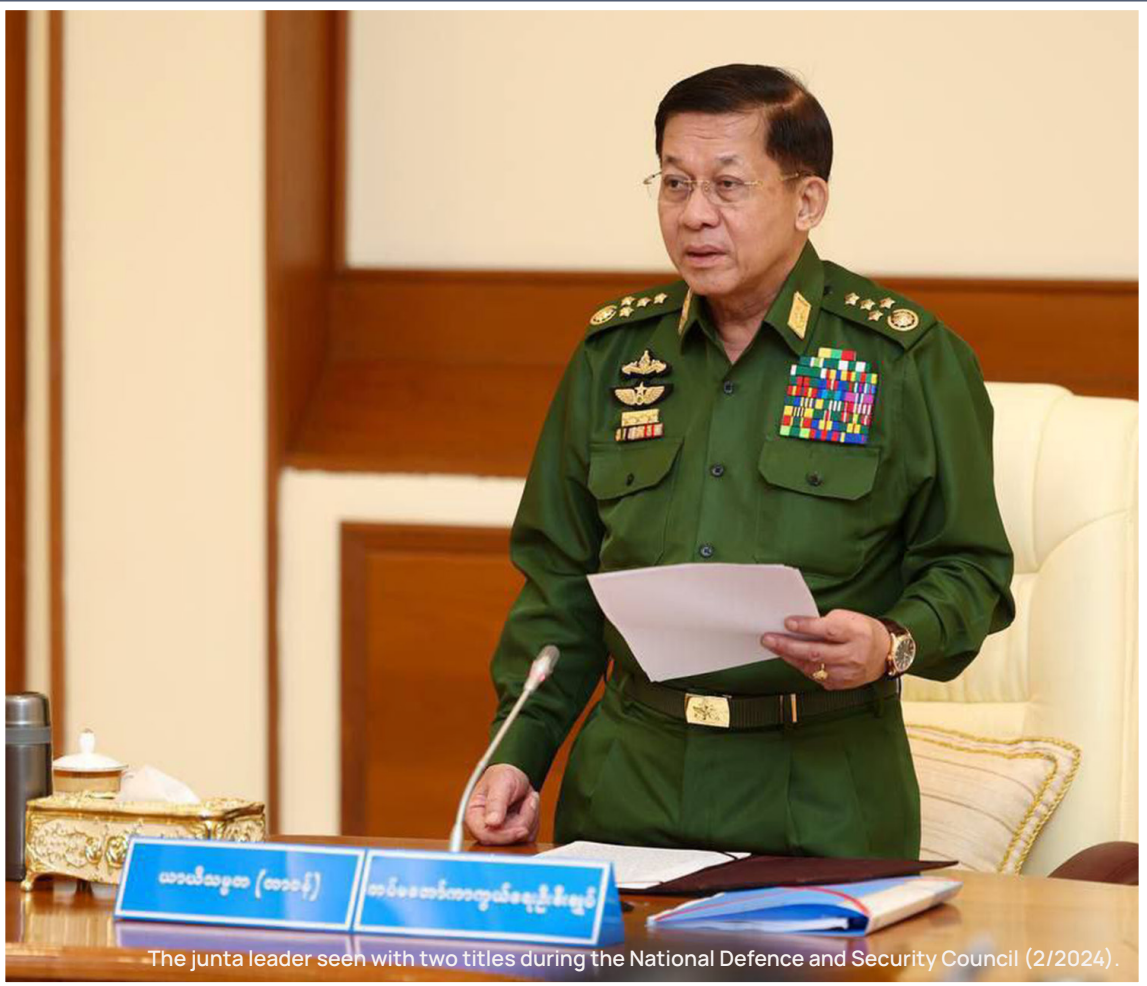




NAYPYITAWLOGY-5

SAC Leader: The Solo Show

Snr. Gen. Min Aung Hlaing's ongoing strategy of blame-game may bring him closer to his downfall.



The junta leader seen with two titles during the National Defence and Security Council (2/2024).

EDITOR'S NOTE

Under the title of "Naypyitawlogy," ISP-Myanmar studies the military, and political considerations of the generals in Naypyitaw. The study also covers its system, governance, and institutional formations, ideologies and relations, geopolitics, economy, and public support.

The nation and its people are facing deteriorating socioeconomic conditions in every measures within over three years since the coup. Conflict is escalating nationwide, and the Myanmar Armed Forces (MAF) is suffering a historic blow by failing an entire Regional Military Command (RMC). Despite these circumstances, the junta leader, Snr. Gen. Min Aung Hlaing appears to evade responsibility and shift the blame onto others. This week, Naypyitawlogy-5 sheds light on the junta leader's personalized

nature of regime, his politics of blame-game, and how these factors may contribute to his downfall.

Additionally, this week's Insight Email's "Trends to Watch" section shed light on border trade conditions amidst wartime. All routes in northern Shan State that mainly trade with China have completely been seized by Ethnic Armed Organizations (EAOs) following Operation 1027. Although the State Administration Council (SAC) tries to re-route a new one in the eastern Shan State, this plan has yet to materialize. The "What ISP is reading" section discusses the political transition or people's power victory in the neighboring country, Bangladesh. It also introduces the 20th Central Committee of the Communist Party of China's (CCP) third plenary session and the China's path forward. ■

NAYPYITAWLOGY-5

SAC Leader: The Solo Show

Snr. Gen. Min Aung Hlaing's ongoing strategy of blame-game may bring him closer to his downfall.

The Myanmar Armed Forces (MAF) and its junta leader are facing mounting burdens after more than three years since the coup. Among the MAF's 14 Regional Military Commands (RMC), the junta recently lost the North Eastern Military Command in Lashio. Nine further RMCs are under stress within their respective territories, while the four remaining RMCs, Naypyitaw, Yangon, South Western, and Triangle Region Commands, have to share the burden by sending troops to reinforce other regions. The regime is not only losing vast amounts of territory, troops, and ammunition, and has already lost control of 74 towns, but even major cities in the central lowlands are now under threat. The socioeconomic conditions are also in the state of "helplessness," as all industries and sectors are deteriorating daily. In addition to worsening floods, the impacts of climate change pose a significant threat to the people of Myanmar.

The challenges currently faced by the junta are not due to foreign interference or pressure. Rather, they stem from the antagonism of public and the resistance forces against the junta, which is a direct consequence of the coup. Meanwhile, the people of Myanmar who have remained

within the country, face not only the hardships of the oppressive regime and natural disasters but also the "man-made disasters" caused by the junta's misguided policies. Yet after more than three years, neither the junta leader nor any senior officials have taken any responsibility or accountability for the widespread failures across various sectors.

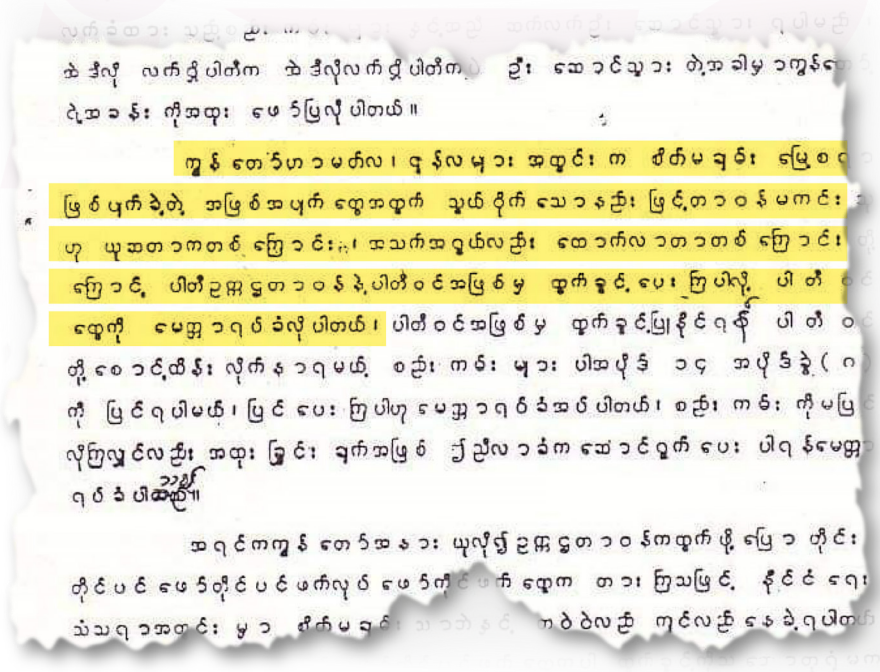
This begins with Snr. Gen. Min Aung Hlaing himself, who wants to make a solo show. After the fall of the North Eastern Command on August 5, 2024, Snr. Gen. Min Aung Hlaing delivered a speech regarding the country's security situation. In his nearly 30-minute speech, he took no responsibility for the failures and sufferings of the country under his own or the State Administration Council's (SAC) leadership. Instead, he blamed everything on all domestic forces and foreign interventions.

