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*Human Rights &
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Policy Brief*

The Myanmar Crisis

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Ongoing protests in Myanmar

Two months after the military coup on February 1st, 2021 that overthrew the elected government led by Aung San Suu Kyi, protests against the military regime have all but died down. The military (*Tatmadaw*) under the leadership of Min Aung Hlaing was unwilling to accept the electoral victory of the civil branch of government, which has come to share power with army leaders. Hence, the fragile transition towards a democratic system underway since 2011 has come to an abrupt halt, while leading government figures have been detained or placed under arrest (among them Ms Suu Kyi) and await trial on inflated charges. The subsequent wave of public protest is met with relentless force by the *Tatmadaw*: as of April 27th, 755 protesters have been killed and more than 3300 remain detained, according to the Assistance Association for Political Prisoners which monitors the situation.⁰¹ Pro-democracy politicians have formed a National Unity Government (NUG) in opposition to the military regime and seek international support and actions against the military regime.

Executive Summary

- Increasing pressure from activists and international community on multinational companies
- Companies with operations in Myanmar should reassess their operations concerning ties to military
- Businesses must strengthen human rights along own supply chain

The international reaction

Regional member states of the Association of South East Asian Nations (ASEAN) in part attempt to pressure Min Aung Hlaing and his leadership to end their crackdown on protesters. Although ASEAN maintains a culture of strict non-interference, it called an emergency meeting on April 24th to discuss the Myanmar crisis. It laid out a five-point consensus⁰² to end violence and encourage dialogue, though it is unclear how these steps will be implemented. China, which has a strong economic interest in the country and the health of the China-Myanmar Economic Corridor, has blocked any meaningful international action. Yet, unrest and uncertainty threaten this economic health which may lead the Chinese to take on a different approach. Moreover, Chinese-affiliated businesses have been targets of protesters, prompting a statement by the Chinese Embassy in Yangon urging the regime to control protests.⁰³

Western countries, among them the US, the UK⁰⁴ and the EU⁰⁵ have imposed economic sanctions on state-owned gem conglomerates, the Myanmar Economic Holdings Public Company Limited (MEHL) and the Myanmar Economic Corporation Limited (MEC). Similarly, the UN Human Rights Council passed a resolution in late March reinstating its 2019 call based on a report by a UN Fact Finding Mission⁰⁶ and emphasizing that no company engaged in or with links to Myanmar should do business with the military. MEHL and MEC are engaged in various economic sectors such as mining, banking, oil, and tourism and generate crucial income for the *Tatmadaw*.

How does the situation impact businesses operating in Myanmar?

If countries with more leverage over the military junta (China and Thailand, among others) continue to engage in symbolical actions of condemnation, such measures will fall short of bringing an end to the violence and the parties to the negotiation-table. Nonetheless, such actions by the EU, the US and the UK add to pressure by protesters, rights groups, and ethical trading initiatives on businesses. Specifically, these coalitions of groups demand businesses to publicly condemn the coup and support the pro-democracy movement, closely monitor the situations in factories to protect workers' rights and to identify and cut business ties to entities that are connected to the *Tatmadaw*. This directs renewed focus on previous calls for business action.

As indicated before, in 2019, a UN Fact Finding Mission singled out multinationals conducting business with MEC and MEHL and stated that “no business enterprise (...) should enter into an economic or financial relationship forces of Myanmar, in particular the *Tatmadaw*”,⁰⁷ as a response to the army's massacre of Rohingya Muslims and other human rights violations. It is now apparent, that some companies listed in the report chose to ignore the call and are under substantial pressure to act.

Such action is indeed now visible as more than 60 international and 160 Myanmar corporations have signed the “Statement by Concerned Business Operating in Myanmar”⁰⁸ by the Myanmar Centre for Responsible Business vowing to respect International Labour Organization Conventions and the UN Guiding Principles on Business and Human Right in the country. Moreover, an increasing number of multinationals halt joint ventures and operations with state-owned enterprises connected

to the *Tatmadaw*, reduce their presence in Myanmar and suspend orders from their local suppliers. There is also increasing pressure from an investors' standpoint: Adani Ports & SEZ Ltd, an Indian multinational company, is to be removed from S&P Dow Jones' sustainability index for the business' ties with Myanmar's military.⁰⁹ Other companies have come under targeted pressure such as Posco International, a Korean steelmaker. While it announced that it was in talks with MEHL on ending business relations, it has so far refused to terminate its business ties with the Myanmar Oil and Gas Enterprise, which is particularly criticised by activists.¹⁰

While companies must reassess their business operations in Myanmar, they should be careful not to penalise the working population and minimise any negative consequence for them to the greatest extent possible.

⁰¹ Assistance Association for Political Prisoners (Burma) (2021). | ⁰² The Association of Southeast Asian Nations (2021), Chairman's Statement on the ASEAN Leaders' Meeting 24 April 2021. | ⁰³ See for instance: CNN (2021), Chinese factories set on fire and at least 38 killed in Myanmar's deadliest day since coup.; Foreign Policy (2021), China Finds Itself Under Fire in Myanmar | ⁰⁴ The BBC (2021), Myanmar coup: Could sanctions on the military ever work? | ⁰⁵ The European Council (2021), Press Release: Myanmar/Burma: EU imposes sanctions on 10 individuals and two military-controlled companies over the February military coup and subsequent repression. | ⁰⁶ United Nations (2021), The economic interests of the Myanmar military – Independent International Fact-Finding Mission on Myanmar (A/HRC/42/CRP.3). | ⁰⁷ United Nations (2021), The economic interests of the Myanmar military – Independent International Fact-Finding Mission on Myanmar (A/HRC/42/CRP.3), para. 9. | ⁰⁸ Myanmar Centre for Responsible Business (2021), Statement by Concerned Businesses Operating in Myanmar. | ⁰⁹ Reuters (2021), Adani Ports to be removed from S&P index due to business links with Myanmar military. ¹⁰ Nikkei Asia (2021), South Korea's Posco to stick with Myanmar gas business.

How can we help you?



Should you have further inquiries, please get in touch with our managing director Markus Löning: markus.loening@loening-berlin.de

If you have operations in Myanmar, we can support you in the development of a business strategy tailored to your current reality. This could include:

Background briefing:

informative briefing aimed at company management about the current situation and challenges for your businesses.

Research on potential ties to the military:

initial business-partner check on possible involvement with the military.

Guidance on how to engage at factory level:

given the current challenging environment, we can advise you on how to best engage with workers and how to adjust your engagement to understand the situation on the ground. This may include setting up monitoring systems in factories.