

## Myanmar



**Prepared for**  
Press & Media

**Risk Scale**

- Extreme (Red circle)
- High (Orange circle)
- Elevated (Yellow circle)
- Low (Green circle)

**Risk Rating**

- Myanmar (Yellow circle)

Country Risk Overview

### Main Question to Be Answered

- What are the implications of the army-backed leadership reshuffle for the political stability in Myanmar?

### Major Risks

- Slowdown of the democratic reform process and rise of political instability
- Increasing risk of political protests and clashes with security forces in the run-up to the general election
- Negative outlook for the quick lifting of Western economic sanctions

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## Recent Developments in Myanmar

At the end of last week, Myanmar's speaker of the Lower House of Parliament, Shwe Mann, was ousted as chairman of the ruling Union Solidarity and Development Party (USDP), along with the party's Secretary General, Maung Maung Thein, amid an internal power struggle. The President's Office also announced a cabinet reshuffle involving at least 10 ministers and deputy ministers, most of whom were close allies of Shwe Mann. The developments unfolded less than three months before the 08 November 2015 landmark election, the first free and fair polls in 25 years and the first general election since the country entered a democratic reform path in 2011. Shwe Mann was considered a leading contender for the presidency, since he was regarded as a compromise candidate of the military-backed USDP and the opposition National League for Democracy (NLD) headed by famed dissident Aung San Suu Kyi.

## Impact

The political developments in Myanmar do not have an immediate impact on business operations or the security situation in the country:

- So far, the security situation on the streets has remained calm, and the involved political parties and persons have been cautious to comment on the developments.
- Geographically, the developments have been limited to the capital Nay Pyi Taw, including the temporary deployment of additional security forces at critical locations, such as the USDP headquarters, the parliament building and the houses of involved politicians.
- As the sons of Shwe Mann remain on the sanctions list of the United States, any potential impact on their business operations following the fall of their father is not expected to negatively impact Western business interests.
- While a reversal of the opening process in Myanmar is rather unlikely, Western governments will be reluctant to quickly lift economic sanctions considering the recent developments.

Nevertheless, the split within the military elite ahead of the 08 November election generally increases the country's political instability rating and related security risks:

- Anti-government protests and clashes between protesters and security forces in the pre-election period have become more likely.
- The cabinet reshuffle as well as the inter-party feud of the USDP is likely to slow down the political processes in Myanmar in the coming months, which might impact business operations. Also, in the initial period following the general election, Myanmar's parliament and local political bodies are likely to be occupied with forging alliances and allocating posts, considering that the NLD, which boycotted the last elections in 2010, and a variety of regional parties are expected to win a significant number of seats.
- Frictions among the military establishment bear the latent risk of a deterioration of the security situation in the short to medium term, as with in the early phase of the democratic reform process, when the country was hit by a wave of terrorist attacks in major cities.

## Outlook

The resurgence of conservative forces within the military establishment, which progressive forces within Myanmar's political landscape regard as a coup or purge, is a setback for the democratic reform process:

- Shwe Mann had earned himself the reputation as a reformer and was apparently regarded as a threat by the conservative faction of the military. Frictions between Shwe Mann and President Thein Sein, who were both leading generals under the former military junta, had been increasing in the weeks prior to the leadership reshuffle. Shwe Mann in his position as Speaker of the Lower House of Parliament was crucial in enabling the lawmakers to challenge presidential power and, hence, the military establishment. The recent developments demonstrate that the conservative elite are unwilling to loosen their grip on the guided democratic reform process orchestrated by former hard-line ruler General Than Shwe. There are indications that Than Shwe continues to pull the strings behind the scenes. Amendments to the constitution, which currently awards the military special powers in the political system, have now become unlikely in the medium term.
- The ouster of Shwe Mann came just hours before the deadline for the submission of the candidate lists by political parties for the 08 November election. If not barred from registering as a legitimate candidate to run for a seat in the Lower House, Shwe Mann has retained his chances of becoming a member of parliament. But he is facing a campaign in his own constituency organised by inner-party rivals, which could negatively impact his chances in the election. It remains to be seen whether the military establishment will further apply junta-era approaches after involving the security forces to solve the recent inter-party feud, for instance, by putting forward corruption allegations to justify the leadership reshuffle. Such moves by the government are currently less likely, as it is not in their interest to further obstruct the economic opening process. Yet, it can be expected that the new USDP leadership will try to remove Shwe Mann as the Speaker of the Lower House during the next parliament session on Tuesday.
- Even though President Thein Sein had initially announced that he would not seek re-election due to health reasons, he has left room for speculation in recent weeks by stating that he would take the post under certain circumstances. With the fiercest rival now stripped of his influence in the military establishment and the USDP, Thein Sein is the candidate most likely able to secure the necessary majority in parliament to be elected for a second term. Aung San Suu Kyi, the leader of the opposition, is effectively barred by the constitution from becoming president, as she has foreign family members. Since under the current administration the reform process has stalled and the country has witnessed the rise of a militant Buddhist nationalist movement, there are slim chances that the country will achieve major democratic improvements in the political and regulatory framework in the near future.
- Generally, democratic processes in Myanmar are not consolidated, and obstacles, such as fundamental principles of the rule of law and the legal status of ethnic minority territories, are not resolved, presenting major hindrances to political stability. Growing demands and expectations of the people, for instance, to quickly improve socio-economic conditions and increase civil liberties, constitute further potential risks to stability in the months following the general election.

## Recommendations

In EXOP's Global Risk Database, you can find up-to-date and comprehensive recommendations of our risk analysts on how to adequately respond to the situation described above.

If you do not have access to EXOP's Global Risk Database, we will gladly send you our recommendations. Please feel free to contact us.



EXOP Headquarters, Konstanz, Germany

## About Us

EXOP supports corporations, medium-sized companies, development organisations and authorities with risk management solutions for business activities abroad. The assessment and avoidance of security-relevant and medical risks enable successful business activities in markets with elevated risk potential. Preventive trainings for travellers, country information systems, risk assessments of sites and projects abroad, worldwide situation reporting, 24/7 assistance services, traveller tracking and professional crisis management belong to our core competences.

Tel: +49 (0)7531 942 16 0

Email: [info@exop-group.com](mailto:info@exop-group.com)