In Myanmar's modern history, even Ne Win, the founding father of military dictatorships in Myanmar, admitted some responsibility when he decided to step down in 1988. In an emergency meeting of the Burma Socialist Programme Party (BSPP) on July 23, 1988, Ne Win personally took accountability by stating, "I consider

▶ myself partially responsible for unpleasant incidents that happened during March and June..." (English translation of the original Burmese language transcript excerpt shown in the picture below.) and acknowledged the lack of public trust in his government and party. Looking at this, it can be assessed that in the history of Myanmar's successive military dictatorships, the current junta leader stands out as the most brazen one for his lack of accountability, exemplifying a political approach focused on blaming others.

Scholars have noted that dictators often shift blame rather than take responsibility. By blame-shifting, they seek to redirect public focus, uplift the spirits of their followers, and justify to themselves that their harshness, lack of accountability, and shortcomings result from others' actions. Some dictators, motivated by sheer ego, narrow-mindedness and selfishness, may employ blaming others as a political tactic. However, when such shameless blame-shifting politics persist, the dictator inevitably faces downfall. Particularly when more than one of the following conditions ▶

■ Former Junta Ne Win's Confession



Excerpted from Ne Win's Speech transcript during the BSPP Emergency Party Conference, held on July 23, 1988, at Sayar San Hall, Kyite Ka San Stadium, Yangon.

▶ occur: public support is lost; the economy collapses; when the dictator loses control over the security forces—leading to defections, demoralization, and even internal splits or counter-coups; public uprisings and armed resistance gain momentum; or international sanctions and isolation push the country to the brink of collapse. Historical examples include the downfall of Romanian dictator Ceaușescu, Egyptian dictator Hosni Mubarak, and the recent fate of Bangladesh's Sheikh Hasina. Snr. Gen. Min Aung Hlaing's ongoing strategy of blame-game may bring him closer to his downfall.

In modern Myanmar history, despite a period of democratic reforms, the MAF never fully stepped back from political power, nor did it make efforts to cooperate with civilian political leaders. After the coup of 2021, the MAF leadership, under Commander-in-Chief Snr. Gen. Min Aung Hlaing, takes the front role to govern the country as he took power himself. However, over three years later, the SAC he led neither resemble a party-led regime nor even a collective military-led regime. Instead, it has become a government dominated by a solo individual, functioning as a personalist regime.

Personalist Regime

The junta leader, Snr. Gen. Min Aung Hlaing is not a cooperative leader. The formation of the SAC after the coup was seemingly an effort to project collective leadership, given its inclusion of civilian and military members. But as time went on the junta leader's personalistic decisions became prominent. The equal split between

military and civilian members in the council also became merely symbolic. ([View Naypyitawlogy-1](#))

On the other hand, there have been multiple reshuffles involving reassignments, new appointments, dismissals, or transfers within the SAC cabinet. ([View Naypyitawlogy-4: SAC's Ricketty Administration](#)). Currently, 155 changes have been made to the top officials involved in the SAC and its administrative machinery (including council members, ministers, deputy ministers, and chief ministers of states and regions). This echoes the Myanmar proverb, "*Min Kha Youkja, Kan Nar Thit Pin,*" which suggests that someone close to power is offered many advantages, but also faces the risk of sudden downfall, much like a tree near a river. This proverb reflects the inherent instability and unpredictability of such positions. The number of cabinet changes has set a record, surpassing those of previous governments, indicating the unpredictable and erratic nature of the current junta leadership. Such actions are characteristic of what scholars studying personalist regimes describe as narrowing the leader's inner circle and the increasing difficulty of predicting the leader's decisions—a common trait of personalist regimes.

Leaders who govern through personalist rules do not tend to rely on institutional systems. Instead, they place trusted loyalists in critical positions of power. These leaders often depend on a patronage system and close personal networks within their administrations. As a result, predicting or explaining their policies becomes challenging, as these

- ▶ leaders operate politically on personal whims. This makes it difficult to analyze the type and predict the direction of their governments based on available data.

In this context, examining from where the junta leader draws advice and with whom he forms decisions is essential. Shortly after the coup in 2021, on February 18, the "Advisory Board to the State Administration Council's Chairman" was formed, led by former Lt. Gen. Than Tun Oo (DSA 24). The advisory body includes seven civilians. Than Tun Oo, the head of the group, was formerly the Special Operations Bureau No. 6 Commander based in Naypyitaw and later was being sent to the reserve list. Similarly, Lt. Gen. Lu Aye (DSA 26, former Military Appointments General) was also included in the group. One member, former Col. Htein Lin, was later appointed Chief Minister of Rakhine State. The group's role mainly involved reading and drafting advisory letters, which were then reviewed and filtered by Lt. Gen. Than Tun Oo. According to research findings, if he dared not approve, the advisory letters would not be forwarded any further.

The junta leader has numerous advisors. On February 1, 2023, the Central Advisory Board to the State Administration Council was formed. Comprised of nine members, it was led by former Navy officer Saw Tun Aung Myint. During the SAC reshuffling on February 1, 2023, previously sidelined SAC members were given positions on this advisory board. These SAC members had been removed from their positions due to disagreements with the junta leader over the new Political Parties Registration Law. Although they were placed on the Central

Advisory Board, they were not provided with proper offices for an extended period, suggesting they were sidelined and neutralized from going against the junta leader.

In the military sector, the Advisory Board for the MAF's Commander in Chief, is led by Lt. Gen. Yar Pyae, SAC minister of Home Affairs. Another key figure advising the junta leader is Lt. Gen. Nyo Saw (DSA 23), who assumed the role of Adviser to the SAC Chairman (Union Minister Level) as of July 5, 2023. Previously, he served as Quartermaster General and Chairman of the Myanmar Economic Corporation (MEC). He is believed to have a close personal relationship with the junta leader and is considered to be the key person to manage the finances and budgets. He was not only promoted to the rank of Union Minister but also given a position as a member of the State Administration Council. Based on news reports, he has been promoted in official protocol of events. Not long ago, Gen. Moe Aung (DSA 28), former Commander-in-Chief of the Navy, was appointed a National Security Advisor. He is the son of the late Aung Thaung, who wielded significant power under the previous military regime.

The SAC has also established the "National Solidarity and Peace-Making Negotiation Committee" (NSPNC) under the pretense of advancing the peace process. The NSPNC is essentially viewed as the advisory and executive body for the junta leader concerning peace issues. The chairman of the National Solidarity and Peace-Making Committee (NSPC) central committee is the junta leader, Snr. Gen. Min Aung Hlaing (DSA-19), while the

▶ operational committee is headed by Vice Snr. Gen. Soe Win (DSA-22). Initially, Lt. Gen. Aung Lin Dwe (DSA-25) served as the secretary, with Lt. Gen. Min Naing (OTS-66) as the operational committee secretary. In September 2023, the NSPNC was organized, and Lt. Gen. Yar Pyae (DSA-22) became chairman. By 2024, Border Affairs Minister, Lt. Gen. Tun Tun Naung (DSA-25), had replaced him as chairman.

In reality, the junta leader does not use the NSPNC as a significant institutional mechanism. In April 2022, he tried to personally engage with ethnic armed

organizations for peace talks, but failed. Later, after Operation 1027 and the commencement of the China-supported Haigeng meeting, the NSPNC was not assigned any role. More concerning is that the junta leader sent his personal aide de camp, Gen. Moe Myint Swe (OTC-23), to the Haigeng meetings instead. Although he lacks an official appointment, the junta leader has been using Gen. Moe Myint Swe in a personalized manner for military consultations and peace negotiations, rather than relying on an institutional approach, as noted in ISP-Myanmar's research findings.

Naypyitawlogy

"Naypyitawlogy," ISP-Myanmar dubbed this terminology inspired from the extensive literature on close societies, such as the usage of "Kremlinology," "Pyongyangology," and "Pekingology," which tried to explain the nature and intricacies of these societies. Similarly, ISP-Myanmar endeavors to understand "Naypyitawlogy" on the nature of a closed dictatorship, underpinning ideology, the military and political strategies of the generals, as well as its system, governance, and institutional formations, ideologies and relations, geopolitics, economy, and public support. encompassing the whole setting.

