

EIAS Webinar: The Myanmar Crisis – What about the economy?

EVENT REPORT

*3 November 2021,
EIAS, Brussels*

On 3 November 2021, the European Institute for Asian Studies (EIAS) hosted a Webinar on the current crisis in Myanmar and the economic consequences for its people and businesses. The discussion included three panellists and was chaired by Mr. **Xavier Nuttin**, EIAS Senior Associate. Mr. Nuttin introduced the topic of the Myanmar crisis and its economic consequences, providing a brief background on the most recent events in the country. He denounced the actions of the junta, as “the military is once again destroying the country for the sake of their own interests and power”. He then proceeded to introduce the 3 guest speakers.

The first speaker, Ms. **Moe Thuzar**, Senior Research Fellow at the ISEAS-Yusof Ishak Institute in Singapore, commented on the ASEAN-led approach for the Myanmar crisis, what had happened until then and how this had been translated on the ground. She addressed the ASEAN Summit held on 26 October 2021 and the fact that Myanmar did not participate in the meeting as ASEAN member states decided to exclude the junta. Thuzar emphasized that ASEAN’s decision to take action is highly unusual for a consensus-based group such as ASEAN. She noted that “the [ASEAN’s] practice of upholding regional security by intervening constructively is undergoing significant changes with the view towards more accountability and not just based on the goodwill of ASEAN member states”.

She then proceeded with discussing the consequences of the coup on the people of Myanmar: the difficulty of delivering humanitarian aid, the weaponization and politicization of COVID-19 by the military junta, the country’s rising unemployment due to businesses leaving the country and increasing violence toward civilians. She concluded by elaborating on the situation near the Thai border, where due to the heightened clashes across the country there has been a rise of people fleeing into Thailand.

The second panellist, Ms. **Claudine Haenni**, a former Swiss diplomat in Myanmar and Managing Director of Bridging Changing, addressed the international response to the Myanmar crisis. Ms. Haenni first clarified that the international community is not unified and should distinguish between the Western countries, the UN and other countries as they all had different reactions. The Western countries have been emphasizing the power dimension, trying to make the junta backtrack, imposing sanctions and supporting, to a certain degree, the opposition forces like the National Unity Government (NUG). However, other countries such as Russia and China resumed business as usual, with India cautiously re-engaging.

Ms. Haenni made it clear that a “strategic engagement” is of paramount importance for Myanmar, as it “really aims to push and to move the discussion further in order to find a constructive solution to everybody”. According to her, a dialogue with just the NUG and the military would not be the best approach due to the opposition in Myanmar being multifaceted. Opposition includes various actors, such as ethnic armed organizations and People’s Defense Forces (PDF), which do not necessarily share a vision of how Myanmar would look like after the coup. For this reason, creating spaces for dialogues in the country should be the international community’s priority. She ended her presentation with an important remark, stating that whenever there is a regime change, there must always be a combination of engagement and pressure, otherwise it is impossible to address the situation.

The last speaker, Mr. **Felix Haas**, Managing Director of Progress Asia Consulting, discussed the latest economic development in Myanmar and the crisis’ impact on private businesses. Mr. Haas stressed the fact that the private sector is part of civil society and contributes to the engagement between people. He gave a brief history of the private sector’s evolution in Myanmar by highlighting the various changes the country underwent.

Next, he pointed out that the reason the economy has been suffering was not only due to the coup but also the COVID-19 pandemic. However, he did not downplay the effects of the coup. Mr Haas explained that, since the start of the protests, the country’s growth stalled due to the lack of diversification and “dollarization” of the economy. More and more people started to use foreign currency which caused consumers’ prices to increase. Furthermore, conducting business transactions became increasingly difficult due to the security situation. In an economy already battered by COVID-19, these circumstances have not helped businesses’ confidence.

He then talked about the role of the private sector as part of civil society, and how it can be strengthened. From the private sector’s side, the situation has been challenging because businesses were negatively impacted by the conflict. Mr. Haas lamented that significant pressure has been put on businesses without major rationale. For this reason, the private sector needs to be depoliticized and not to be put in a position to pick sides, as “this is not the purpose of a meaningful economic engagement”. Finally, in line with what Ms. Haenni said. Mr. Haas also called for a strategic engagement.

