



BOMBINGS IN MYANMAR: NEW IMPETUS FOR COMMUNITY ENGAGEMENT

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A series of recent bombings in Myanmar reveal how complex business interests can derail the peace process and put into jeopardy the country's democratic transition. Police reports attributed the bombings to a group of businessmen from Karen State, in the southeast of the country, who allegedly attempted to deter foreign investors. Myanmar's abundance of natural resources means a delicate balancing act is necessary between peace processes and economic development.

Between October 11 and October 17, a total of 13 improvised explosive devices were planted across central Myanmar. Of the eight IEDs that detonated, initial reports indicate that three people have been killed and at least six people injured. The recent spate of bombings in Myanmar has been attributed by police to Karen mining businessmen, operating independently from the Karen National Union, allegedly intent on stopping foreign investment—seemingly worried about the impact of foreign investors on their business interests. Foreign investors are attracted to Karen State, among other areas of the country, on account of its resource riches and the nearby development of the \$58 billion USD Dawei deep-sea port which will allow for the quick export of resources.

Police have detained eight suspects, stating that more arrests are likely. The series of attacks demonstrates just how complex the climate for investors is in Myanmar. It also reveals how complex and opaque mining interests can derail the peace process and jeopardize the country's democratic transition. Thus, it has become once more apparent that there is a strong need for further reforms and community engagement within the mining sector, which can provide for Myanmar's smooth political and economic development.

The Attacks

The casualties aside, the recent blasts have created a sense of uncertainty and fear both within the country and abroad. International attention was particularly heightened when a small explosion injured an American woman in Yangon's

Traders Hotel, popular with diplomats and tourists. The U.S., UK, France, and Australia all issued security warnings for their nationals in Myanmar.

The bombings occurred almost exclusively in Burman areas and predominantly within the permitted tourist zones of Myanmar. According to the police, the suspects were specifically instructed to plant explosive devices at restaurants and hotels.

The attacks took place during a week when many eyes already rested on Myanmar. The first blast occurred the day after Myanmar was formally awarded the Chairmanship of ASEAN for 2014. The series of explosions also coincided with two public holidays, the Muslim minority's Islamic holiday of Eid Mubarak and the Buddhist Thadingyut festival. The events could increase inter-communal tensions in the country and raise concerns about the country's ability to ensure security during the Southeast Asian Games in December.

The Ministry of Tourism has already instructed hotels



near SEA Games venues in Yangon, Mandalay, Naypyitaw, and Ngwe Saung, to enhance surveillance and security. Further, an increased presence of police forces in major cities was visible during the course of last week. Initial reports estimate a 10 percent decrease in hotel bookings since the bombings. U Zaw Htay, President Thein Sein's office director, argued that whoever conducted these attacks seeks "to portray Myanmar as not peaceful, just as more tourists, more investors and other important guests arrive."

Bombing Incidents: October 11-17

	Date	Location	Device	Casualties
1	Oct. 11 - evening	Taungoo Township: Guesthouse	IED	two people killed; one injured
2	Oct. 11 - unspecified	Phyu Township: Outside post office	IED*	-
3	Oct. 13 - morning	Insein Township: At Bus Stop	IED	-
4	Oct. 13 - unspecified	Insein Township: Near (No.3)	IED*	-
5	Oct. 13 - evening	Thaketa, Yangon: Near a truck, roadside	IED	two injured
6	Oct. 14 - morning	Yangon: Western Park Restaurant	Land Mine*	-
7	Oct. 14 - afternoon	Mandalay: Bay Lay Restaurant	Unspecified*	-
8	Oct. 14 - evening	Yangon: Traders Hotel	IED	one injured
9	Oct. 15 - morning	Sagaing: Son Oo Pon Nya Shin Pagoda	Unspecified	-
10	Oct. 15 - morning	Sagaing: Parking Lot, Shwe Pyitstone Hotel	Unspecified	-
11	Oct. 16 - evening	Namhkan: Town center	IED	-
12	Oct. 17 - morning	Namhkan: Near pagoda	Two IEDs	one killed, two injured

* Denotes that the device failed to detonate

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The spate of bombings was successful in demonstrating that the country is still highly susceptible to political violence. In January, Maplecroft, a UK-based political risk consulting firm, placed Myanmar in the same category as Syria, Afghanistan, and Iraq, as a country of "extreme political risk." Indeed, the bombs will likely have the desired effect in the short- to mid-term, in that they will disturb foreign investor confidence in the country.