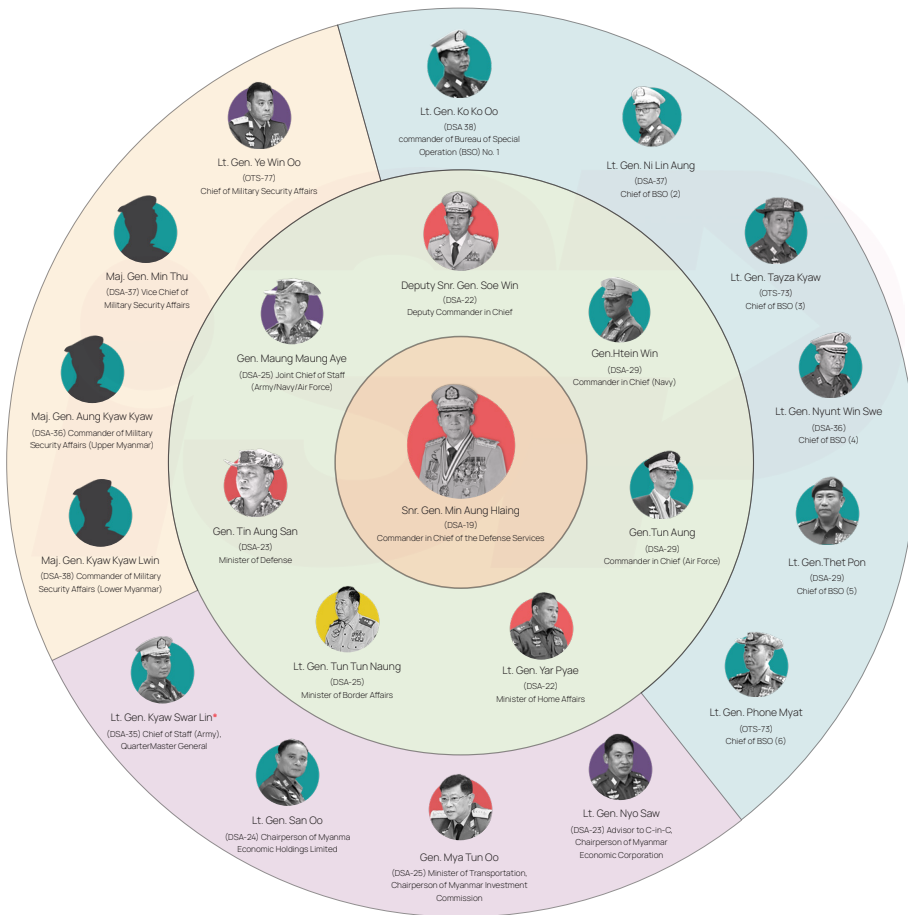
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■ Analyzing the Top Leadership within the Myanmar Armed Forces (MAF)

Top leaders within the Myanmar Armed Forces (MAF) can be analyzed in three areas; Military Operations, Finance and Business, and Intelligence. The inner circle of MAF's leadership comprises a Joint Chief of Staff (Army/Navy/Air Force), two Commander in Chiefs (Navy and Airforce), Defence, Home and Border Affairs Ministers. For the outer circle, Military Operations are led by Commanders of Bureau Special Operations (BSO), Finance and Business by the Adviser to the SAC Chairman, Lt. Gen. Nyo Saw (DSA-23), Chairs of Investment Commission and Myanmar Economic Corporation (MEC) and Myanma Economic Holdings Limited (MEHL), Army Chief of Staff and Quartermaster General. The Intelligence operations are led by one Lieutenant-General and Major Generals of the Military Affairs Security Department.



- Center of Power
- Inner Circle of Leadership
- Military Operations
- Finance and Business
- Intelligence
- SAC and Government members
- SAC Members
- Government members
- High-ranked Military Officers

* Chief of Staff (Army) Lt. Gen. Kyaw Swar Lin was last seen in public during his visit to the military-owned textiles and fabric industry in Thamine on June 10, 2024. Then, on July 14, 2024, CJ Platform and Ayeyarwaddy Times news media reported that he had been removed from his position as Chief of Staff (Army), but this news has not yet been confirmed by other independent sources.

Additionally, the SAC has advisory bodies like the Myanmar Institute of Strategic and International Studies (MISIS), affiliated with the Ministry of Foreign Affairs. However, the junta leader mainly uses them as proxies—mouthpieces that carry out his orders rather than offering independent advice. Furthermore, appointing junior officers as consultants has never worked in the MAF's institutional tradition. Regardless of how many advisory bodies or advisors, Snr. Gen. Min Aung Hlaing calls the show for final decisions. At this point, he acts as the system, the government, and the institution in one, making final decisions alone on international relations, politics, economics, military affairs, and administrative matters. The security sector under the junta's leadership is currently facing unprecedented losses, unlike anything seen in the history of the MAF. These losses have already resulted in the relinquishment of one entire RMC, indicating that the remaining 13 RMCs will also likely be affected in time. The junta leader has now taken over the Acting President position from Myint Swe, who stepped down due to health conditions, and has also extended the state of emergency period for another six months, thereby extending the SAC's rule.

On the other hand, after taking action against his trusted Gen. Moe Myint Tun for corruption, significant succession crisis has emerged within the MAF ([View Naypyitawlogy 2- A Few Good Men: The Military's Succession Crisis](#)). Although Lt. Gen. Kyaw Swar Lin (DSA 35) is speculated the successor as the Commander in Chief (Army), it is pointed out that he still lacks the necessary

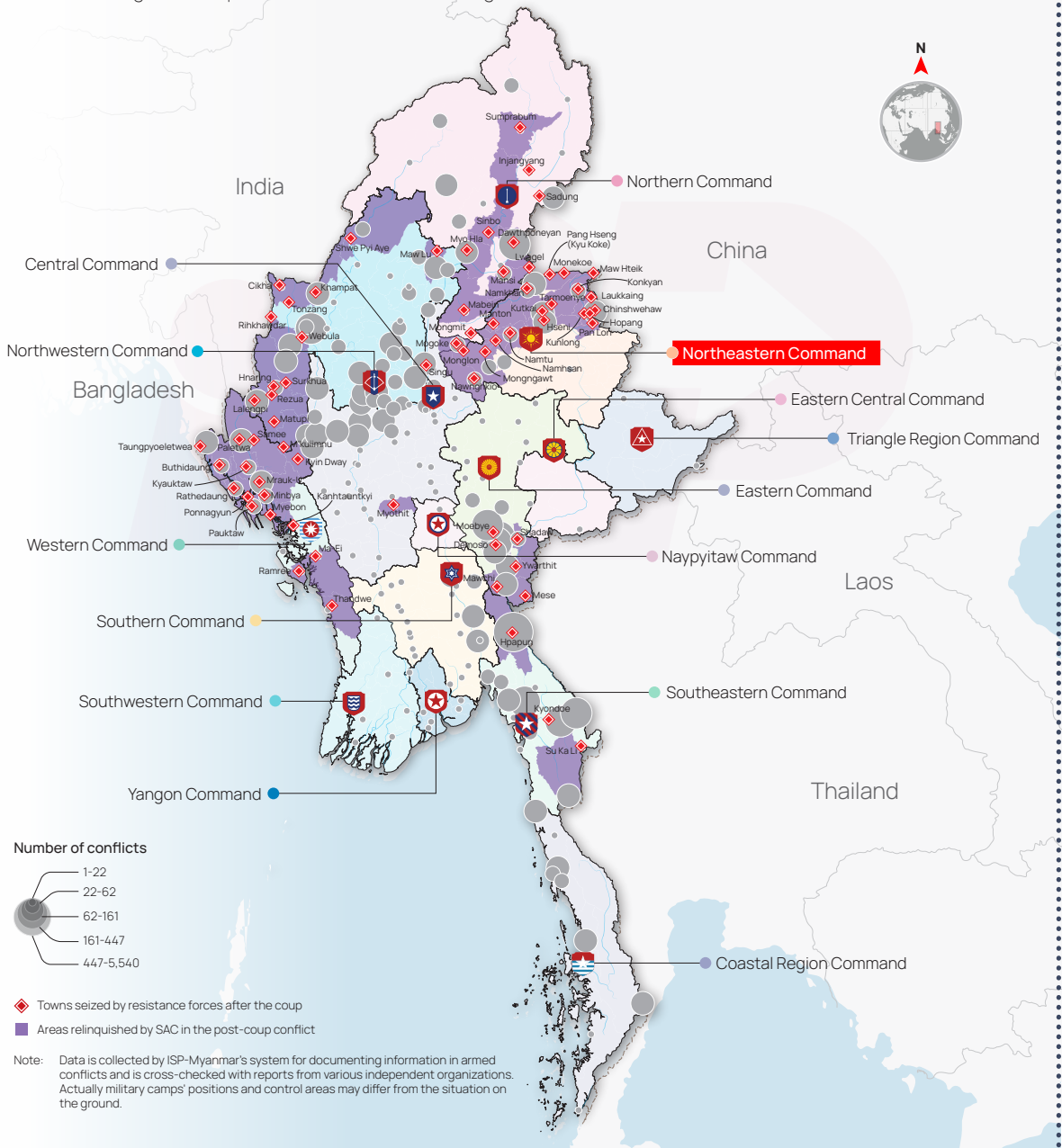
experience and qualifications. Recently, in July 2024, Lt. Gen. Zwe Win Myint (DSA-30), the Commander in Chief (Navy), submitted his resignation not even six months after his appointment, leading to the appointment of a new Commander in Chief (Navy). Media reports indicate that he resigned as he refused the junta leader's order regarding the Rakhine battlefield and is currently being held and interrogated under court-martial. Furthermore, following significant defeats in military operations, the junta leader has imposed severe penalties on senior military officers, including executions and imprisonment, leading to a considerable depletion of manpower. According to a *BBC Burmese* report from August 8, 2024, over 50 top Myanmar Armed Forces (MAF) officials were dismissed. These dismissals affected ranks ranging from Major General to Brigadier General, with some officers being transferred to the reserve force, stripped off of their ranks, forced into retirement, or facing punishment.

