEKONG ECONOMICS

Fuel prices, for Diesel Normal and Octane 95, fluctuated between October 2018 and April 2019 (see Figure 5). Price fluctuations are primarily due to variations in the global market price for crude oil, an issue outside Myanmar’s control.

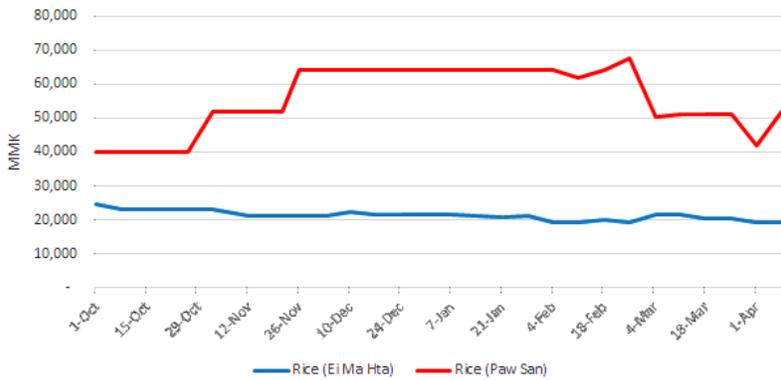


Figure 6. Rice Price Development, MEKONG ECONOMICS

The price for Ei Ma Hta rice has been stable over the past seven months, with a slight decrease to just under MMK 20,000 for one bag. Paw San

rice, on the other hand, has demonstrated greater price fluctuations, though it is known for such fluctuations due to inflation, seasonality, and price manipulation. Our research does not indicate this to be indicative of a broader trend towards price instability.ⁱⁱⁱ

Instead, over the last seven months, the kyat-dollar exchange rate has become the most important economic indicator to watch. In the months leading up to November 2018, the value of the kyat depreciated significantly, as shown in Figure 7. This trend reversed in November and the kyat appreciated through January 2019. The exchange rate has been fairly stable since.

Discrepancies between the formal and informal exchange rates over the past six months have been minor. Once the method for computing the Central Bank of Myanmar (CBM) rate changed in February, the CBM rate and the black market rate converged.^{iv} The informal rate tends to follow the same trend as the official CBM rate. The NLD-led government has so far resisted the temptation to manage the exchange rate, and the CBM continues to move towards a fully floating currency.

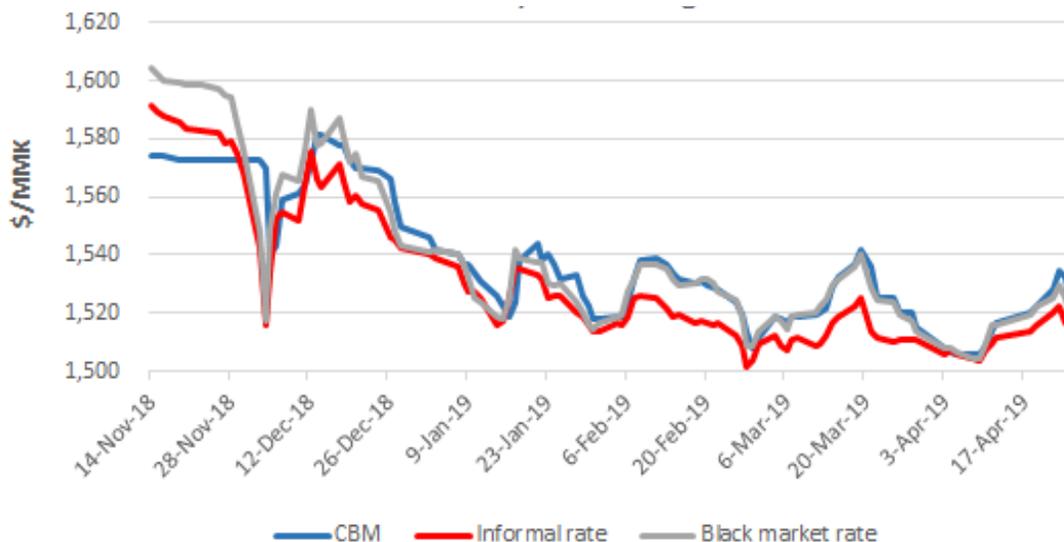


Figure 7. Dollar to Kyat Exchange Rate, MEKONG ECONOMICS

CENTRAL BANK OF MYANMAR REFORMS

In the past six months, several reform bills have been passed, including a directive that allows foreign investors to invest up to 35 percent in local banks and the opening of the insurance market to international service providers.^v Most of these have been related to the work of the CBM. The reforms are slowly improving the economy and empowering the CBM to operate independently. Analysts argue that a foundation for a strong economy is gradually being established. Yet Myanmar's current position as 171 out of the 190 countries ranked on the World Bank's Ease of Doing Business index damages its reputation and sends a negative signal to investors. Many foreign investors do not believe these initial reforms are enough to mitigate the high costs of doing business in Myanmar, reflecting the need for the Government to continue to work on a long-term, systematic, and institutional transformation of the economy.^{vi}

ELECTRIFICATION

Electrification has swiftly continued in Myanmar in line with the National Electrification Project (NEP). The NEP was developed in 2015 and is being implemented in partnership with the World Bank. Of the USD 400 million allocated to the NEP by the World Bank, USD 310 million has been channeled towards grid extensions while the remaining USD 90 million is for off-grid village electrification.^{vii} In February 2019, the Ministry of Electricity and Energy (MOEE) announced that a total of 5,080 villages would be connected to the electricity grid by the end of the year. Electrification in Myanmar is one of the few success stories of the NLD's term in office and the party is keen to consolidate progress in this area ahead of the 2020 general election. The MOEE's target is for 50 percent of all households to receive electricity by November 2019,

increasing from the current coverage of 43 percent.^{viii}

Significantly, the Sembcorp Myingyan Independent Power Plant (IPP) officially opened on March 16. The plant, which cost USD 310 million, has a contracted capacity of 225 megawatts, making it one of the country's largest combined-cycle gas turbine plants, and will meet the power needs of more than 5 million people.^{ix} This is the first competitively-tendered IPP in the country and is based on a public-private partnership model. However, the possibility of replicating the deal in future projects is doubtful, due to the Government's weak commitment to upholding contracts and its preference for paying contractors in kyats, an unappealing prospect for most businesses given the kyat's weakness in relation to the US dollar.

With frequent power outages affecting the vast majority of power users on the grid, Myanmar's energy infrastructure still requires significant investment and upgrades. The electricity grid is largely based upon hydropower production, which is subject to seasonal changes. The Government has concentrated its investment in electricity on subsidies and lower prices for customers, but in the coming six months, there will likely be an increase in electricity charges for businesses and high-income users as the Government seeks to recuperate losses.

CONFLICT AND SECURITY

The ongoing conflict in Rakhine State; persistent questions over the status of the Rohingya, conflict between ethnic armed organizations and the Tatmadaw, and resultant migration and emigration will remain at the center of Myanmar's political economy over the next six months. Each on its own has the ability to alter the political, economic, and social landscape,

while their interplay adds to the complexity of discerning any specific or clear trend.

RAKHINE STATE

More than any other state or region in Myanmar, Rakhine State consistently made national and international headlines over the last seven months due to the Rohingya crisis, conflict between the Arakan Army (AA) and the Tatmadaw, and the resulting population displacements. The consequences of continued fighting are grave and far-reaching: the displacement of Rakhine and other ethnic minorities is likely to continue, repatriation of Rohingya refugees living in Bangladesh refugee camps will remain unlikely, and investors' concern over investing in the region will not be placated, leaving the Rakhine State government increasingly eager to accept any investment regardless of the terms.

ROHINGYA

Over the last seven months, there has been an increase in pressure from the Bangladeshi government and the international community to come to a long-term solution regarding the Rohingya refugees. In November, the governments of Myanmar and Bangladesh, under pressure from China and India and coinciding with an approaching election in Bangladesh, announced a plan to start the repatriation of Rohingya refugees from Bangladesh. The plan was condemned by the international community over human rights concerns and was called off following the Rohingya's refusal to return on the grounds that it was not safe.^x

Struggling to accommodate the influx of refugees and receiving little support from the Myanmar Government, the Bangladesh government announced that they would start relocating Rohingya refugees to Bhashan Char Island in April. However, there is significant opposition to

the plan by both the Rohingya refugees and the international community.^{xi} Criticism of the plan stems from the island's vulnerability to extreme weather events and flooding, and concerns about the refugees' freedom of movement, with Human Rights Watch comparing Bhashan Char to a "prison."^{xii} In the face of this, the Bangladesh government suspended the plan until an agreement can be reached with the international community, as the plan is dependent on donor funding.^{xiii}

Given vocal opposition to relocation to Bhashan Char, and that repatriation or relocation to Rakhine State or elsewhere that meets humanitarian standards does not look possible, refugees will remain in camps for the foreseeable future. However, a Bangladesh-Myanmar joint working group is due to meet in early May to discuss Rohingya repatriation.^{xiv} The joint working group consists of 30 representatives from Myanmar and Bangladesh, and was formed to organize the safe and voluntary repatriation of Myanmar refugees in Bangladesh.^{xv} This is the first visible move towards a joint solution since the repatriation attempt in November, but expectations are low for any meaningful progress given the security situation in Rakhine and the Myanmar Government's perceived lack of commitment to finding a durable solution.^{xvi}

Despite international condemnation, to date the Myanmar Government has made little effort to find a long-term solution to the Rohingya crisis. The lack of rapprochement appears to have built up Aung San Suu Kyi's image within Myanmar for standing up to criticism from the West. The Government's position maintains its support from the Buddhist Bamar majority, as significant segments of the population remain opposed to the repatriation of the Muslim Rohingya population. Due to broad domestic support for the Government's inaction, it is unlikely that increased international pressure will force the

Myanmar Government to act. With the 2020 election approaching, the NLD-led Government will likely delay a solution as long as possible.

THE ARAKAN ARMY

Since late November 2018, conflict between the Tatmadaw and the AA has ravaged northeastern Rakhine State (see Figure 8). Fighting has been intense, with the Tatmadaw using air strikes and heavy shelling against the AA. The sharp increase in conflict in Rakhine since the announcement of the Tatmadaw's unilateral December ceasefire, which notably excluded Rakhine, suggests the ceasefire could have been a strategy to allow the Tatmadaw to focus their efforts in Rakhine and minimize resource demands on other fronts.

