Myanmar: After the coup, Junta's pro-business message falls flat

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Myanmar's new military regime is striving to present a business-as-usual approach to the economy in the face of daily street protests, but even a normally pliant private sector is crying foul at some of its initial steps.

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When junta chief Senior General Min Aung Hlaing made his first televised address to the nation at 8pm on February 8, a week after the military takeover, he tried hard to project an image of business-as-usual.

He told viewers his government would "welcome and invite domestic and foreign investments", and that it would grant permits to businesses that had been approved under the elected government he had just overthrown.

"There will be no change in the foreign policy, government policy and economic policy of the country during the period [where] we are temporarily taking responsibility for the State. We shall continue on the same path as before," he said.

This has been a consistent message from the military regime since it seized power. Min Aung Hlaing has promised to rebuild rather than remake an economy that was already hit hard by the COVID-19 pandemic, summoning tycoons, bankers and industry leaders to discuss an economic recovery plan. If anything, Min Aung Hlaing has pitched his regime as more pro-business than its predecessor.

But his efforts to win at least acquiescence by modelling his regime along the lines of the junta that took power in neighbouring Thailand in 2014 – economically liberal but politically repressive – appear to be falling flat. Even as Min Aung Hlaing made his pitch on February 8, his words were drowned out in many households by the nightly banging of metal pots and pans – a traditional ritual-turned-protest against the military regime.

Nationwide protests have continued since then, despite a ban on public gatherings of five people or more. Two days after the takeover, government doctors kicked off the growing Civil Disobedience Movement by not showing up to work. They have been followed by public servants across Myanmar's vast bureaucracy, threatening to make Myanmar ungovernable. Employees in state and private banks have also joined the movement, forcing branches to halt operations and raising the possibility of a crippling banking crisis.

Meanwhile, investors and business leaders have been alarmed at the way the junta has rushed through sweeping legal and regulatory changes affecting businesses without proper consultation, or taking into account international standards.

Initially, few domestic business groups spoke out against the coup or the actions of the new regime. The Chin State Chamber of Commerce and Industry was the exception when it publicly denounced the power-grab and demanded the release of State Counsellor Daw Aung San Suu Kyi and other elected leaders.

Some of the biggest international investors in Myanmar have belatedly, and with the help of the Myanmar Centre for Responsible Business, issued a joint statement expressing their "growing and deep concern" at the developments since February 1 and their collective desire to see a "swift resolution" based on "the will and interests of the people of Myanmar".

"As investors, we inhabit a 'shared space' with the people of Myanmar, including civil society organisations, in which we all benefit from respect for human rights, democracy and fundamental freedoms – including freedom of expression and association – and the rule of law," said the statement, which was signed by French energy giant Total, Telenor of Norway, Woodside of Australia, Ooredoo of Qatar, Carlsberg of Denmark and others.

A law too far

Opposition among the business community appears to be growing, at least on the level of policy. Even Myanmar's peak business body, the Union of Myanmar Federation of Chambers of Commerce and Industry, whose leaders met Min Aung Hlaing within days of the takeover, have expressed their discontent over some of the junta's actions. On February 15, the usually pro-establishment UMFCCI objected to a junta proposal to impose a draconian Cyber Security Law.

"We object to the plan to hastily put out the cyber bill as a law because it harms the development of the domestic digital economy, prevents innovation and poses challenges in inviting foreign investments," the UMFCCI said in a statement, following opposition from the Myanmar Computer Federation, Myanmar Computer Industry Association and Myanmar Computer Professionals Association.

The draft legislation was sent to private companies and industry bodies a week after the takeover, asking for urgent comments by February 15. According to a translated copy of the draft law provided by an industry source, the law would grant sweeping powers to the regime over data and content, for instance by authorising the state to access personal data for broadly defined security reasons and to order the removal of any online content that they deem could "cause hate, disrupt unity or harm stability or peace".

A requirement to store data at domestic sites determined by the government is a particular problem for companies, according to the Myanmar Centre for Responsible Business. Data localisation will increase the vulnerability and reduce the competitiveness of banks, e-commerce companies and other types of firms that rely on data, MCRB said, since they will be denied the security and efficiency offered by international cloud-based services.

The draft law has also received scorn on human rights grounds, with around 250 civil society organisations voicing their opposition, and it appears to be part of a broader crackdown on online dissent. The military government has also restricted access to social media platforms and is periodically cutting off the internet. Since February 15, the internet has been cut almost entirely between 1am and 9am each day for reasons that are not clear.