Another critical issue is that the leader of the junta often issues orders and directives that do not align with the established Standard Operating Procedures (SOPs) within the military, based on ISP-Myanmar's research findings. This is particularly noticeable in implementing the four main military stratagem, traditionally abbreviated as "Advance, Attack, Defend, and Retreat," where the SOPs and military traditions are not fully utilized. An example can be seen in northern Shan State during Operation 1027, where after the fall of Mongkoe, the next defence line must be retreated to Nam Hpat Kar, otherwise it will lead to the loss of Laukkai. Similarly, the retreat from

■ One RMC Has Fallen With Nine Others On the Frontlines

(February 1, 2021 - August 3, 2024)

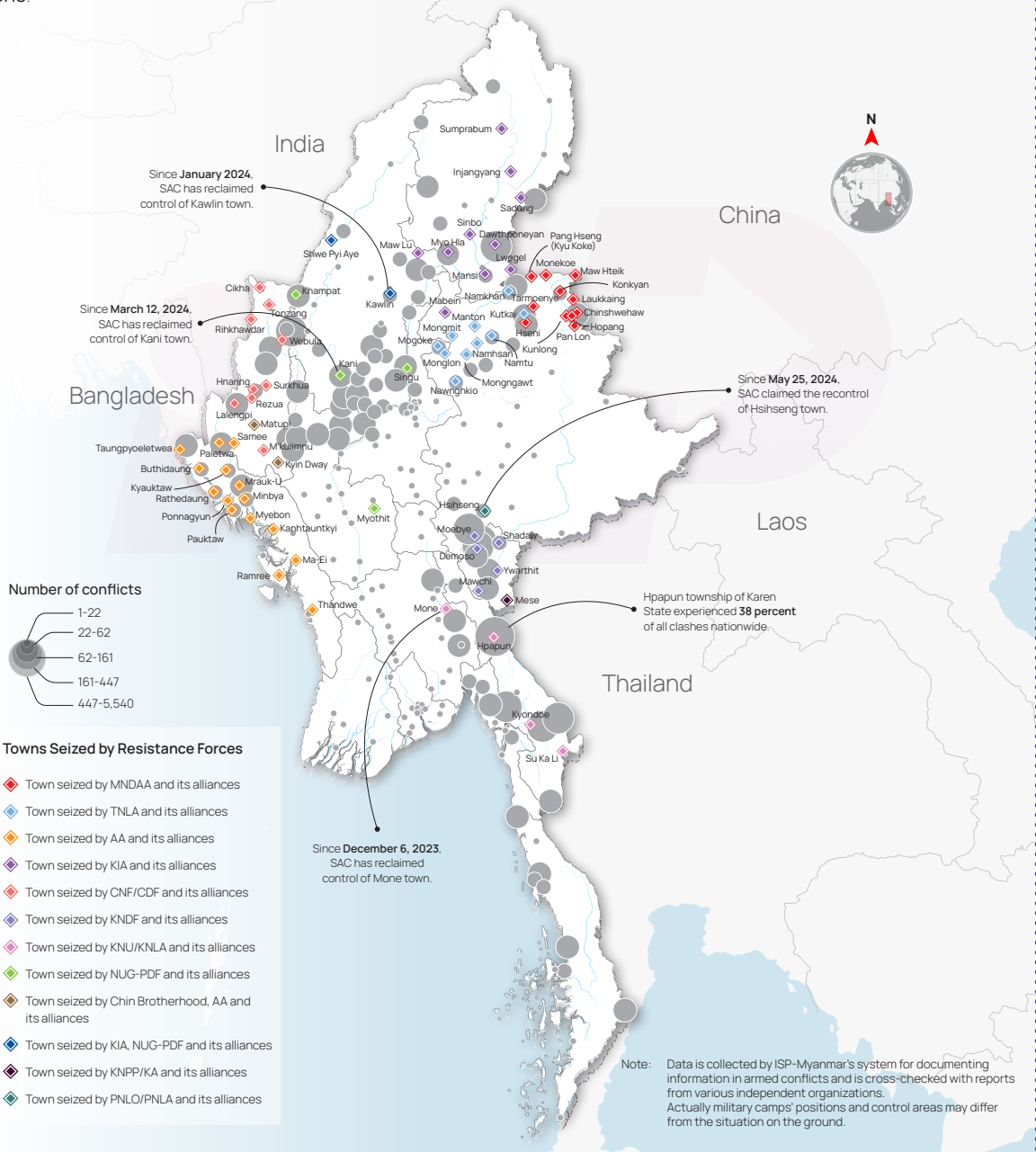
This map illustrates the current status of the regional military commands (RMCs) under the State Administration Council (SAC) amidst ongoing armed conflict following the coup. At the moment, the Ethnic Armed Organizations (EAOs) had seized **19 towns** within the Northeastern Command area, and had recently seized the Northeastern RMC itself. Therefore, the SAC has lost **one** out of its **14 RMCs**, and **nine RMCs** are on the frontlines. Meanwhile, Naypyitaw Command, Yangon Command, Southwestern Command, and Triangle Region Command are reallocating their troops to the battlefield in other regions.



■ SAC Relinquished 60 Percent of Towns in Northern Shan

(February 1, 2021 - July 31, 2024)

In the three years since the coup, at least 14,457 clashes have occurred in over 233 townships across the country. During these clashes, Ethnic Armed Organizations (EAOs) and resistance forces seized up to 74 towns. Notably, the Myanmar Armed Forces (MAF) relinquished 21 out of 35 towns (60 percent) in northern Shan State following Operation 1027. Of these 21 towns, the Myanmar National Democratic Alliance Army (MNDAA) seized 11, the Ta'ang National Liberation Army (PSLF/TNLA) seized nine, and the Kachin Independence Army (KIA) seized one.



▶ Nant Salat during the fall of Laukkai also resulted in the loss of Hseni, as well as the loss of Kyauktaw after the fall of Paletwa in Rakhine. Moreover, during the second phase of Operation 1027, the situation in the North Eastern Command lacked proper preparation for defensive warfare (despite knowing that an attack was imminent), and critical communication lines were even severed during the battle. These incidents highlight the breakdown in command and communications within the MAF, revealing the inability to fully adhere to established SOPs.

Therefore, the junta leader set records in single-handedly doing whatever he wants in his solo show across different sectors. When unsuccessful, he points his finger at anyone but himself.

All Great Losses

Personalist leaders tend to consolidate power and control information, often stifling innovative ideas and creative thinking. In problem-solving, these leaders themselves become the source of problems. For such highly individualistic leaders, laws, institutions, and accountability blur, leading to failures that are not just personal but have far-reaching consequences for an entire nation and its people.

Economic development plan, one of the junta leader's key plans, have also fallen short. According to the World Bank's

assessment, Myanmar's economic growth rate is projected to be just one percent in the coming year, with nearly half of the population living in poverty. Various sectors, including production, consumption, and trade, face severe crises.

Back in 1988, after Gen. Saw Maung's coup and the set up of the State Law and Order Restoration Council (SLORC), the country reportedly only had USD 70 million in foreign reserves. However, at the beginning of the current junta's rule, foreign reserves were reportedly as high as USD 6.8 billion across 14 international bank accounts (though the US government froze USD one billion of these funds as part of its sanctions following the coup). After three years, however, foreign reserves have been depleted with no visible results, and the nation teeters on the brink of collapse.