The AA has rapidly grown in size due to strong recruitment efforts combined with a feeling of discontent, especially among ethnic Rakhine youth. A lack of job opportunities, low levels of education, and few outlets to voice political grievances—as demonstrated by the arrest of Dr. Aye Maung and Wai Hin Aung—all contribute to ethnic Rakhine's discontentment with the central government. Significant numbers of ethnic Rakhine are attracted to the AA's calls for autonomy and sovereignty in the context of decades of underdevelopment, mismanagement of the state's significant natural resources, and historical standing as a separate kingdom. The AA enjoys immense popularity among ethnic Rakhine, and can potentially draw on a large pool of potential recruits as it continues to fight the Tatmadaw. The Tatmadaw appears to be increasing its efforts in the area, resorting to targeting civilians to undermine support for the AA.^{xvii}

The conflict has taken a heavy toll on civilians, with an estimated 33,000 displaced since November.^{xviii} Internally displaced persons (IDPs) in Rakhine face limited basic services, including healthcare, and food and water

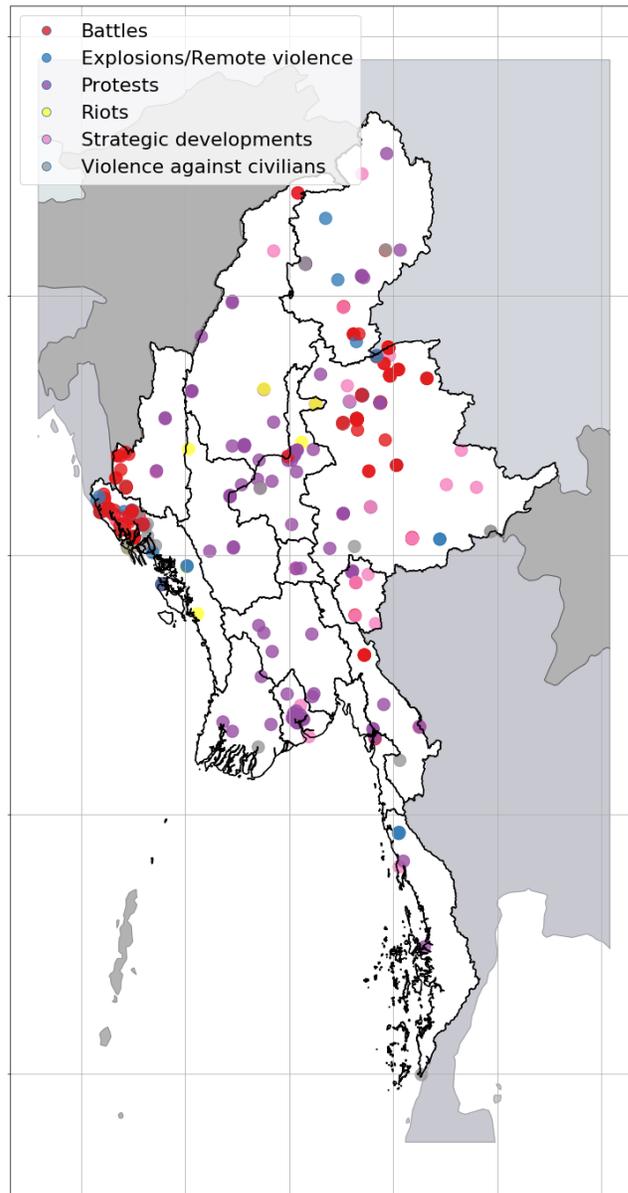


Figure 8. Conflict Hot Spot Map (Oct 2018 – April 2019)
KIMETRICA LLC

shortages.^{xix} The situation for IDPs is made worse by Government restrictions on humanitarian access, justified on the claim that much of northern and central Rakhine is too dangerous for aid workers.^{xx} The aid restrictions are thought by some to be a tactic used by the Tatmadaw to erode support for the AA.

In spite of the continuing conflict and the Tatmadaw's efforts to discredit the AA through restricted humanitarian aid and its unfounded assertion of links between the AA and the Arakan Rohingya Salvation Army (ARSA), the AA

reportedly continues to receive high levels of public support in Rakhine. The Tatmadaw also shows no signs of retreat as its offensives become ever more aggressive. Despite the Government and Tatmadaw's continued pressure on the AA to disarm and sign the Nationwide Ceasefire Agreement (NCA), conflict in Rakhine is likely to continue over the next few months.

INVESTMENT IN RAKHINE

In an attempt to resolve the region's long-standing conflicts, the Government of Myanmar is pursuing a strategy of increased investment and development in Rakhine State. As a coastal region with large gas and oil reserves, Rakhine State is potentially fertile ground for foreign investment. Some support for development was demonstrated at the Rakhine State Investment Fair, held in Thandwe in February, which attracted potential investors and expressions of interest valued at USD 4.9 billion.^{xxi} Most countries willing to invest in Rakhine are from the region, notably China, Japan, and South Korea.

Whereas investments in Rakhine could bring development to some parts of the state, they also increase the risk of heightened conflict. An ethnic Rakhine source emphasized that the AA and ethnic Rakhine society stand strongly against much FDI. Infrastructure projects could lead to heightened resentment among local ethnic populations if they do not benefit from such projects. If development projects are not perceived to support Rakhine people or do not include the Rakhine population's input in the decision-making process, FDI may lead to a backlash against investment in Rakhine, and contribute to support for armed actors.

Furthermore, opening the area to foreign investment makes Rakhine vulnerable to becoming an economic battleground as regional

powers vie over resources and try to maximize influence. FDI could also have implications for the involvement of foreign militaries as they strive to protect economic interests in Rakhine. Indian forces have already joined the Tatmadaw against the AA along the sparsely populated and lightly demarcated border, after the AA targeted the Indian-funded Kaladan Transport Project.^{xxii} Thus, it is critical that the central government ensures local populations directly benefit from any developments in Rakhine, and is wary not to cede control to investors for short-term gains at the expense of long-term peace and development. Careful monitoring of how FDI is viewed by ethnic Rakhine will help determine if increased FDI will support conflict mitigation as asserted by the government.

CONFLICT AND PEACE

The peace process has made little progress over the last six months and continues to be hamstrung by fundamental divides between the EAOs, and with the Government and Tatmadaw. The Tatmadaw is reluctant to grant a nationwide ceasefire, or accept that non-secession is a point to be discussed at a union peace conference, rather than a pre-condition for holding political dialogues.

While Shan EAOs have continued to clash over the last six months, their engagement in peace talks at the end of April could signal a decrease in inter-Shan conflict. Conflict has also been prevalent between the EAOs and the Tatmadaw in Shan and Kachin states and may well continue, despite the unilateral ceasefire called by the Tatmadaw in December. The extension of the ceasefire to June 30, announced on April 30, could be interpreted as an encouraging sign that the Tatmadaw is using the ceasefire to encourage more EAOs to sign the NCA, but is more likely a strategy to concentrate its efforts in Rakhine State.^{xxiii}

PEACE PROCESS

The peace process made little progress over the last seven months, in spite of the disparate efforts to galvanize it. Noteworthy events over the last seven months included the Government meeting with the Northern Alliance in Yunnan at the end of February, EAO signatories changing the leadership of the Peace Process Steering Team, and the Government inviting NCA non-signatories to peace talks in Naypyidaw in March. However, no compromises have been made and the peace process is likely to remain at an impasse.

The Tatmadaw's requirements for disarmament and agreement to a non-secession clause before discussing political issues are major obstacles to getting EAOs to sign the NCA, and have led the Restoration Council of Shan State (RCSS) and Karen National Union to pause their involvement in the formal peace process since October 2018. Both parties have engaged in informal talks with the government since, maintaining hope among peace watchers that they will rejoin formal peace talks, which would pave the way for the government to hold the next Union Peace Conference.^{xxiv} During the talks between the Northern Alliance and the Myanmar Government in February, the Alliance promised to sign the NCA on the condition of a ceasefire in all areas. The Government was reluctant to agree without stronger assurance that the EAOs would sign the NCA upon granting a ceasefire, but the more likely reason for the inconclusive nature of the talks is the ongoing conflict between the AA and the Tatmadaw.^{xxv}

While the Myanmar Government's willingness to meet with the Northern Alliance as a group and also meet with non-signatory EAOs is potentially promising, progress continues to be hampered by fundamental differences in values and attitudes between the various actors about non-

succession, federalism, and security sector issues.

China has long had a strong role in the peace process, having acted as a mediator and facilitated meetings between the Myanmar Government's Peace Commission and EAOs from the Northern Alliance in Yunnan Province, and was an observer of the signing of the NCA. China also applies indirect pressure on various EAOs to enter formal peace negotiations and sign the NCA. China's strategy in Myanmar is linked to its economic interests in the country and subsequent desire for authority over these interests. The ongoing conflict in various parts of Myanmar is an obstacle to the smooth rollout of Chinese investments in northern Myanmar, namely the China-Myanmar Economic Corridor. China's assistance with the peace process, in addition to its continued diplomatic support for the Myanmar Government in the face of international condemnation regarding the Rohingya crisis, gives it leverage over the Myanmar Government in business deals.^{xxvi}

China is also strongly motivated to ensure peace in Myanmar in order to reduce and repatriate Myanmar refugees in China. China has received thousands of refugees fleeing conflict in Myanmar.^{xxvii} China has been hostile to Myanmar refugees, with human rights group Fortify Rights claiming China was involved in blocking humanitarian assistance to Kachin refugees in China, burning down Layin camp in Yunnan, and forcibly returning Kachin refugees to conflict zones in Kachin.^{xxviii}

INTER-SHAN CONFLICT

Conflict has been consistent and heavy in Shan State, both between EAOs and between EAOs and the Tatmadaw. The main warring factions and their alliances are illustrated in Figure 9, which shows the major conflict actors in Shan