Resources and the Peace Process

At the core of the bombings is the delicate balance between Myanmar's peace process and the development of its resources. Myanmar is rich in minerals, amongst them nickel, gold, bauxite, copper, coal, and gemstones. After the energy sector, mining is the second biggest sector for foreign direct investment in the country. Unlike the energy sector, which is largely controlled by the Burman majority ethnic group, high-value minerals are found across the entire country, including in areas controlled by other ethnic groups such as the Karen. A recent Asian Development Bank study noted that Myanmar could become Asia's next "rising star" if it can leverage its rich resource potential. However, an already palpable "resource curse" looms ever larger.

Fundamental questions in the peace process remain, and must be resolved before any resource profit sharing can occur. Indeed, answering such questions may in fact be the *sine qua non* to sustainable development in Myanmar. The core issues, by no means exhaustive, are: Who are the legitimate actors in negotiations and legitimate recipients of profits? Will representatives of ethnic organizations agree to partnership deals that would guarantee local trickle down of revenues? Or should integration into the political process be a precondition before such investments take place?

These questions will need to be discussed and negotiated with individual interest groups in Karen State and across the country. Indeed it would not be surprising to see the reemergence of a debate on a federal system, once put forth by Aung San in the Panglong Agreement in 1947, to place a governance framework on the management of resource riches. However, the issue remains sensitive for Naypyidaw, particularly for much of the old guard of the Junta and the Union Solidarity Development Party who see federation as ceding central power and harming the solidarity within the Union. While the establishment of a federal system would not be a panacea to all Myanmar's ills, it would allow for



greater engagement of Naypyidaw with ethnic groups at a political level rather than at a military-to-military level. States could then be held accountable for their development and the management of their resources.

To make the extractive sectors reform palatable for ethnic minorities and local businessmen currently engaged in the sector, new regulations must ensure:

- inclusive profit sharing agreements;
- clear land tenure;
- market-value compensation for land;
- socio-economic incentives;
- strong environmental practices;
- transparent mechanisms for complaint and dispute resolution.

Recommendations

- The attacks highlight grievances of local communities and businesses toward greater development and foreign investment in Myanmar. Greater dialogue is needed to engage local communities and businesses in the process of the country's development and in the fair distribution of profits from resources.
- Greater efforts need to be made to establish a framework for transparent and fair profit-sharing agreements between government, local businesses, and foreign investment.
- The attacks demonstrate that quick and transparent reporting of information in such incidences is important. Much of the local media were quick to cast blame on Islamic extremists, which has stoked inter-communal violence this year. The speed of the investigation and its transparency, by a police force that is unaccustomed to public transparency, was impressive and should act as an example for future communication between the police and the public.
- Continued efforts must be made to publicize the names and motives of the culprits once due process has taken place and arrest any attribution to Islamic extremists—this remains one of the most volatile areas for political violence in the country. Similarly, public efforts should be made to ensure that this group is identified as separate from the Karen National Union and its actions motivated by business interests, in order to limit any reprisal attacks.
- Foreign investors and companies should not only comply with the legislative framework provided by the government but also allow for voluntary principles of corporate social responsibility (CSR) so as to take in account the needs and expectations of local populations.
- An assessment of Disarmament Demobilization & Reintegration (DDR) programs should be conducted and assure that combatants within armed ethnic groups have avenues toward reintegration and profit-making opportunities in local communities. Furthermore, the successful socio-economic reintegration is also significantly conditioned by the progress of political reintegration.
- The Myanmar government must continue to strengthen its police force and media to allow greater capacity to deal transparently and promptly to incidences during its transition.
- The Myanmar government should look to other countries in the region to learn from their experiences in democratization and in dealing with similar problems in their transitions and economic development.

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