To conclude, the junta leader's performance over the past three years has proven ineffective. The current situation underscores the MAF's failure in upholding their "Three Main National Causes." Their self-proclaimed role as the "Guardian of the Nation" is being seriously challenged, particularly in the security sector. Despite facing multiple crises and systemic failures, the kind of accountable and institutional leadership that Myanmar desperately needs is strikingly absent among its ruling elite. ■

SPOTLIGHTS

The "Spotlights" section aims to provide a succinct overview of recent noteworthy developments. Three compelling issues from the past two weeks will be discussed.

China's Investments Under Threat

On July 25, the People's Defense Force (PDF) announced they had taken control of the Chinese-invested Tagaung Nickel Factory in Tigyaing Township, Sagaing Region. The National Unity Government (NUG) has stated that they are currently responsible for the factory's security and the safety of the Chinese workers and their families. The project, which involves an investment of over USD 855 million, has a 20-year operational permit.

On July 16, the Mandalay PDF (MDY-PDF) seized the Chinese-invested Alpha Cement Factory in Madaya Township. Additionally, the Ta'ang National Liberation Army (TNLA) and PDF forces took control of the Chinese-invested Nawngkhio Sugar Mill. These are the three China's invested projects that have been seized. According to ISP-Myanmar's data, China's invested projects across the country, including the Tagaung Nickel Factory and the Letpadaung Copper Project, have been attacked at least 23 times. Additionally, towns with oil pipeline control gates are being attacked and seized.

Reports indicate that the Beijing government has contacted the NUG to discuss the seizure of the Tagaung Nickel Processing Factory. On January 1, 2024, the NUG outlined a 10-point policy to protect China's investments in Myanmar, emphasizing its stance on relations with China.

ASEAN: The Myanmar Exhaustion

Laos, which currently holds the chairmanship of ASEAN, recently held the ASEAN Foreign Ministerial Meeting (AMM) from July 21 to 27 in its country. During this gathering, ASEAN once again grappled with discussions regarding the ongoing conflict in Myanmar. Myanmar's representatives have been barred from ASEAN meetings for some time. This time, permanent secretary Aung Kyaw Moe from SAC's Foreign Ministry attended the meeting.

Before the meeting, Alounkeo Kittikhoun, Special Envoy of the ASEAN Chair on Myanmar, held discussions with the SAC in Naypyitaw. The trip and the meeting discussed to halt violence, to release political prisoners, and to allow humanitarian aid programs. Unfortunately, this meeting did not lead to significant progress. As a result, some ASEAN member countries are beginning to explore alternative effective approaches to the situation.

On July 24, during the Laos summit, the past, current, and future ASEAN chairs held informal discussions on Myanmar's situation. This group, called the "Troika," is contemplating more effective ways to address the issue. Last year's ASEAN chair, Indonesia engaged in over 100 meetings with various stakeholders involved in the Myanmar conflict, yet no significant results were achieved. Some key neighboring countries, like Thailand, have sought

During wars, indiscriminate attacks on both military and civilian targets, as well as these mass atrocities, will eventually demand accountability.

▶ alternative, less publicized approaches to address the Myanmar crisis. Recently, Vietnam facilitated a meeting between a senior Myanmar official and the U.S. Assistant Secretary for East Asian and Pacific Affairs in Vietnam. The statement after the meeting urged all parties in the conflict, including the junta, to cease targeting civilians and public infrastructure and emphasized the urgent need to expand humanitarian assistance. As the conflict and humanitarian crisis intensify and when the conditions are unfavorable for the SAC, ASEAN countries are feeling the fatigue of finding solutions through various means to address Myanmar's turmoil.

A Country of Killing Field

When conflicts intensify, the civilians suffer the most, which is why there is a strong emphasis on protecting them. However, the deliberate targeting of civilians is a grave issue. These attacks constitute war crimes under international humanitarian law and, in some severe cases, crimes against humanity. Within Myanmar's conflict, mass killings continue unabated.

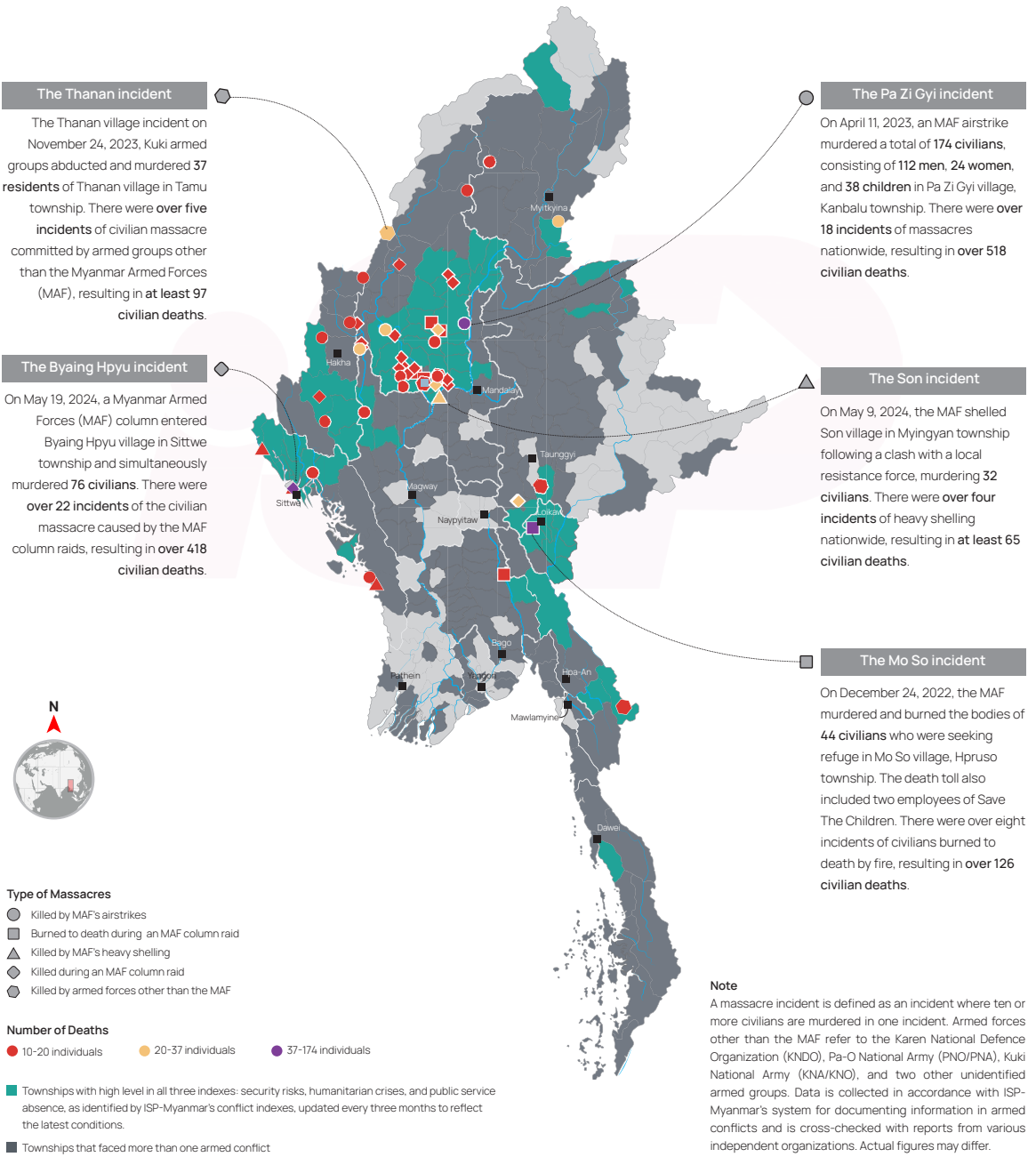
According to ISP-Myanmar's data, 57 instances of mass killings of civilians, defined as incidents where at least 10 people were killed, have been documented (as of July 22, 2024) over the past three years. These incidents resulted in a total of 1,224 deaths.

On April 11, 2023, an airstrike on Pa Zi Gyi Village in Kanbalu Township, Sagaing Region, resulted in the highest number of casualties, with 174 people killed, including 62 women and children. In the first half of 2024, at least 348 civilians were killed in mass detentions and executions by both the Myanmar Armed Forces (MAF) and its aligned militia forces in regions such as Rakhine, Mandalay, Sagaing, and Magway. Most of these incidents involved the junta rounding up villagers for suspicions and executing them, conducting aerial bombings, or using heavy artillery. These atrocities occur while civilians are asleep at night, taking refuge in religious buildings, and during village raids, arrests, and armed conflicts between opposing forces.