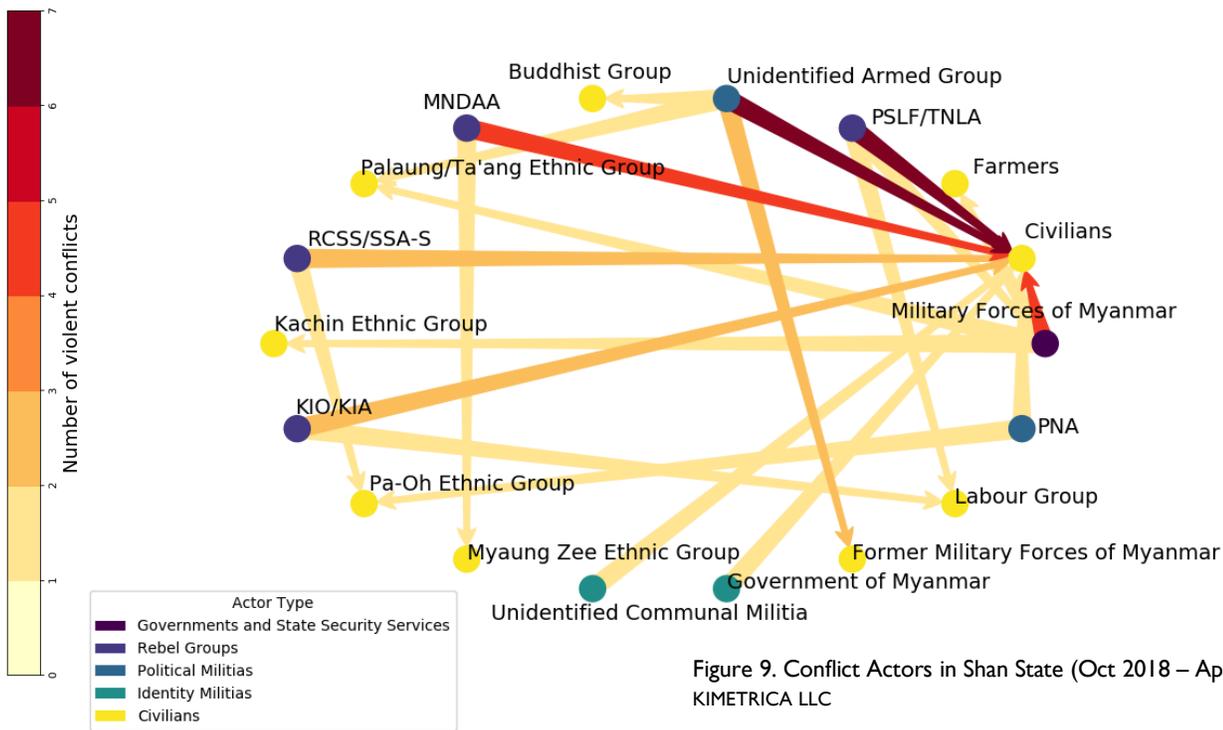


Figure 9. Conflict Actors in Shan State (Oct 2018 – April 2019)
KIMETRICA LLC

State over the last seven months and the frequency of conflicts. The townships of Hsipaw, Muse, Kutkai, and Kyaukme have seen repeated conflict, with a disproportionate effect on civilians. There have been several reported instances of the Myanmar National Democratic Alliance Army conscripting civilians, and IDPs from Shan are struggling with shortages of nonfood items and water sanitation and hygiene facilities in shelters set up for them by the central government, NGOs, and private organizations.^{xxix}

Fighting in Shan seems unlikely to end, given that none of the EAOs are retreating from their positions, and the Tatmadaw has continued to clash with EAOs despite its unilateral ceasefire. Furthermore, the Tatmadaw has been bringing reinforcements into Shan, suggesting intentions to continue conflict following the end of the ceasefire on June 30. Two EAOs, the Shan State Progress Party and the RCSS, started peace talks at the end of April, which could be a promising step towards opening a dialogue between these warring factions.^{xxx}

KACHIN INDEPENDENCE ARMY

After several relatively calm months, with few incidents of conflict between the Kachin Independence Army (KIA) and the Tatmadaw in Shan and Kachin states, tensions have risen in recent weeks. The Tatmadaw is suspected of using its unilateral ceasefire announced in December to reinforce its positions and conduct intelligence operations in preparation for resuming an offensive. The risk of renewed fighting in the area is especially concerning as the Tatmadaw started to resettle Kachin IDPs in late December.

THE UNITED WA STATE ARMY

At a military parade on April 17 to mark the 30th anniversary of its 1989 ceasefire agreement with the former military junta, the United Wa State Army (UWSA) reiterated the Wa's desire for self-autonomy before international and national journalists, diplomats, and civilians.^{xxxi} At the parade, UWSA chair Bao Youxiang declared that the Wa would “hold high the banner of peace and democracy on one hand and armed self-defense on the other” until its political demands for ethnic autonomy and equality were met.^{xxxii} However, the Wa did not show off their full

military capacity at the parade, which one senior Wa official said would have been “imprudent.”^{xxxiii} This could indicate that the Wa do not want to reveal the full extent of their military capabilities to the Tatmadaw, with the expectation that maintaining some secrecy over this could serve them well in the future.^{xxxiv}

The parade and Youxiang’s speech provided a prominent reminder of the Wa’s continued strength, active role in politics, and potential to be a serious threat to the Tatmadaw. The UWSA, which has not signed the NCA, has not been involved in serious conflict with the Tatmadaw for 30 years and is notoriously secretive.^{xxxv} The UWSA maintains a strong relationship with China, which exclusively supplies the UWSA with arms, and the UWSA often echoes China’s official views on the peace process and supports Chinese investment in Myanmar.^{xxxvi} The UWSA’s recent display of strength serves as a deterrent against any threat to its current status as a self-administered zone in Myanmar.^{xxxvii}

The influence of the UWSA may be considerable given its links with other EAOs, as an arms provider and member of the Federal Political Negotiation and Consultative Committee, and its “inspirational” role to other EAOs, particularly the AA. On the one hand, the UWSA is in a strong position to potentially influence and strengthen other EAOs in the area, and on the other hand, it is viewed as a competitor to other, especially Shan-based EAOs with which it shares a border. The UWSA’s strong position and refusal to sign the NCA could jeopardize the peace process, even without being directly involved in ongoing conflict.^{xxxviii}

INFLUENCE OF SRI LANKA ATTACKS

As Tatmadaw aggression against ethnic minorities increases, conditions in Rakhine State and in Rohingya refugee camps could emerge for

exploitation by regional and international extremist organizations. Rising violent criminal activity in Rohingya camps in Bangladesh, including abductions and threatening—and in some cases attacking—women for breaking conservative Islamic norms, has been attributed to ARSA. ARSA has denied responsibility for the violence in Bangladesh refugee camps, and also rejects claims that they have a religious agenda. April’s terrorist attacks in Sri Lanka serve as a caution that opportunistic international Islamic extremists may take try to take advantage of conflict in Myanmar. The regional presence of extremist organizations and actions linked to them should continue to be monitored.

MIGRATION

An estimated 20 percent of the Myanmar population were internal migrants and 10 percent were migrating to other countries in 2014, the latest census data available. This trend of high-levels of migration within and out of the country continues, and is a key factor to consider for the Myanmar economy, security, and electoral landscape. Generally, rural-to-urban migration leads to lower unemployment, remittances, skill acquisition, and poverty reduction.^{xxxix} However, high rural-to-urban migration will increase stress on urban resources, including infrastructure, basic services, and jobs, and in turn create increased demand for government assistance. If not perceived to be creating job opportunities or fixing urban infrastructure, the NLD-led government could risk losing urban votes in the 2020 elections.

Migration is difficult to track in Myanmar. Although the Ministry of Home Affairs tracks immigrants moving across the country’s borders, a representative from the International Organization for Migration (IOM) told Kimetrica researchers that it is difficult to verify the data

published by the Government. Migration will likely increase if the economy in rural areas slows, but without verified, public data on migration, accurate predictions of migration patterns in Myanmar will be difficult. Increased movement of Myanmar citizens displaced by conflict is expected over the next six months as the Myanmar, Chinese, Thai, and Bangladeshi governments try to repatriate Myanmar IDPs and refugees.

INTERNATIONAL MIGRANT WORKERS

Many Myanmar migrants move abroad in search of employment. Between January and November 2018, over 200,000 legal and illegal migrant workers left Myanmar to find jobs in other countries and 70 percent of these migrants went to Thailand.^{xi} From November to December 2018, there was an effort to identify and expel illegal immigrants working in Thailand, which, a representative of IOM told Kimetrica researchers, was simply the Thai government “flex[ing] their muscle.” There is a high probability of similar, sudden crackdowns in Thailand, or even Malaysia if the Rohingya situation deteriorates and the Malaysian Government decides to increase pressure on the Myanmar Government.^{xii} However, most Myanmar immigrants will be welcomed, if somewhat begrudgingly, into neighboring countries as a cheap labor force. This will increase remittances and likely encourage other Myanmar workers to move abroad in search of work.

IDPS AND REFUGEES

A significant amount of movement in Myanmar is related to conflict. With the Tatmadaw’s ceasefire in the north and northeast expiring in June, an increase in fighting over the next six months is expected and will continue to drive people out of their homes and into IDP and refugee camps. However, repatriation of some displaced people is also expected to occur.

Kachin IDPs and refugees could start moving back to their homes at a faster pace. The Tatmadaw, the Kachin State government, and the Chinese government have taken steps towards closing camps and preparing for larger scale resettlement. The Tatmadaw offered to resettle IDPs back into Kachin, and officials from China’s Yunnan Province offered up to 120,000 yuan (approximately USD 20,000) to each Kachin refugee family currently living in China that chooses to return to Myanmar.^{xiii} In January, the Chinese ambassador to Myanmar met with Kachin leaders to discuss IDPs, in addition to other issues. The Myanmar Government has been quieter, having received intense pushback on a plan they announced in June 2018 to close down IDP camps in Karen, Kachin, Shan, and Rakhine states.^{xiiii}

While the camps remain open, the Tatmadaw, with Chinese support, will continue to pressure displaced Kachin people to return to their homes. In December, Kachin IDPs faced food shortages in IDP camps. According to a representative from a NGO working in Kachin IDP camps and a Kachin leader who spoke to MAA researchers, food shortages were a tactic employed by the Tatmadaw to put pressure on Kachin EAOs, the KIA in particular, to sign the NCA. China reportedly assisted the Tatmadaw by blocking food aid that normally comes through China to the IDP camps, and threatened a new blockade in March if Kachin EAOs did not cease fighting.^{xlv} IDPs and refugees will feel pressured to leave camps if they do not have access to food and basic services.