Almost all Western chambers of commerce in Yangon signed a joint statement warning that the proposed law would empower the authorities to "intervene in business operations at their unfettered discretion, including enforcing data localisation, confiscation of data and equipment, and prohibition (either temporarily or permanently) of entire business operations". The only Western chamber not to join was AustCham, which represents Australian businesses, while the Indian chamber signed but subsequently pulled out, and did not reply to a request for comment.

The status of the bill is unclear. The regime has not publicly responded to the criticism, and the Ministry of Transport and Communications did not respond to a written request for comment.

However, on February 15 the junta issued surprise amendments to the Electronic Transactions Law that had not been circulated in advance to the business community.

Many of the amendments were copied straight from the Cyber Security Law draft, and placed further limits on free speech and the sharing of information, and undermined data privacy. Advocacy group Free Expression Myanmar said in an analysis that these amendments might represent a Plan B for the junta amid a climbdown on the Cyber Security Law, pointing to a clause in it that would have repealed the Electronic Transactions Law.

A senior corporate executive based in Yangon, who requested anonymity, said the amended law "appears to be a disguise of the Cyber Security bill in terms of data control and access".

Whatever the future of the Cyber Security Law, the uncertainty and the apparent arbitrariness of the junta's decision-making is spooking the private sector. "If regulations are getting changed like this, there is a serious likelihood of big investors reconsidering their commitment to Myanmar," the executive told Frontier.

Before, it often took years for bills to wind their way through parliamentary committees, giving businesses time to review draft legislation and advocate for changes. Now, laws are enacted literally at the stroke of one man's pen.

On February 13, the junta suspended provisions to the Law Protecting the Privacy and Security of Citizens and amended the Ward or Village-Tract Administration Law, and the following day made snap changes to the Penal Code and Code of Criminal Procedure. Although these law revisions are targeted at stifling dissent and imprisoning activists, they too have left businesses worried.

"You just look at what's happening and think, God knows what other amendments are in the pipeline," complained one prominent Myanmar business leader.

Familiar faces

The junta has attempted to soothe the nerves of investors by appointing business-friendly figures to its cabinet. Several of these appointees served in the 2011-16 military-backed reformist administration of President U Thein Sein, including U Aung Than Oo, the new electricity and energy minister, and U Win Shein, who was re-appointed as finance minister.

U Aung Naing Oo, a technocrat widely respected in the private sector, is in charge of wooing investors as minister for investment and foreign economic relations. As then-head of the Directorate of Investment and Company Administration, he spearheaded reforms to the investment and companies laws that were enacted under the ousted National League for Democracy government.

Daw Thet Thet Khine, a gem magnate and former NLD lawmaker who was suspended from the party for criticising its leader Aung San Suu Kyi, is the new social welfare minister. The People's Pioneer Party, which Thet Thet Khine founded after quitting the NLD, failed to win a seat in the November election and received a very small proportion of the vote in the seats it contested.

Mr Kim Jolliffe, a researcher who studies politics and security in Myanmar, said he believes the new government is trying to send a clear message.

"Min Aung Hlaing's speeches and certain ministerial appointments clearly signal an attempt to form a hybrid regime, which is open to foreign investment and capitalist economics, but closed to political opposition and repressive of civil liberties," he told *Frontier*.

"The general hopes [is] that [Myanmar] can avoid isolation in the international arena, while keeping its treatment of the public and opposition as an 'internal issue'. It is crucial that foreign governments do not let him have it both ways, especially as pressure is building against him inside the country," he added.

The foreign business community in Yangon, reeling from the shock of regime change, has largely steered clear of meeting the military government. Some have taken more drastic measures, albeit under significant international pressure. Japan's Kirin and Singaporean tycoon Mr Lim Kaling, both of which have joint ventures with the vast military conglomerate Myanmar Economic Holdings Limited – the former brewing beer, the latter making cigarettes – have announced that they intend to end the partnerships.

There are also regular calls on social media, and at street protests, for a boycott of military-linked brands such as telco operator Mytel and Myanmar Beer. Activists have also called for a boycott of Singaporean brands due to the country's perceived support for the military.

A protestor in Yangon, who gave only the name Anthony, said on February 16 that the boycott could extend to any business or individual seen to be supporting the junta.

"If the resistance against the coup increases," he said, "the public then would boycott businesses related to or actively supporting the military regime, with consumer-facing companies being prime targets."

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