During wars, indiscriminate attacks on both military and civilian targets, as well as these mass atrocities, will eventually demand accountability. ■

■ Tragic Toll: 57 Massacres Claimed Over 1,200 Civilian Lives (February 1, 2021 - July 22, 2024)

Amidst ongoing armed conflict following the coup, there were **over 57 incidents** of civilian massacres, resulting in **over 1,224 deaths**. The Sagaing Region amounted to the highest number of fatalities, with **over 32 incidents** of civilian massacres in a total of **17 townships**. These incidents in the Sagaing Region resulted in **over 662 civilian deaths**, amounting to **54 percent** of the total.



QUOTE OF THE WEEK

"Operation 1027 Part-2, particularly in Nawnghkio, Kyaukme, Hsipaw, Mongmit, and Mogok, is led by the TNLA. Therefore, the TNLA will be responsible for the towns we have captured and controlled. We will establish administrative governance in these areas."

Lway Yay Oo
(TNLA Spokesperson)

Excerpted from BBC Burmese news video titled, "The TNLA will lead Mogok's administration," published on July 25, 2024.

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Border Trade Admists Intense Conflict

The SAC is attempting to replace the northern Shan trade route with a new one in eastern Shan, but this plan has yet to materialize.

There are 17 border trade stations between Myanmar and its five neighboring countries. Within the last seven months, Ethnic Armed Organizations (EAOs) have taken control of five border trade stations bordering China, Thailand, and India. Among the five trade stations controlled by the EAOs, three stations, Muse, Chinshwehaw, and Lwegel, are on the Myanmar-China border. The remaining two are Mese Station on the Myanmar-Thailand border and Rihkhawdar Station on the Myanmar-India border. The Karen National Union (KNU) and its allied forces temporarily took control of Myawaddy, an important town for the Myanmar-Thailand border trade. However, the control is now under the Border Guard Forces (BGF).

Over the course of the three-year coup, Myanmar's foreign trade totaled approximately USD 105.7 billion. Of this total, maritime trade accounted for nearly USD 78.5 billion and border trade nearly USD 27.2 billion. The estimated border trade value of the five stations controlled by EAOs is approximately USD 9.5 billion, while the SAC currently controls border trade worth USD 17.7 billion.

Therefore, when ratioed in percentage, maritime trade accounted for 74.3 percent of the total foreign trade values during the

three years of the coup. The remaining 16.7 percent is from border trade stations under the SAC's control, and the remaining nine percent is from border trade stations that the EAOs control. Compared in percentage, the border trade value is less than the maritime trade value. However, Myanmar society faces increased pressure due to disruptions in trade flow caused by escalating armed conflicts.

Border Trade Hits the Breaks

The border trades at the Muse and Chinshwehaw stations, controlled by the Three Brotherhood Alliance (3BHA), as well as the Sittwe and Maungdaw stations at the center of the conflict with the Arakan Army (AA) and the Rihkhawdar station under the Chin National Army (CNA), have all come to a standstill. The Mese station, controlled by the Karreni Nationalities Defence Force (KNDF), ceased operations in late 2020. Additionally, the Lwegel station under the Kachin Independence Army (KIA) has also suspended trade. The escalating conflict since late May has led to the blockade of the Bhamo-Mandalay road by both opposing forces.

Since the initiation of Operation 1027 in late October 2023 and its revival in the last

► week of June 2024, the Northern Shan trade route, which runs through the Northern Shan and primarily facilitates trade with China, seems to have come to a complete halt. Traders and the SAC attempted to find alternative routes after the first phase of Operation 1027 ended, with plans to utilize the Kengtung station in the Eastern Shan State instead of passing through the Mongla gate under the control of the Mongla Special Region-4 (NDAA-ESS) and Lwegel gate in Kachin State. However, the Lwegel trade route is no longer feasible, and using the Mongla gate takes longer and costs three times the regular price.

Regarding border trade with Thailand, the SAC continues to control the Nabule/Htee Khee stations in the Thanitharyi Region, but these stations mainly import natural gases. The Myawaddy station, the second largest station, have a slow trade flow following the battles in late 2023. While the Myawaddy town returned to the BGF's control, the Myawaddy-Kawkareik Asian Highway is still not in use. Instead of the Myawaddy border trade route, an alternative rural route, the Htaw Kaw Koe-Kyaw Kho road of up-stream and down-stream is used with a one-day alternate schedule. This route is longer, and smaller trucks must be used to transport smaller consignments of goods instead of large trucks. Previously, goods could be transported via the Asian Highway using 40-foot container trucks, with a transport cost of 12 million Kyats per truck to Yangon. Currently, the same amount of goods must be split and transported using three 6-wheel trucks,

which can only carry 7-9 tons each, with transport costs to Yangon ranging from 4 million to 4.8 million Kyats. Trade fees become higher and various armed groups also impose taxes along the route. Additionally, it is risky due to unexpected dangers. The ongoing inflation of the Myanmar Kyat is also severely affecting traders. For instance, the large price gap between purchasing, storing, and delivering goods often leads to losses for traders. However, it's the consumers who bear the brunt of these impacts, as they ultimately face higher prices.

Border trade with Bangladesh through Sittwe and Maungdaw stations has also been halted. Many towns in Rakhine State currently face shortages of rice, food products, and medicines, as well as inflation. The Rihkhawdar station at the Myanmar-India border, under the control of Chin resistance forces, has stopped trade since April 2022, and the Tamu station at Sagaing Region could only operate minimal trade due to conflicts and hardships en route.

Maritime and Airway Cargo Trades

When faced with challenges on the Myawaddy land trade route, the SAC transitioned to maritime trade. In trading with Thailand, the Myawaddy route is replaced via the Yangon-Kawthoung-Ranong maritime route. Despite not being a major port for Thailand, Ranong Port is a deep-sea port that opens to the Andaman Sea and has the capacity to handle 12,000 containers simultaneously.

On April 11, SAC Ministry of Commerce announced and issued licenses to allow containerized maritime trade between Myanmar and Thailand (Yangon-Kawthoung-Ranong), indicating that this should be carried out using existing border trade methods. This alternative route was implemented to expedite trade flow amidst difficulties with the land routes. Myanmar exports fishery products and palm oil products to Thailand, while Thailand exports cement, fertilizers, petrol, diesel, and industrial raw materials to Myanmar.

According to the Ministry of Commerce, trade volume via the Ranong-Kawthoung border in 11 months of the 2023-2024 fiscal year was nearly USD 200 million. According to merchants, ships from Ranong can reach Yangon in three to four days, allowing for reliable scheduling without additional security costs or extra charges. The transport cost is around 10 million Kyats per container, making it more affordable than land border trade. Seven shipping lines operate in Ranong, with each company running between 7 to 30 ships.

During the border trade crisis, Myanmar also increased cargo trade by air with Kunming in Yunnan Province, China. However, air cargo transportation is more expensive and requires planning for round-trip shipments. About half of Myanmar's main exports, agricultural products, and fishery products are shipped through border trade. Essential consumer goods, including medicines and food, are primarily imported from neighboring countries across borders.

Comparing the 2022-2023 and 2023-2024 fiscal years, exports of agricultural products through border trade decreased by nearly USD 330 million in the 2023-2024 fiscal year. Most other exports also declined, and imports of consumer goods through border trade significantly decreased in the 2023-2024 fiscal year.