In Thailand, there are approximately 97,000 Myanmar refugees living in camps close to the Thai-Myanmar border. There are also an estimated 162,000 IDPs in southeast Myanmar. Beginning this year, small groups of these refugees returned to Myanmar from Thailand under a UN facilitated voluntary repatriation

process. Despite a general fear of more fighting in Karen State, this trend may continue due to decreases in international aid at refugee camps and the lack of opportunities to work outside of the camps.^{xlv} Monitoring IDP camps' access to food and other factors that may pressure IDPs and refugees to return to their villages before it is safe will be important over the next six months.

FREE SPEECH WATCH

Despite hope that freedom of speech would improve under the NLD-led Government, the pressure on activists and journalists continues. Under the NLD government, more reporters have been detained and imprisoned under laws created by previous regimes. Since the NLD assumed power, 44 journalists and 142 activists have faced trial, and as of February 28, 2019, there are 311 political prisoners behind bars or awaiting trial.^{xlvi}

Over the last seven months, there have been arrests and harsh punishments for protesters, critical journalists, and even political satirists. Six prominent cases from the last seven months that demonstrate the government's intolerance to criticism are summarized in Figure 10 below. A recently observed trend is the Tatmadaw also filing charges against journalists. Between March and early May 2019, the Tatmadaw charged 37 journalists and protesters for violating either 66D of the Telecommunications Act, the Unlawful Associations Act 17.1, or Penal Code 505(b), the three most common laws used to restrict freedoms of the press and peaceful protests. The Government and the Tatmadaw's actions have increased fear among journalists and activists of speaking out against the Government, the Tatmadaw, or about sensitive topics, such as the Rohingya crisis.^{xlvii}

The Government's increasing restrictions on the press and expression have brought condemnation from Western countries, particularly over the case of the two *Reuters* journalists Wa Lone and Kyaw Soe Oo. Wa Lone and Kyaw Soe Oo received a presidential pardon on May 7, but remained in prison for more than 500 days before being released and are likely an exception to the trend of free speech restrictions, due to the extraordinary external pressure regarding their case.^{xlviii} It is unlikely that international condemnation will motivate the Government to curtail its harsh treatment of other journalists or activists.

The government and military's actions to silence critics, especially in conflict zones, is likely to increase in the lead-up to the 2020 elections. However, in some cases the Government has shown some leniency: Charges were dropped for 55 of the 86 activists arrested after marching against the Aung San statue, and in March the Government met with protesters of the statue and reached a compromise.^{xlix} These moves are thought to be strategically engineered to maintain the NLD's support in minority areas. In response to the ongoing constitutional amendment review, free speech advocates will likely start campaigning more aggressively to amend Articles 354(A) and 365 in the Constitution to formally protect free speech. However, given the Government's tendency for control over the media and protests, it is highly unlikely that free speech protections will improve under the current Government.

DIGITAL MEDIA AND SOCIAL NETWORK INFLUENCE

In recent months, Facebook has taken steps to remove hate speech from its platform, following criticism that it played a role in facilitating and inciting the Rohingya crisis. In February, Facebook banned all four members of the



Figure 10. Restrictions on Free Speech in Myanmar
KIMETRICA LLC

Northern Alliance from its platform, citing them to be “dangerous organizations.”^{li} This was met with criticism as an overreaction on the basis of its past failures in Myanmar while still not fully understanding Burma’s political and social context.^{li} Furthermore, the ban shows a bias in the Government’s favor as Facebook only banned NCA non-signatories. The ban on the Northern Alliance EAOs entails deleting all related praise, support, and representation of these organizations. In contrast, the Tatmadaw’s ability to disseminate information on the platform remains relatively unscathed, with the exception of some Tatmadaw leaders being removed from the platform.^{lii}

As most people in Myanmar rely on Facebook to share information, the move has consequences for freedom of speech, the availability of information, and the prevalence of disinformation about conflict in ethnic areas. EAOs post on Facebook updates about clashes and negotiations with other actors, and their pages have gained legitimacy as their official channels of communication. Removing these pages could create an information vacuum and consequently fuel disinformation, as well as giving the Tatmadaw an advantage for disseminating information on Facebook.^{liii}

NATIONAL POLITICS

Support for the NLD remains strong despite obstacles the party has encountered in governing. Although a number of new parties have emerged on opposite ends of the political spectrum over the previous six months, it is unlikely they will pose a credible challenge to the Union Solidarity and Development Party (USDP) or the NLD as dominant political forces. Neither the new parties, ethnic political parties or the USDP alone threaten the NLD's chances of winning a majority, but the possibility that the NLD will need to form a coalition in 2020 to obtain the required 67 percent of seats necessary to form a government cannot be ruled out.

The two sub-national elections held in November 2018 and March 2019 revealed flaws in voter education and voter-mobilization processes; given low voter turnouts and unrepresentative constituencies, neither election is a reliable gauge for the upcoming 2020 election. Although several seats are currently vacant, by-elections are unlikely in 2019 as the Union Election Commission (UEC) turns its attention to the 2020 general election.

SUPPORT FOR THE NLD

In spite of the faltering peace process, heightened conflict in Rakhine State, and the stuttering economy, few events in the previous seven months appear sufficiently significant to jeopardize the NLD's standing as the dominant force in Myanmar politics. As one election expert indicated to Mekong Economics researchers, many voters in Myanmar, particularly in majority Bamar regions, see little distinction between supporting the NLD and supporting democracy itself.

A direct ideological challenge to the NLD is the People's Party. Founded by leading members of the 88 Generation student movement, the People's Party seeks to capture voters disillusioned with the NLD's performance in office by campaigning on an explicitly pro-democracy platform. Another group to watch is the Committee for the Restoration of the People's Parliament (CRPP), an organization of influential individuals who won the 1990 election but were prevented from taking their parliamentary seats by the junta. In April the CRPP announced its re-formation and intent to register as a new political party.^{liv} The CRPP stated its dissatisfaction with the NLD's performance as its justification for challenging the NLD at the polls.^{lv} While these parties will seek to attract voters from the NLD's base of pro-democracy supporters in Myanmar, neither party is likely to pose a significant challenge at the next election. Instead, the ethnic parties, and possibly the USDP, are more likely to present a greater threat to the NLD's control in state and regional huttaws.

THE USDP

The USDP faces challenges from emerging pro-military parties. Most notably, former USDP leader Shwe Mann secured the defection of a number of USDP members to his newly-formed Union Betterment Party (UBP) in February 2019. Although the move has been portrayed in some quarters as an attempt to aid the NLD and draw votes away from the USDP, it is more likely that the UBP will seek to draw votes from both parties.^{lvi} Additionally, a group of former senior military officials, including a close ally of former Commander-in-Chief Than Shwe, formed the Democratic Party of National Politics in March 2019, in what could be seen as a move by the military to further extend its political influence.

Both the UBP and the Democratic Party of National Politics are expected to represent the

military's interests on many issues and may serve to extend the military's political support beyond its traditional base of the USDP and attract more voters to its cause. However, it also suggests possible splits within the military, with these groups forming as a result of dissatisfaction with the USDP and its perceived inability to protect the military's interests. The newly-formed military parties add to the number of competing parties in Myanmar's electoral landscape and are more likely to split voter support than to challenge the dominance of either the USDP or NLD.

ETHNIC PARTIES

The NLD may, however, face a sterner challenge in ethnic states at the next election. Over the last seven months, the trend of small ethnic parties coalescing to form a single party continued. In December 2018, three ethnic parties in Chin State merged to form the Chin League for Democracy Party.^{lvii} Similar mergers occurred in Kayah, Kachin, Mon, and Karen states. Given the increasing frustration among ethnic minorities at an ostensibly Bamar-centric NLD administration, these ethnic parties could pose the most significant threat to the NLD's parliamentary majority.

ELECTIONS AS AVAILABLE DATA POINTS

With an absence of political polling in Myanmar, the 2018 by-elections and the March 2019 Yangon municipal elections represent the only indicative data on possible levels of party support in the last seven months. The by-elections painted a mixed picture for the NLD, with the party winning seven out of the thirteen seats, but also seeing four of its previously-held seats flipping to the USDP (three seats) and ethnic parties (one seat).^{lviii} The Yangon municipal elections showed much higher levels of NLD support, with the party winning 89 out of the 90 seats, though not without meaningful support for some individual and nominally unaffiliated

candidates. Neither election result should, however, be relied upon to draw conclusions on the overall electoral landscape in Myanmar, as the electorates are not representative of the country's overall population and both elections were characterized by low levels of party campaigning, voter awareness, and turnout.

Perhaps the most significant outcome of the two elections is the apparent need for greater coordination, support, and organization in election preparation. Although both elections were considered to be free, fair, and transparent, limited but significant issues arose with voter lists, voter checks, and illicit voting. Education campaigns on electoral procedures were also minimal. The Yangon elections in particular suffered from insufficient preparation as a result of the Yangon Election Commission's late announcement in January 2019. Voter turnout consequently suffered from the almost zero voter education: Only 15 percent of registered voters cast a ballot in the Yangon municipal election.^{lix}

By-elections may be held in the coming six months, with three constituencies currently vacant: two seats for Pyithu Hluttaw in Sittwe (Rakhine) and Mohnyin (Kachin), and one seat for the state hluttaw in Mongmit (Shan).^{lx} As by-elections are only held upon the decision by the respective state speaker who must notify the UEC, it remains to be seen whether the speakers will trigger the elections and contest seats in constituencies which are not party strongholds. An election expert told Mekong Economics researchers that by-elections in 2019 are unlikely because the expense and administrative burden would detract from the UEC's focus on organizing the 2020 general election.

POSITIONING FOR THE 2020 ELECTIONS

With the next general election only 18 months away, there are clear indications of political maneuvering by the NLD. The party's attempts to amend the 2008 Constitution is seen in some quarters as a political ploy to win support among voters and uphold its pre-2015 promises, rather than an attempt at meaningful constitutional reform. Nevertheless, the NLD's move to amend the constitution has garnered widespread support.