Q&A

The discussion was followed by an **interactive Q&A session** with the audience. Ensuing questions were centered around *what the EU as a whole and individual member states should do, whether the junta may want to isolate itself like in the past, the effectiveness of the imposed sanctions and the Thai government’s stance on the coup.*

In his response, **Mr. Nuttin** stated that the EU will “stick to its principles of democracy and rule of law”, but remarked that the EU’s strategy is always hard to assess. He then moved on and further considered economic matters. COVID-19 did have an impact on Myanmar’s growth but disagreed with Mr. Haas’ criticism of the sanctions’ usefulness.

The next question **was addressed by Ms. Thuzar**. Before joining ASEAN, diplomats and ministers of foreign affairs had a “constructivist approach of learning through exposure to persuade the generals to see the merits of becoming a member of ASEAN”. Now in 2021, the situation has changed significantly as Myanmar is now a member of ASEAN, taking part in ASEAN initiatives. For Ms. Thuzar, ASEAN is indeed trying to engage Myanmar in order to avoid the country and its people becoming isolated once again. It is in this context that we must view ASEAN’s decision of not inviting Myanmar to its Summit. The feeling that the junta wants to isolate itself stems from the polarized attitude on both sides, without necessarily reflecting their real intentions. **Ms. Haenni, too, addressed the question** by stating that the junta’s original purpose was not isolation. Yet, since they severely underestimated the reactions of the Myanmar people, they may be left with no other choice but to isolate themselves again if needed. Nevertheless, they are not actively aiming towards isolation as the junta does not want to rely on allies they do not fully trust. Before the coup, the junta was in fact looking to connect with the West to counterbalance China. **Mr. Haas agreed with Ms. Thuzar and Ms. Haenni** that the junta is not necessarily looking for isolation and highlighted the importance of ASEAN as a mediator.

Mr. Nuttin passed onto the next question about the effectiveness of sanctions. **Mr. Haas** noted that there is a need to distinguish actual sanctions implemented by the European commission, which have targeted military-owned companies, and the reactions of the consumers to these companies. For Mr. Haas, the most effective has been the consumers’ boycott, negatively impacting the junta. He is, though, unable to comment on how this has changed the stance of the military. Mr. Nuttin further elaborated that although many western companies may decide to leave, the Thai government might still continue to do business with Myanmar. **Ms. Thuzar** stated that Thailand views this as a threat to regional security and domestic interests. They are concerned about the spillover of COVID-19 into Thailand as many people are fleeing the conflict. Ms. Thuzar explained that Thai investors will not discontinue their business operations, which can have positive consequences as they may be able to offer humanitarian assistance by bypassing “the politicization of humanitarian aid”. **Ms. Haenni commented** that the Thai military is concerned about the chaos raging in the country as this can have serious consequences for Thailand. She clarified that the continuous instability in Myanmar can impact the energy sector as most of the electricity used in Bangkok comes from Myanmar. Furthermore, drug trafficking from Myanmar is also a major issue for the region which Thailand has been actively fighting.

The last question considered the future of Myanmar ultimately lying in the hands of Myanmar people and not in the ones of external actors’. **Ms. Thuzar** stated that the future of Myanmar of course lies in the hands of Myanmar people but what is happening is not just affecting the stability and the security of the country but also people’s lives and livelihood, which is why ASEAN is trying to intervene constructively through its 5-point consensus response. She concluded that ultimately the future is in their own hands and the armed forces resisting the coup are the manifestation of that. **Ms. Haenni further elaborated on** the importance of looking at both sides, as the military too has had many casualties. She went on to comment about the roles of external actors, stating that if the western countries were really committed to a regime change, they would be providing weapons but “the nation building role that the US had until now is over

for the moment”. Knowing that, “we are only left with soft tools”. **Mr. Haas** emphasized that Myanmar’s future is indeed in the hands of the people but pointed out that there are different “peoples”, as in different ethnic groups who have different views. He continued by saying that “we have been looking too much at the Burmese side of the population without considering all the sides”.

Mr. Nuttin thanked the 3 panellists for their contributions and the lively discussion. It remains essential to continue the discourse on the situation in Myanmar and “to try to find ways forward for the sake of Myanmar citizens” because “at the end of the day the most important is the daily livelihood of the citizens on the ground”.