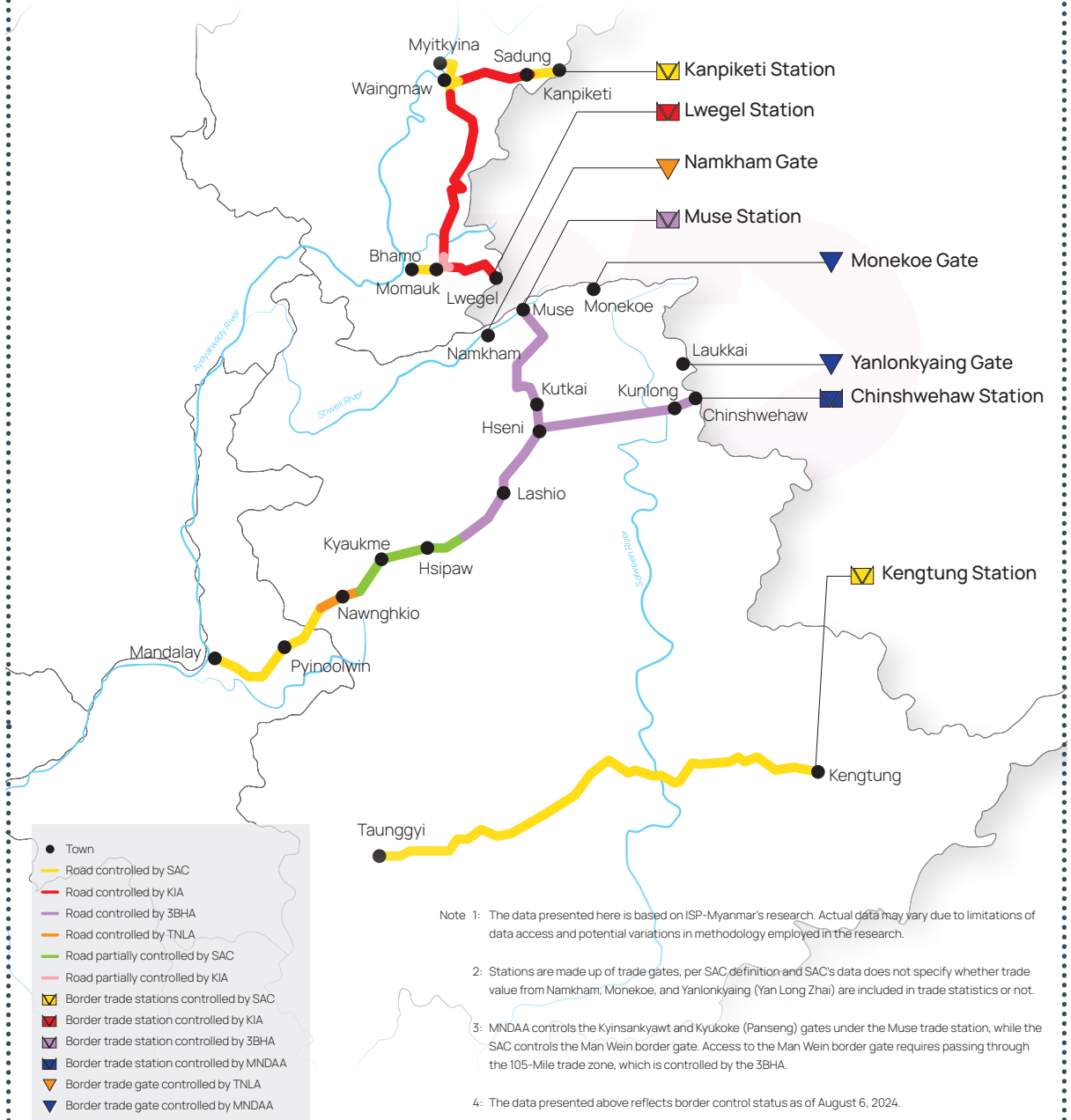
Increase in Illegal Trade

The SAC Deputy Prime Minister, Vice Snr. Gen. Soe Win disclosed that, after comparing international trade data (ITC), trade records between Myanmar and China, Thailand, India, and Japan exhibit a variance of USD 6 billion to USD 12 billion. ISP-Myanmar's research findings suggest that, compared to the General Administration of Customs of China's (GACC) report, the variance in the three years since the coup amounts to USD 37 billion.

While most traders have preferred to comply with regulations and to pay taxes in order to participate in legal trade, the current crisis has increased the level of illegal trade. Estimates suggest that illegal trade now accounts for about 80 percent of border trade, with legal trade only around 20 percent. (Previously, it was estimated that legal trade accounted for 80 percent, with 20 percent illegal trade). In eastern Shan State, trade with China takes place via the Wan Pong port through the Mong La region. Similarly, illegal trade activities are thriving in Kachin State's Kanpiketi station, Tanintharyi Region's Maw Taung Gate, and Karen State's Hpa Yar Thone Su Gate.

■ EAOs Control 91 Percent of Myanmar-China Cross-Border Trade Value

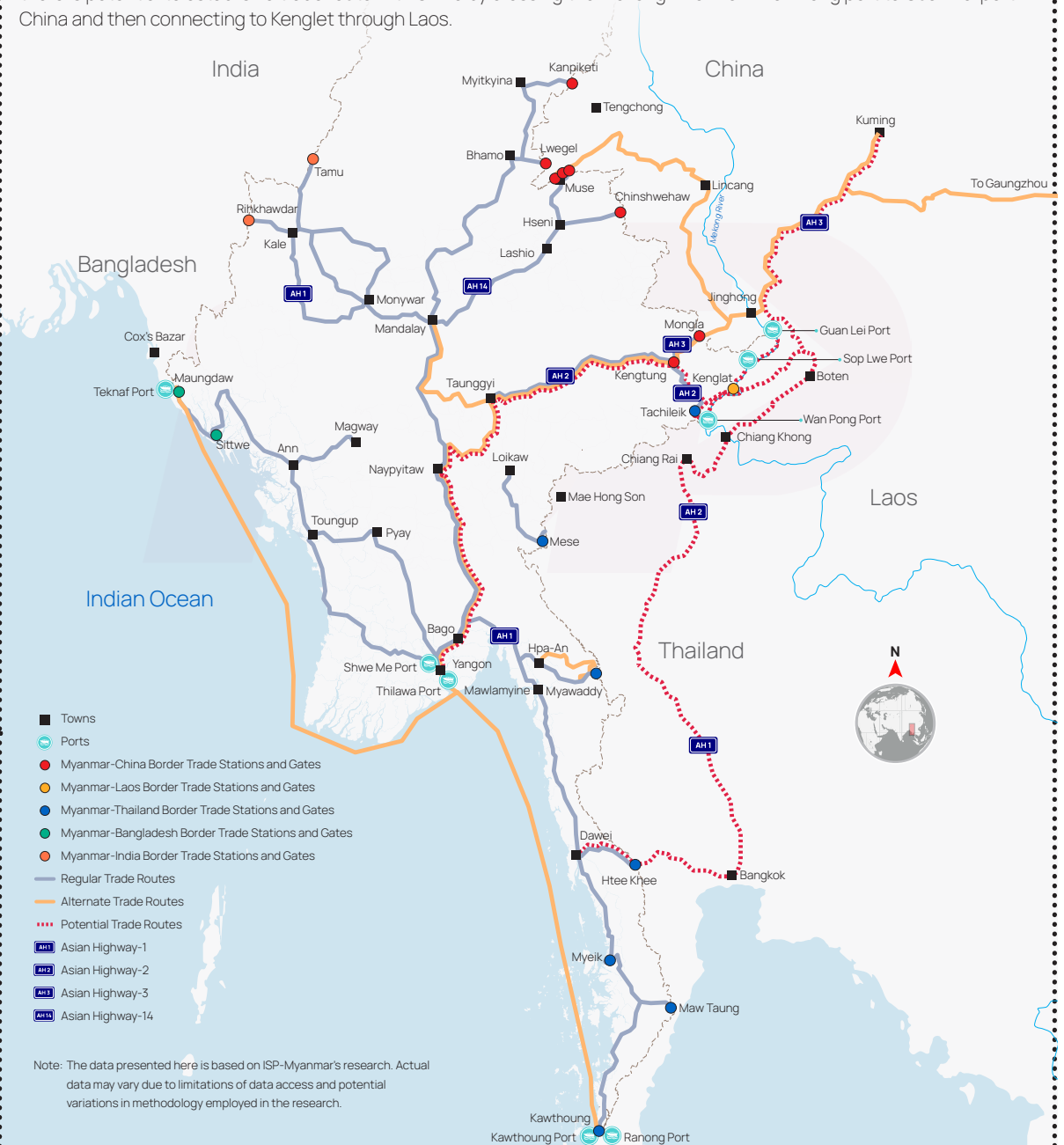
Over three years after the coup, the total border trade value at **five** Myanmar-China border trade stations reached **USD 10.3 billion**. The trade value at three key border stations now controlled by Ethnic Armed Organizations (EAOs) - **Muse**, **Chinshwehaw**, and **Lwegel**- amounts to **over USD 9.4 billion**, constituting nearly **91 percent** of the total cross-border trade value between Myanmar and China. On the other hand, the Kanpiketi and Keng Tung border trade stations, controlled by the SAC, amount to just **over USD 930 million**. Furthermore, the SAC exerts complete control **over only one** of the six trade routes connecting these five border trade stations.



- Note 1: The data presented here is based on ISP-Myanmar's research. Actual data may vary due to limitations of data access and potential variations in methodology employed in the research.
- 2: Stations are made up of trade gates, per SAC definition and SAC's data does not specify whether trade value from Namkham, Monekoe, and Yanlonkyaing (Yan Long Zhai) are included in trade statistics or not.
- 3: MNDAA controls the Kyinsankyawt and Kyukoke (Panseng) gates under the Muse trade station, while the SAC controls the Man Wein border gate. Access to the Man Wein border gate requires passing through the 105-Mile trade zone, which is controlled by the 3BHA.
- 4: The data presented above reflects border control status as of August 6, 2024.