The NLD is likely to make a renewed effort to achieve progress, or at the very least, appear to be trying to make progress, in the stalled peace talks in order to win over ethnic minority voters. Significant breakthroughs over the next six months are, however, improbable given the seemingly irreconcilable differences between EAOs and the Tatmadaw.

Decisions made regarding the future of the Myitsone Dam project are also likely to influence the results of the 2020 election, given the importance of the issue among much of the population. A number of sources with access to government officials indicated to Mekong Economics researchers that a decision on the dam was expected in the near future. Resumption of the project will likely result in widespread outrage and a loss of support for the NLD at the next election, so presumably, the NLD would like to delay the decision until after the 2020 election. Should the Chinese government put more pressure on the Myanmar Government, the Government will be forced to announce a decision soon.

CONSTITUTIONAL REFORM

The NLD surprised the country when it announced its intention to amend the constitution, which led to the formation in February of a parliamentary joint committee on drafting amendments to the 2008 Constitution.

The move was met by explicit military opposition and few details of proposed amendments have been revealed. Nevertheless, considering the military's probable refusal to accept any amendments which diminish its own authority and responsibilities, the only viable amendments will focus on further decentralizing or deconcentrating power between Naypyidaw and regional and state hluttaws.

The USDP, to appear constructive, submitted its own amendment to the constitution, proposing to amend Article 261 that would allow regional chief ministers to be elected by local legislatures rather than appointed by the president.

Alongside allowing state and regional hluttaws to elect the chief minister, advocates of decentralization have argued for further amendments to allow hluttaws to have greater control over their budget as part of a holistic approach to decentralization.

If decentralization reforms are the outcome of the attempts to amend the constitution, ethnic leaders may gain trust in the political process and its ability to deliver greater authority to regions and states, possibly opening the door for greater decentralization, and federalism, in the future.

The 45-member joint committee, comprised of NLD, military, USDP, and ethnic party MPs, will conduct a systematic review of all the Constitution's chapters behind closed doors. As such, the exact articles of the Constitution which the joint committee will recommend for amendment upon the conclusion of its review in July 2019 are subject to much speculation, including that the joint committee will likely suggest amendments aimed at reducing the power of the military. The NLD is trying to bring more responsibilities under the jurisdiction of the civilian government, as reflected by the transfer of the General Administrative

Department from military to civilian control under the new Ministry of Union Government in January 2019.

Statements released by the Tatmadaw indicate its continued opposition to any amendments which would go against the basic principles of the 2008 Constitution and “threaten the integrity of the Union,” suggesting any reforms that diminish their power will not pass.

ELECTORAL IMPLICATIONS

The NLD’s attempts to amend the constitution could have important ramifications on the 2020 general election. In the past, the NLD faced criticism over its unwillingness to challenge the military and push for constitutional amendments which would grant more autonomy to states and regions. The NLD’s move to amend the constitution is an electoral win-win. Should the NLD succeed in its attempts to pass constitutional amendments, it can present itself to voters as a party that keeps its election promises and can deliver on meaningful reform. Should constitutional amendments fail to pass, the NLD can claim that it is the victim of stubborn military opposition, thereby portraying itself as the only stakeholder in Government seeking democratic and constitutional reform.

VACANT, FALLOW, AND VIRGIN LAND

The deadline for all land users to register their land under the amendment to the Vacant, Fallow, and Virgin (VFV) Land law passed on March 11. All land classified by the Government as vacant, fallow, or virgin can be seized if land users do not possess the correct registration documents. Due to a lack of public awareness surrounding the amendments to the VFV Land law, and the financial and bureaucratic obstacles to obtaining land registration, land experts believe that the vast majority of land users are now unprotected. According to the newly-passed amendment,

smallholders on unregistered VFV land are now classified as “trespassers” and could be subject to an MMK 500,000 fine or a prison sentence of up to two years.

Of particular concern is the impact of the VFV Land law on ethnic communities. Over 80 percent of the land classified by the Government as VFV is located in ethnic states with minimal protections for land users in those areas. Although the amendment includes a provision to protect “customary land,” there is no classification for what counts as customary land. Final decisions on land classification are therefore likely to be made by individual government officials, who may act arbitrarily or in line with vested interests.

Questions have been raised over the Government’s intentions behind amending the VFV Land law. Public statements from government officials are rare, but officials inside the Department of Agricultural Land Management and Statistics claim the amendment aims to clarify and simplify land rights in Myanmar. President Win Myint also said the VFV Land law will be used to return land to dispossessed rural smallholders.^{lxii} Despite these claims, early implementation of the law demonstrates the Government’s intention to attract investment for agribusiness rather than to provide protection for communities. The law is being used by national and local governments to aid businesses, with the Mandalay Chief Minister courting investment in the region’s VFV land.^{lxiii}

Land expert Siu Sue Mark told Mekong Economics researchers that, despite the Government’s suggestion that the VFV Land law will benefit smallholders, the amendment heightens the vast majority of land users’ vulnerability to the threat of dispossession and eviction. Although a small number of farmers in the lowlands may benefit from registering VFV

land, a large area of land in ethnic areas is not protected and the law creates risk for a much greater number of smallholders than for those it helps. Dispossession caused by concessions offered to businesses is a particular threat as China seeks to expand its presence in Myanmar through the BRI.

The VFV Land law facilitates the process of land acquisition in Myanmar for lucrative deals between the Government and Chinese investors, who have acquired large swathes of land in areas of strategic importance related to implementing the China-Myanmar Economic Corridor, such as in Kachin State.^{lxiii} Often, affected communities are not informed beforehand of land acquisitions and have little legal recourse to claim their land rights. A particularly vulnerable group are IDPs because they cannot return to their villages to get the documents necessary for registration. According to a local ethnic Kachin leader interviewed for this report, the Tatmadaw may also capitalize on the VFV Land law to seize land in ethnic areas for the purpose of building military complexes, thereby expanding its presence in ethnic states.

The next six months may see a significant rise in the scale and frequency of large-scale land acquisitions, leading to increased land dispossession in rural communities. Although the VFV Land law classifies all unregistered land users as trespassers, this will not be uniformly enforced by officials. For example, local communities using land without the required registration are unlikely to be prosecuted, but the law will be applied in an ad hoc manner to serve the individual interests of investors and the state and central governments looking to secure business deals. The Government has not outlined the particular areas where it intends to acquire land, but significant land deals are likely to occur where infrastructure is planned for the BRI. Despite the backlash against the VFV Land law

among NGOs and local communities, according to Siu Sue Mark, no further amendments to the land law are expected in the coming six months.

EXTREME CLIMATE EVENTS

Myanmar is vulnerable to extreme climate events, which have far-reaching social, economic, and political implications. Between 1998 and 2017, Myanmar was identified as the third most heavily impacted country on Germanwatch's Global Climate Risk Index.^{lxiv} Erratic rainfall over the past 10 years has led to increased flooding and landslides particularly in states such as Chin, where the topography, geology, and deforestation make these areas vulnerable. El Niño conditions are currently in place in the Pacific Ocean, and Myanmar suffered record-breaking temperatures this April.^{lxv} Among the consequences of extreme weather events in Myanmar is food insecurity for subsistence farmers, whose crops are likely to fail if exposed to erratic rainfall and extreme temperatures, and health risks, as extreme precipitation increases the risk and rapid spread of vector-borne illnesses and infectious diseases. Large storms can also displace entire coastal or mountainous villages.

Landslides will continue to be a serious and dangerous problem in areas such as Shan, Rakhine, and Chin states during this year's monsoon season.^{lxvi} Figure 11 maps Myanmar's vulnerability to landslides based on the slope of the terrain, distance from fault zones, geology of the region, and deforestation.^{lxvii} The index used to create the landslide vulnerability map treats rainfall as an exogenous variable: The dark red areas will only experience landslides if there is excessive rain in the area. An analysis of rainfall patterns was conducted in order to better understand where landslides may occur in Myanmar during the 2019 monsoon season (June through October). Figure 12 in the annex plots

rainfall anomalies using historical data by state and region.

could underpin profound social and political consequences in coming decades.

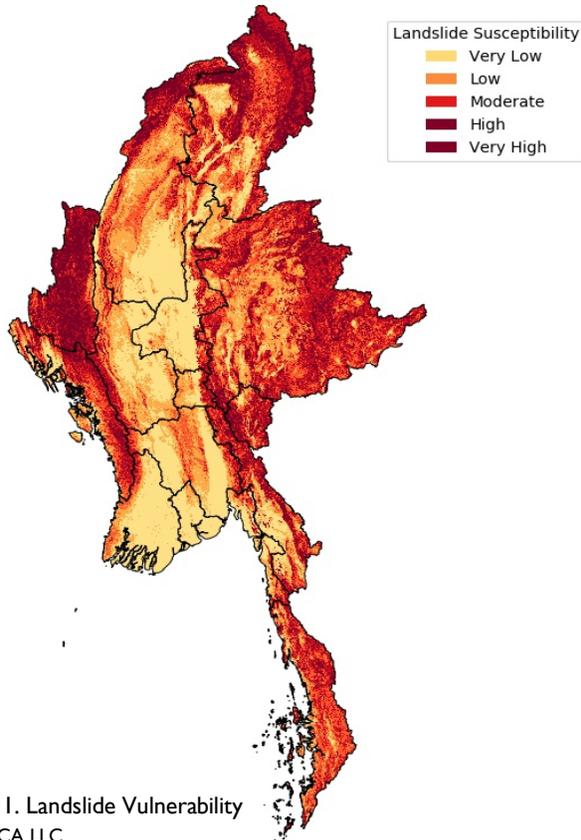


Figure 11. Landslide Vulnerability
KIMETRICA LLC

Data since 1980 about temperatures and the timing and duration of the monsoon season in Myanmar indicate that the monsoon season is getting longer—by about 10 percent between 1980 and 2018—and that temperature extremes are increasing. Figures 13 and 14 in the annex show the changes in both monsoon duration and temperatures. Climate change interventions will become increasingly relevant, as climate change

THE NEXT SIX MONTHS

Over the next six months, the Government is unlikely to push back against the Tatmadaw in any meaningful way. It's inclinations to shy from public accountability, use colonial and junta-era laws to limit criticism, and willingness to overlook the Tatmadaw's ethnic and human rights violations show no evidence of changing. Government actions that could result in electoral losses, including Myitsone Dam, progress on the Rohingya, or a paradigm shift in the peace process, are unlikely in 2019. Freedom of the press had one good day with the release of the *Reuters* journalists, but there is no expectation that the trend of increasing restrictions will be reversed.

With a slowing economy, Myanmar will likely drift further into China's economic orbit, even if projects such as the Myitsone Dam are postponed. The economy will continue to grow but at a slower rate. Uneven economic development could hinder the peace process rather than support it. To say Myanmar stands at a *precipice* is an overstatement. However, should certain key events occur, such as a major economic shock or an outbreak of fighting outside of Shan and Rakhine states, these could break the trends described in this report and drastically change the course of Myanmar's development in the short- and long-term.

ANNEX – ADDITIONAL FIGURES

Unexpectedly high rainfall is plotted in blue and unexpectedly low rainfall is plotted in red.

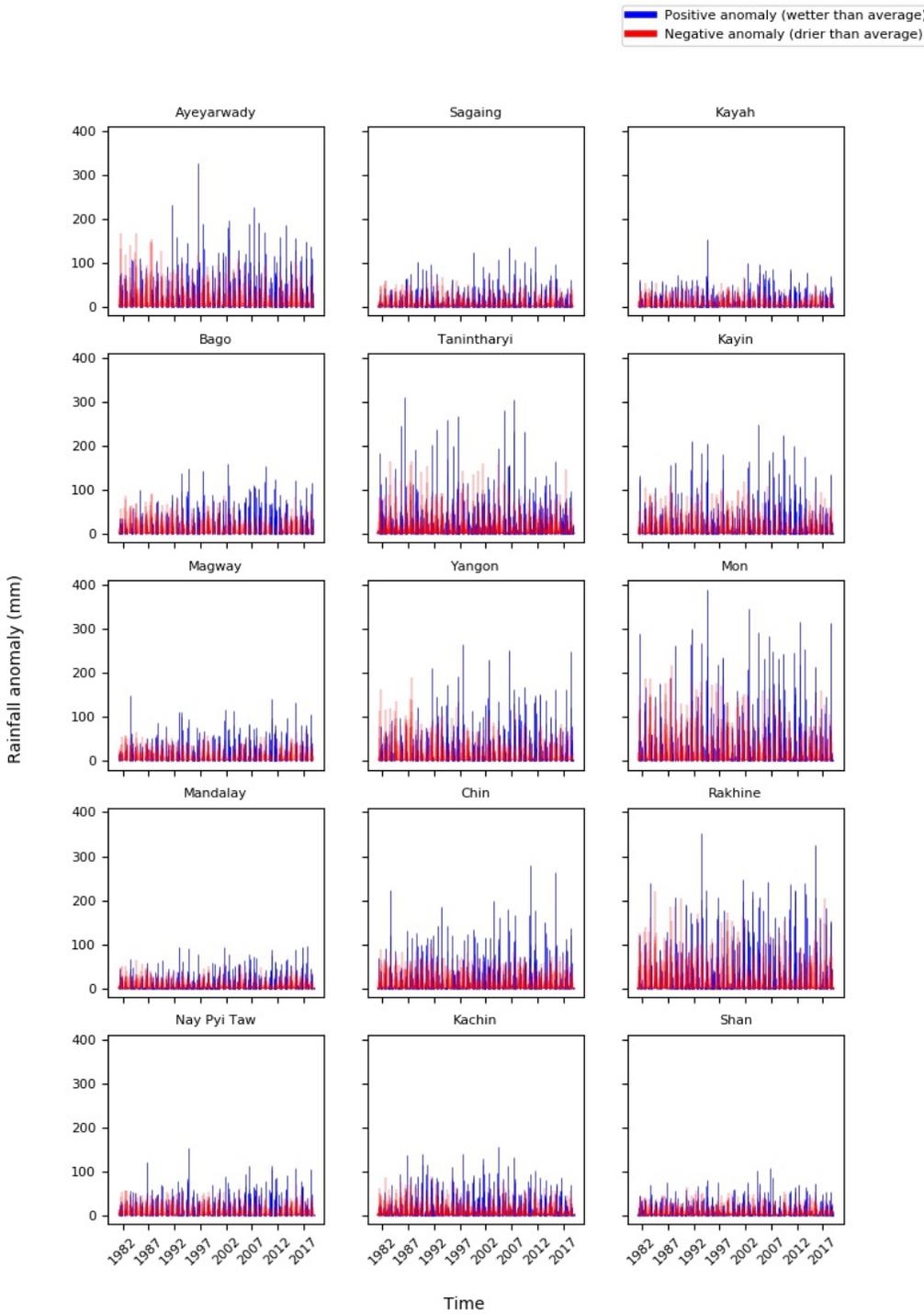


FIGURE 12. Rainfall Anomalies
KIMETRICA LLC

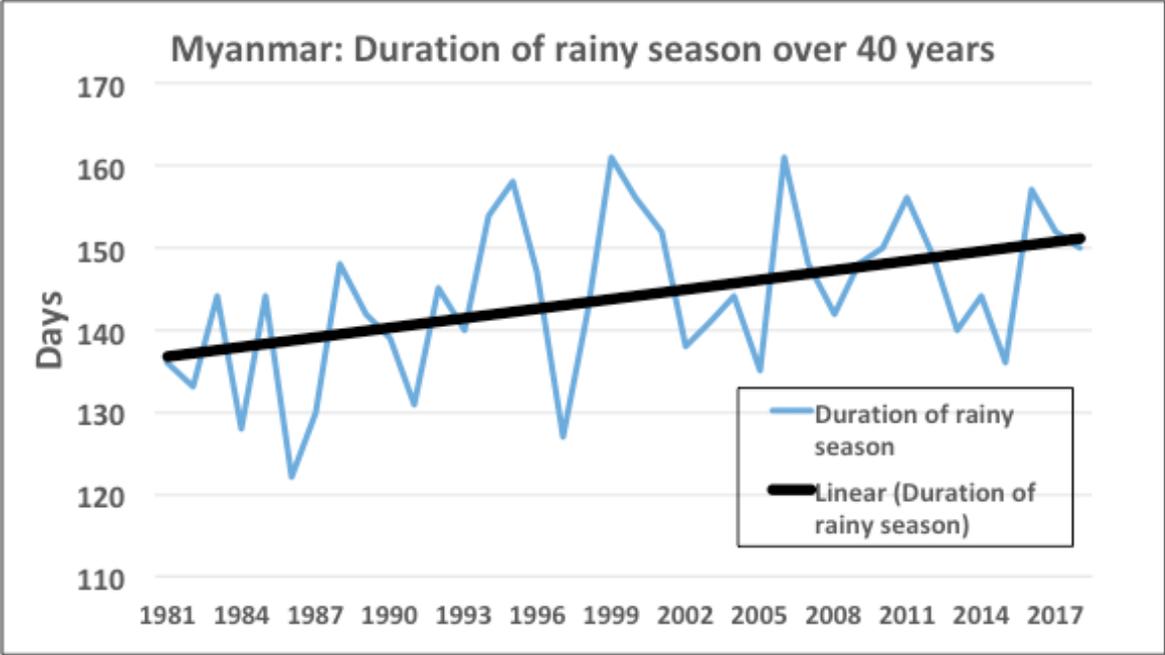


Figure 13. Duration of the Rainy Season over 40 Years
 MEKONG ECONOMICS AND KIMETRICA LLC