■ Border Trade Routes: Old, New, and Potentials

After the trade route in Northern Shan came to a halt, the State Administration Council (SAC) attempted to establish a new route. Following Operation 1027, trade was conducted through Kengtung station in eastern Shan State to Mongla gate, controlled by Mongla Special Region-4 (NDAA-ESS). The SAC seems to have considered the new eastern Shan route, centered around Kengtung, where two Asian Highways intersect, to trade with China, Thailand, and Laos. This route has been considered since 2019 and is also linked to the regional cooperation initiatives of the Mekong countries. Furthermore, there is potential to establish a trade route with China by crossing the Mekong River from Wan Pong port to Guan Lei port in China and then connecting to Kenglet through Laos.



The Haigeng Discussions, facilitated by China, aimed to negotiate the reopening of border trade routes in northern Shan State. However, it now seems impossible. The border trade stations controlled by the EAOs are not recognized by the SAC, and it is challenging for the Beijing government to reach a contractual agreement with non-state actors. During Part 2 of Operation 1027, China shut the border gates under the Myanmar National Democratic Alliance Army (MNDAA) and the Ta'ang National Liberation Army (TNLA). The Muse, Chinshwehaw, and Lwegel station's trade value totals 91 percent of Myanmar-China border trade.

The State Administration Council (SAC) is ramping up efforts to establish a new trade route in eastern Shan State, focusing on Asia Highways 2 and 3, as well as Kengtung, which is considered stable in the region. The objective is to open up a new border trade route connecting China,

Thailand, and Laos. However, the realization of this route appears questionable if the ongoing conflict in the eastern and southern Shan States extends further.

According to ISP-Myanmar's survey titled "Myanmar's Key Stakeholders and Their Perceptions of Sino-Myanmar Relations – A Survey (2023)," published in April 2024, 37 percent of the respondents believed that the economic relationship between China and Myanmar would only improve after another three years. Meanwhile, 33 percent of the respondents answered that the relationship would not likely improve. When compared with reality, cross-border trade, an economic relationship currently deteriorating, will directly impact people of different socioeconomic classes, essential foods, and goods, likely leading to a worsening situation. ■

View "Myanmar's Key Stakeholders and Their Perceptions of Sino-Myanmar Relations – A Survey (2023) ➤

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Beyond Bangladesh Triumph

In addition to the power vacuum, numerous challenges persist, as well as the difficulty to establish a political consensus.

After a 16 years-rule with an iron fist, Bangladesh Prime Minister Sheikh Hasina has been ousted and forced to flee the country following a mass student protest. Many consider the ousting of the Ironlady, as a people's power victory, for an Asian country with a population of over 140 million. Over 300 people are reported dead during the protest. After Hasina's resignation, Waker Uz-Zaman, Chief of General Staff of Bangladesh Army, became in charge and the Nobel Peace Prize winner, Muhammad Yunus, led the interim government.

Sheikh Hasina has been in power since the formation of the Awami League party in 1981, winning four consecutive elections, including the most recent one. Her administration has overseen Bangladesh's economic development. In 1991, during the democratic reform from military rule, alternate rule of Sheikh Hasina and the then-Prime Minister, Begum Khaleda Zia, marked a period of stability and economic progress. A decade before the pandemic, Bangladesh experienced rapid development with a seven percent growth rate each year. This led some to consider the nation's progress as the "Bangladesh Model." Bangladesh's history has been marked by turmoil following its independence from Pakistan in 1971. Sheikh Mujibur Rahman, the father of Hasina, was one of the leaders in the

battle for independence. However, there was later military interference in the country. Critics argue that Sheikh Hasina's rule was backed by the military and suppressed the opposition. In the January election of this year, the Bangladesh Nationalist Party (BNP), the main opposition party, protested the election and accused the election committee of failing to conduct a free and fair election. Their protests were met with dissent and political oppression. As a result, Sheikh Hasina's party once again emerged victorious, and poised ready for her 20-year tenure as Prime Minister.

In contrast, the country was plagued by widespread corruption, with only a few crony elites benefiting. The government controlled the legal system, news media, and law enforcement. Many young people struggle to find suitable employment opportunities. Mass student protests were sparked by the "Freedom Fighter Certification System," which favored the family members and loyalists of independence fighters for government positions. Over time, the system became incredibly corrupt and impossible to reform. This system has been in place for so long that grandchildren of the original independence fighters are now benefiting from it. In June, students protested against this system.

Regardless of whoever is in power, Bangladesh will continue to face numerous challenges. The Economist has highlighted a 'dangerous vacuum' of power in the country. Currently, Bangladesh is experiencing significant internal discord, making it challenging to govern due to factional conflicts and sectarianism. Establishing a political consensus will be difficult, and the decade-long political turmoil cannot be resolved in the short term. The pervasive corruption, the

widening wealth gap, the growth of cronyism, and the ongoing inflation crisis are yet to be addressed.

The present time marks a favorable period where people are feeling inspired. Taking an optimistic view, it is heartwarming to witness the strength and bravery of individuals, including youth, women, and men. Hopefully, the country will come together, setting aside differences. ■

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China's Third Plenum

Reform goals are set to be completed by 2029, marking the 80th anniversary of the founding of the People's Republic of China.

From July 15 to 18, the 20th Central Committee of the Chinese Communist Party (CCP) convened its third plenum in Beijing. This plenum was attended by 205 Central Committee members and 171 alternate members. On July 21, they unveiled the Reform Blueprint, which sets out more than 300 reform initiatives organized into 15 sections covering over 60 sectors.

Why is it important?

Historically, the CCP's third plenary sessions often mark turning points for the country's economic and reform policies. In 1978, the CCP leader Deng Xiaoping announced the "Reform and Opening-Up" policies during the 11th Central Committee's third plenary session. In 1993, during the 14th session, the "Socialist Market Economy System" was declared. Additionally, the third plenary session of the 18th Central Committee set policies for more market-oriented economic reforms. These reforms have put China on a path to development and progress. During this year's session, the leaders of the CCP also outlined reform objectives to be implemented over the next five years.

Plenum's Outcome and Future Expectations

During a press conference on the plenum, Xi explained that China's "high-quality development" goals are hindered by obstacles of "imbalance and inadequacy." He also listed the areas that require development, such as government and market relations, innovation capacity, and the industrial system. President Xi also cautioned about the potential occurrence of "black swan" and "gray rhino" events, referring to unpredictable and probable but often overlooked risks with severe consequences.

During the plenum, the Beijing government deliberated on ways to establish itself as a "Science and Technology Powerhouse" and to implement futuristic technological advancements. Chinese electric vehicles, which have recently gained a dominant position in the market, now face high tariffs from the United States and Europe. Xi Jinping asserts the importance of China's self-reliance in science and technology and advocates for advancing "New Quality Productive Forces." Beijing leaders have decided to enhance the industrial supply chain and prioritize high-quality development.

China's objective is to fully implement the "Socialist Market Economy System" by 2035 as a fundamental goal in the country's transition into a modern socialist society by the middle of the century. The objective of this China modernization strategy is to create employment opportunities, enhance social security and healthcare systems, and improve the quality of life for citizens. Moreover, an effort is being made to reduce the urban-rural development gap to promote balanced growth. China is committed to establishing "transparent, stable, and predictable" policies to attract foreign investors back to its market.

The document also outlined strategies to strengthen national security in response to maritime tensions with regional allies like the United States. To safeguard China's maritime rights and interests, the nation is focused on cultivating a modern, high-caliber fighting force and expanding its military influence over the next five years.

The Communist Party stated it would gradually and consistently expand its policy of opening up to organizations and undertake deep reforms and measures

related to foreign investments. It has pledged to reform the management systems related to both domestic and foreign investments. They will make significant efforts to achieve adequate social stability and protect intellectual property rights. The statement following the plenary meeting emphasized maintaining President Xi Jinping's core position within the Central Committee and the whole Party and preserving the Central Committee's authority and centralized leadership.

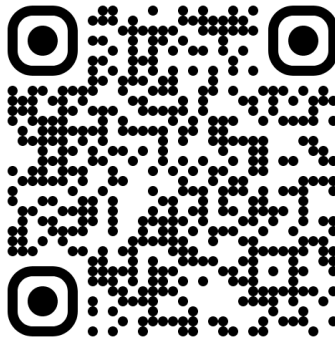
Observers analyzing the strategic document discussed believe that the current administration, led by President Xi Jinping, is focused on consolidating existing governance and reforms rather than implementing new, transparent economic policies.

They argue that addressing long-standing real estate issues will be complex and there is no shortcut to overcome it and that declining investments could lead to a continued economic slowdown in the coming years. The economic decline could worsen significantly if the Beijing government does not change the economic reform policies significantly. ■

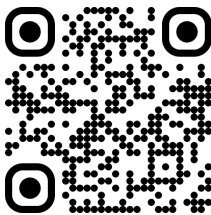
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