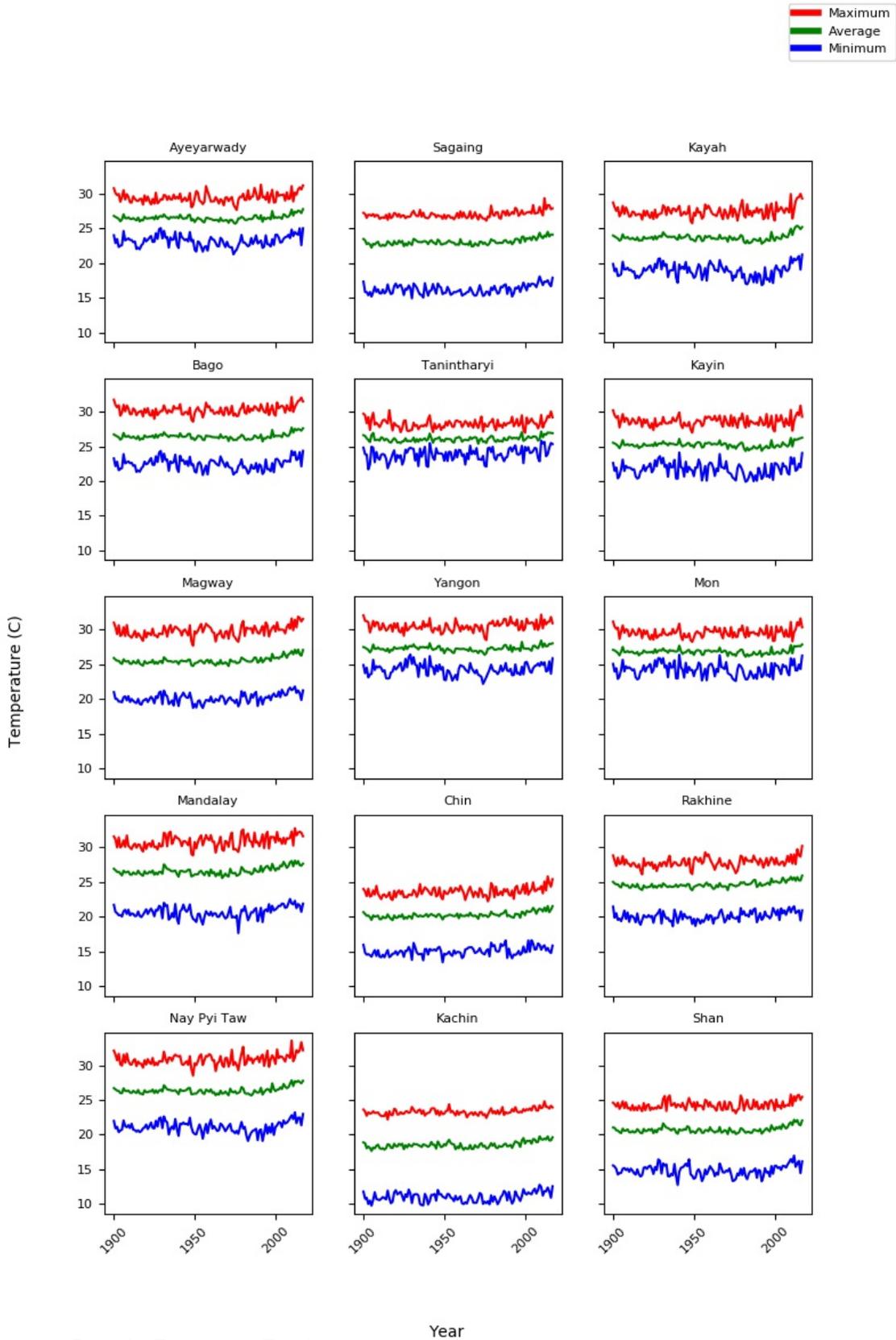


Figure 14. Temperature Trends
KIMETRICA LLC

ENDNOTES

- ⁱ Htet Naing Zaw, “Myitsone Dam ‘Not Discussed’ During State Counselor’s Visit to Beijing”, Irrawaddy (Yangon, Myanmar), April 26, 2019. <https://www.irrawaddy.com/news/burma/myitsone-dam-not-discussed-state-counselors-visit-beijing.html>
- ⁱⁱ Shoon Naing & Antoni Slodkowski, “Suu Kyi to investors: Myanmar is open for business”, Reuters (Yangon, Myanmar), January 28, 2019. <https://www.reuters.com/article/us-myanmar-investment/suu-kyi-to-investors-myanmar-is-open-for-business-idUSKCN1PM0AM>
- ⁱⁱⁱ Thiha Ko Ko, “Domestic rice prices hit record levels”, Myanmar Times (Yangon, Myanmar), September 3, 2019. <https://www.mmtimes.com/news/domestic-rice-prices-hit-record-levels.html>
- ^{iv} The Myanmar Times, “CBM to publish market-based reference exchange rate”, Myanmar Times (Yangon, Myanmar), February 5, 2019. <https://www.mmtimes.com/news/cbm-publish-market-based-reference-exchange-rate.html>
- ^v Htin Lynn Aung, “CBM headed in right direction, bank development expected: experts”, Myanmar Times (Yangon, Myanmar) February 15, 2019. <https://www.mmtimes.com/news/cbm-headed-right-direction-Bank-development-expected-experts.html>; Erin Murphy, “Why Myanmar’s New Insurance Market Opening Matters”, The Diplomat, April 12, 2019. <https://thediplomat.com/2019/04/why-myanmars-new-insurance-market-opening-matters/>
- ^{vi} World Bank, “Doing Business 2019 - Economy Profile Myanmar”, <http://www.doingbusiness.org/content/dam/doingBusiness/country/m/myanmar/MMR.pdf>; “Myanmar’s Economy Towards GE 2020 and Beyond.” Panel Discussion, Myanmar Times, Yangon, May 13, 2019.
- ^{vii} Chan Mya Htwe, “5080 villages to receive electricity with World Bank support this year”, Myanmar Times (Yangon, Myanmar), February 5, 2019 <https://www.mmtimes.com/news/5080-villages-receive-electricity-world-bank-support-year.html>
- ^{viii} Htoo Thant & Chan Mya Htwe, “Electricity charges to rise as power reaches half of all households by November”, Myanmar Times (Yangon, Myanmar) March 19, 2019. <https://www.mmtimes.com/news/electricity-charges-rise-power-reaches-half-all-households-november.html>
- ^{ix} Chan Mya Htwe, “New Sembcorp Myingyan plant to generate power for 5.3 million people”, Myanmar Times (Yangon, Myanmar), March 18, 2019. <https://www.mmtimes.com/news/new-semcorp-myingyanplant-generate-power-53-million-people.html>
- ^x International Rescue Committee, “42 NGOs, including the IRC, warn that return of refugees to Myanmar now would be dangerous and premature”, November 9 2018. <https://www.rescue.org/press-release/42-ngos-including-irc-warn-return-refugees-myanmar-now-would-be-dangerous-and>; RFA, “Bangladesh: Rohingya Repatriation Fails Amid Protests”, Radio Free Asia, November 15, 2018. <https://www.rfa.org/english/news/myanmar/bangladesh-refugees-11152018173513.html>
- ^{xi} Humayun Kabir Bhuiyan, “Rohingyas reluctant to move to Bhashan Char”, Dhaka Tribune (Dhaka, Bangladesh), April 5, 2019. <https://www.dhakatribune.com/bangladesh/rohingya-crisis/2019/04/05/rohingyas-reluctant-to-move-to-bhashan-char>; Deutsch Welle, “Rohingya reject relocation to Bangladesh’s island ‘prison camp’”, Egypt Independent, March 15, 2019. <https://www.egyptindependent.com/rohingya-reject-relocation-to-bangladeshs-island-prison-camp/>
- ^{xii} Harun Ur Rahshid, “Rohingya relocation to Bhashan Char ‘not soon’”, Independent (Dhaka, Bangladesh), March 21, 2019. <http://www.theindependentbd.com/printversion/details/192360>; Brad Adams, “For Rohingya, Bangladesh’s Bhasan Char ‘Will Be Like a Prison’”, March 14, 2019. <https://www.hrw.org/news/2019/03/15/rohingya-bangladeshs-bhasan-char-will-be-prison>
- ^{xiii} Humayun Kabir Bhuiyan, April 5 2019; Harun Ur Rahshid, March 21, 2019

-
- ^{xiv} Humayun Kabir Bhuiyan, “Rohingya repatriation: Dhaka to press Naypyidaw for proper repatriation conditions”, Dhaka Tribune (Dhaka, Bangladesh), April 30, 2019. <https://www.dhakatribune.com/bangladesh/rohingya-crisis/2019/04/30/rohingya-repatriation-dhaka-to-press-naypyidaw-for-proper-repatriation-conditions>
- ^{xv} Sheikh Shahariar Zaman, “Rohingya repatriation: Joint Working Group formed, repatriation process to start by January 23”, Bangla Tribune (Dhaka, Bangladesh), December 20, 2018. <http://en.banglatribune.com/national/news/603/Rohingya-repatriation-Joint-Working-Group-formed>
- ^{xvi} Humayun Kabir Bhuiyan, April 30 2019; Nyan Lynn Aung, “Myanmar, Bangladesh to discuss repatriation May 3”, Myanmar Times (Yangon, Myanmar), April 24, 2019. <https://www.mmtimes.com/news/myanmar-bangladesh-discuss-repatriation-may-3.html>
- ^{xvii} Kristy Siegfried, “The Refugee Brief – 8 April 2019,” UNHCR, April 8, 2019. <https://www.unhcr.org/refugeebrief/the-refugee-brief-8-april-2019/>
- ^{xviii} UNOCHA, “Myanmar: New Displacement in Rakhine and Chin states (as of 21 Apr 2019)”, United Nations Office for the Coordination of Humanitarian Affairs, April 29, 2019. https://reliefweb.int/sites/reliefweb.int/files/resources/MMR_Rakhine_New_Displacement_29Apr2019.pdf
- ^{xix} Development Media Group, “Displaced people in Rakhine State reach more than 34,000”, Burma News International, April 23, 2019. <https://www.bnionline.net/en/news/displaced-people-rakhine-state-reach-more-34000>; Reuters, “Exclusive: Aid curbs in Myanmar's Rakhine impact 'at least 50,000 people' - U.N.”, Reuters (Yangon, Myanmar), January 24, 2019. <https://www.reuters.com/article/us-myanmar-rakhine-exclusive/exclusive-aid-curbs-in-myanmars-rakhine-impact-at-least-50000-people-u-n-idUSKCN1PIHG>
- ^{xx} Zeyar Maw, “Rakhine State government bans NGO visits to conflict areas”, Mizzima (Yangon, Myanmar), January 12, 2019. <http://www.mizzima.com/article/rakhine-state-government-bans-ngo-visits-conflict-areas>
- ^{xxi} Thiha Ko Ko, “Investors could channel up to US\$4.9 billion into Rakhine this year”, Myanmar Times (Yangon, Myanmar), February 25, 2019. <https://www.mmtimes.com/news/investors-could-channel-us49-billion-rakhine-year.html>
- ^{xxii} Lt Gen Prakash Katoch, “Operation ‘Sunrise’”, Indian Defence Review (New Delhi, India), March 20, 2019. <http://www.indiandefencereview.com/news/operation-sunrise/>
- ^{xxiii} Chan Thar, “Glimmer of Hope for Peace Brightens as Tatmadaw Extends Truce to June,” Myanmar Times, May 2, 2019. <https://www.mmtimes.com/news/glimmer-hope-peace-brightens-tatmadaw-extends-truce-june.html>
- ^{xxiv} Chan Thar, “KNU to meet with Tatmadaw, govt on restarting peace talks”, Myanmar Times (Yangon, Myanmar), April 10, 2019. <https://www.mmtimes.com/news/knu-meet-tatmadaw-govt-restarting-peace-talks.html>; Eleven Media Group, “Military, RCSS meet to call tripartite meeting, reduce fighting in northern Shan State”, Eleven Media (Yangon, Myanmar), March 14, 2019. <https://elevenmyanmar.com/news/military-rcss-meet-to-call-tripartite-meeting-reduce-fighting-in-northern-shan-state>
- ^{xxv} Lawi Weng, “Rebel Group Alliance Proposes Ceasefire with Myanmar Military,” Irrawaddy, February 26, 2019. <https://www.irrawaddy.com/news/burma/rebel-group-alliance-proposes-ceasefire-myanmar-military.html>
- ^{xxvi} USIP, “China’s Role in Myanmar’s Internal Conflicts”, USIP Senior Study Group No. 1 (Washington, DC), September 2018. <https://www.usip.org/sites/default/files/2018-09/ssg-report-chinas-role-in-myanmars-internal-conflicts.pdf>
- ^{xxvii} Ibid
- ^{xxviii} Nan Lwin, “China Complicit in Blocking Aid to Kachin Refugees: Report”, Irrawaddy (Yangon, Myanmar), September 4, 2018. <https://www.irrawaddy.com/news/burma/china-complicit-blocking-aid-kachin-refugees-report.html>
- ^{xxix} ACLED Data (February 23, 2019), distributed by The Armed Conflict Location & Event Data Project

Archive, <https://www.acleddata.com/data/>; UNICEF, “Humanitarian Situation Report #3 March 2019,” UNICEF Myanmar, April 23, 2019. <https://reliefweb.int/report/myanmar/unicef-myanmar-humanitarian-situation-report-3-23-april-2019>

^{xxx} Myat Moe Thu, “After months of fighting, 2 Shan groups meet for ceasefire talks”, Myanmar Times (Yangon, Myanmar), April 29, 2019 <https://www.mmtimes.com/news/after-months-fighting-2-shan-groups-meet-ceasefire-talks.html>

^{xxx}_i Sithu Aung Mying, “The UWSA: 30 years of going its own way”, Frontier Myanmar (Yangon, Myanmar), March 20, 2019. <https://frontiermyanmar.net/en/the-uwsa-30-years-of-going-its-own-way>

^{xxx}_{ii} The Irrawaddy, “UWSA Leader Repeats Demands for Autonomous Wa State on 30th Anniversary”, Irrawaddy (Yangon, Myanmar), April 17, 2019. <https://www.irrawaddy.com/news/burma/uwsa-leader-repeats-demands-autonomous-wa-state-30th-anniversary.html>

^{xxx}_{iii} Aung Zaw, “The Wa Flex Their Muscles on The Hill”, Irrawaddy (Yangon, Myanmar), April 24, 2019. <https://www.irrawaddy.com/opinion/commentary/the-wa-flex-their-muscles-on-the-hill.html>

^{xxx}_{iv} The Irrawaddy, April 17 2019

^{xxx}_v Sithu Aung Mying, March 20, 2019; The Irrawaddy, April 17, 2019

^{xxx}_{vi} USIP, September 2018

^{xxx}_{vii} Anthony Davis, “It’s party time for Myanmar’s largest armed ethnic faction”, Asia Times (Hong Kong), April 9, 2019. <https://www.asiatimes.com/2019/04/article/anthony-davis-wa-story/>

^{xxx}_{viii} Ibid

^{xxx}_{ix} Mike Griffiths & Michiko Ito (Eds.), “Migration in Myanmar: Perspectives from current research”, Social Policy and Poverty Research Group (Yangon, Myanmar), December 2016. https://www.myanmar-migration-nexus.org/sites/myanmar-migration-nexus.org/files/publication_docs/migration_in_myanmar-perspectives_from_current_research.pdf

^{xl} Eleven Media Group, “More than 200,000 Myanmar Migrant Workers Leave the Country Last Year,” Eleven Media (Yangon, Myanmar), January 6, 2019. <https://elevenmyanmar.com/news/more-than-200000-myanmar-migrant-workers-leave-the-country-last-year>

^{xli} Ye Mon, “Govt Cuts Flows of Migrant Workers to Malaysia Amid Diplomatic Spat,” Myanmar Times (Yangon, Myanmar), December 7, 2016. <https://www.mmtimes.com/national-news/24084-govt-cuts-flow-of-migrant-workers-to-malaysia-amid-diplomatic-spat.html>

^{xlii} Mizzima, “China Offers Cash to Kachin Refugees Willing to Return,” Mizzima (Yangon, Myanmar), March 9, 2019. <http://mizzima.com/article/china-offers-cash-kachin-refugees-willing-return>

^{xliii} Progressive Voice, “No Safety, No Return - Involuntary and Non-consultative Closure of IDP Camps a Violation of the Principles of International Law,” Progressive Voice Myanmar, December 6, 2018. <https://progressivevoicemyanmar.org/2018/12/06/premature-and-shortsighted-strategy-on-closure-of-idp-camps-a-violation-of-the-principle-of-non-refoulement-and-international-human-rights-law/>

^{xliv} Mizzima, March 9, 2019

^{xlv} Thomas Wilkie-Black, “Myanmar’s Karen Displaced in a Quagmire,” Karen News, April 28, 2019. <http://karennews.org/2019/04/myanmars-karen-displaced-in-a-quagmire/>

^{xlvi} AAPP, “311 Facing Trial List Updated on February 28, 2019 (MP),” Assistance Association for Political Prisoners (Yangon, Myanmar), March 15, 2019. <https://aappb.org/2019/03/aapp-monthly-chronology-of-feb-2019-and-current-political-prisoners-list/311-facing-trial-list-updated-on-february-28-2019-mp-2/>; Thu Thu Aung, “‘The People’s Messengers’: Myanmar’s Satirical Poets Target Censorship,” Reuters (Yangon, Myanmar), April 13, 2019. <https://www.reuters.com/article/us-myanmar-politics-poets/the-peoples-messengers-myanmars-satirical-poets-target-censorship-idUSKCNIRP049>

-
- ^{xlvii} Kyaw Ko Ko, “Seven Mandalay students get five months in jail”, Myanmar Times (Yangon, Myanmar), February 14, 2019. <https://www.mmmtimes.com/news/seven-mandalay-students-get-five-months-jail.html>; Interview with Oliver Snow, December 7, 2018
- ^{xlviii} The World Staff, “Bill Richardson Says Aung San Suu Kyi ‘Doesn’t Deserve Credit’ for Releasing Jailed Journalists,” PRI’s The World (Minneapolis, MN), May 13, 2019. <https://www.pri.org/stories/2019-05-13/bill-richardson-says-aung-san-suu-kyi-doesnt-deserve-credit-releasing-two-jailed>
- ^{xlix} RFA, “21 Injured During Protests Against Aung San Statue in Myanmar’s Kayah State”, Radio Free Asia, February 12, 2019. <https://www.rfa.org/english/news/myanmar/21-injured-during-protest-02122019161201.html?searchterm:utf8:ustring=%20Aung%20San%20statue>; Lawi Weng, “Gov’t Compromises for Aung San Statue Rejected by Activists”, Irrawaddy (Yangon, Myanmar), March 21, 2019. <https://www.irrawaddy.com/news/burma/govt-compromises-aung-san-statue-rejected-activists.html>
- ^l Moe Myint, “Facebook Bans ‘Dangerous’ Armed Groups in Myanmar From Platform”, Irrawaddy (Yangon, Myanmar), February 5, 2019 <https://www.irrawaddy.com/news/burma/facebook-bans-dangerous-armed-groups-myanmar-platform.html>
- ^{li} Ibid
- ^{lii} Julia Carrie Wong, “‘Overreacting to failure’: Facebook’s new Myanmar strategy baffles local activists”, The Guardian (London, UK), February 7, 2019 <https://www.theguardian.com/technology/2019/feb/07/facebook-myanmar-genocide-violence-hate-speech>
- ^{liii} Julia Carrie Wong, February 7, 2019
- ^{liv} Sai Wansai, “CRPP REVIVAL: 1990 Elected MPs Geared to Form New Political Party,” Shan Herald Agency for News, April 10, 2019
- ^{lv} Nanda, “Influential 1990 MPs to establish new party”, Myanmar Times (Yangon, Myanmar) April 9 2019. <https://www.mmmtimes.com/news/influential-1990-mps-establish-new-party.html>
- ^{lvi} Hammand, Clare, “Is Shwe Mann out in the cold?” Frontier Myanmar (Yangon, Myanmar) March 25 2019. <https://frontiermyanmar.net/en/is-shwe-mann-out-in-the-cold>
- ^{lvii} Ariffin, Eijas, “The changing dynamics of Myanmar politics”, The Asean Post (Kuala Lumpur, Malaysia) January 19 2019. <https://theaseanpost.com/article/changing-dynamics-myanmar-politics>
- ^{lviii} Ei Ei Toe Lwin, “By-elections: A wakeup call for the NLD,” Myanmar Times (Yangon, Myanmar) November 5, 2018. <https://www.mmmtimes.com/news/elections-wakeup-call-nld.html>
- ^{lix} Ye Mon, “NLD Wins Landslide in Sparsely Attended Yangon Election” Frontier Myanmar (Yangon, Myanmar) April 1 2019. <https://frontiermyanmar.net/en/nld-wins-landslide-in-sparsely-attended-yangon-election>
- ^{lx} Information provided by Sai Ye Kyaw Swar Myint, Executive Director of PACE
- ^{lxi} Myanmar News Agency, “Message of Greetings sent by President U Win Myint on the occasion of the Peasants Day Celebrations” Global New Light of Myanmar (Yangon, Myanmar) March 2 2019. <http://www.globalnewlightofmyanmar.com/message-of-greetings-sent-by-president-u-win-myint-on-theoccasion-of-the-peasants-day-celebrations/>
- ^{lxii} Hay Mar, “Mandalay to allow use of fallow, virgin land for businesses” Myanmar Digital News (Yangon, Myanmar) April 4 2019. <http://mdn.gov.mm/en/mandalay-allow-use-fallow-virgin-land-businesses>
- ^{lxiii} Nan Lwin, “Kachin Locals in the Dark Over China-Backed Industrial Zone Plan” The Irrawaddy (Yangon, Myanmar) April 9 2019
- ^{lxiv} David Eckstein, Marie-Lenn Hutfils & Maik Wings, “Global Climate Risk Index 2019: Who suffers most from extreme weather events? Weather-related loss events in 2017 and 1998 to 2017”, Germanwatch (Berlin,

Germany), December 2018.

https://www.germanwatch.org/sites/germanwatch.org/files/Global%20Climate%20Risk%20Index%202019_2.pdf

^{lxv} Al Jazeera, “Myanmar Suffers Record-Breaking Pre-Monsoon Heat,” Al Jazeera (Doha, Qatar), April 27, 2019.

<https://www.aljazeera.com/news/2019/04/myanmar-suffers-record-breaking-pre-monsoon-heat-190427163128364.html>

^{lxvi} Hannah Ellis-Petersen, “Myanmar Landslide: More than 50 jade miners feared dead in ‘mudlake,’” The Guardian (London, UK), April 25, 2019. <https://www.theguardian.com/world/2019/apr/25/myanmar-landslide-more-than-50-jade-miners-feared-dead-in-mudlake>

^{lxvii} Dalia Kirschbaum & Thomas Stanley, “Satellite-Based Assessment of Rainfall-Triggered Landslide Hazard for Situational Awareness”, Earth’s Future Vol. 6, Issue 3, March 22, 2018. <https://doi.org/10.1002/2017EF000715>