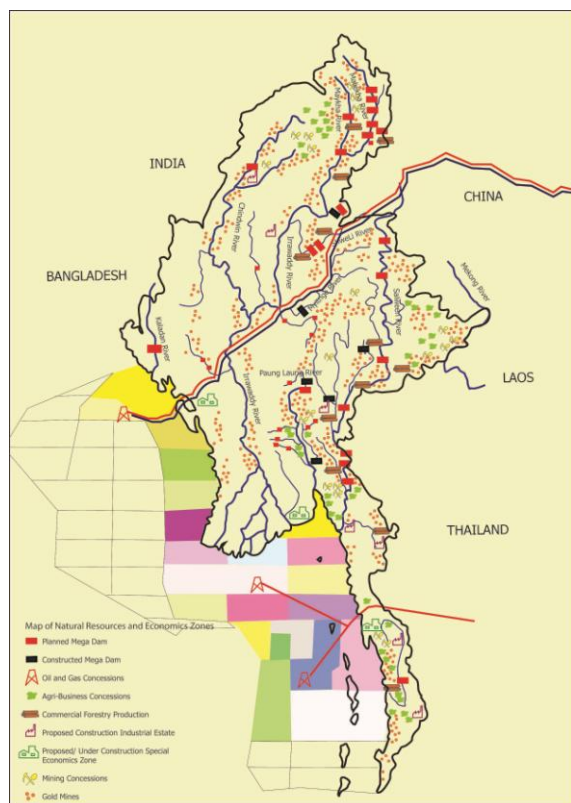


# Myanmar's Natural Resource Management System: existing and proposed mechanisms, and investment patterns in ethnic states

## Executive Summary

### Introduction

A multitude of natural resources are present all across the country of Myanmar. Ethnic States are particularly rich in natural resources. Control over natural resources is undeniably one of the key drivers of conflict in Myanmar. Decisions about which natural resources to conserve, which natural resources to exploit, and how to spend revenues generated from natural resources will be some of the most fundamental decisions relating to the development of Myanmar in the coming years.



*Map showing existing and proposed large-scale natural resource extraction projects in Myanmar<sup>j</sup>*

Many Ethnic people depend on natural resources for their livelihoods, and in many cases the natural environment is fundamental to their ethnic identity. People living in Ethnic States have much to gain and

much lose in decisions over how to manage natural resources in Myanmar. Ethnic people also have much to contribute to these decision-making processes; as the Burma Environmental Working Group has pointed out, Ethnic peoples' "are dependent on natural resources for their livelihoods and traditionally have maintained natural resource management systems that ensure the sustainability of these natural resources."<sup>ii</sup>

Myanmar's Vice President U Nyan Tun has raised the pressing need for the creation of a strengthened legal and regulatory framework to govern Myanmar's natural resources. Vice President U Nyan Tun has said that "environmental degradation has become noticeable across the country due to exploration of natural resources, and that plans should be made to reduce the impacts and to conserve the environment [and] that these measures require educative programmes, persuasion, rules and regulations."<sup>iii</sup> This focus on the importance of regulatory framework has been echoed by the World Economic Forum, which opined that "the ability for Myanmar to translate natural resource wealth into prosperity will be dependent upon its ability to set the rules of the game for all stakeholders, nurture domestic capacities where they might be competitive, including human capital, and create infrastructure and services that allow for a successful industrial presence and beneficial supply chains."<sup>iv</sup>

At present, Myanmar's legal and regulatory framework is inadequate. Current moves to develop a system of natural resource management mechanisms that involves and represents the interests of the people of Myanmar are advancing very slowly, and are seemingly without any overarching direction or long-term strategy. Just what it will take to develop an accountable and equitable system of natural resource management mechanisms, and what exactly has been hindering the process thus far, is not fully clear. For example, "revenue sharing has been discussed 'in principle' at many levels and forums, including in the peace process, though there is little specificity about what is to be shared, to what purpose, and how."<sup>v</sup> In another example, despite natural resource issues being seemingly a core element of any political dialogue and ultimate peace settlement, the existing ceasefire agreements contain very little language on natural resource management. It seems clear that the present structure governing the management of natural resources will need to be reorganized to include the wide range of stakeholders who currently have little-to-no legal authority in this area, but just how this will be practically achieved is an open question.

The following research on Myanmar's natural resource management system – displayed in three distinct Tables – attempts to sketch an outline of the core issues, identify gaps, and point towards potential solutions.

### **Scope of research**

***Table One: Existing Natural Resource Management Mechanisms***

Table One examines Myanmar's existing natural resource management mechanisms across all major sectors through three categories:

- Union-level laws, policies, regulations and practices
- State-level laws, policies, regulations and practices
- Key issues with existing mechanisms that need to be addressed

The specific natural resource sectors covered are:

- Natural Resource management (general)
- Land-use / land-ownership
- Mining
- Timber
- Non-timber forest products
- Community Forests
- Hydro-power (& water)
- Oil & natural gas
- Environmental Conservation Activities
- Natural Resource Revenue-sharing
- Natural Resource Revenue-transparency & Contract Transparency
- Collection of Natural Resource Revenues

Some of the key findings from Table One include:

- A long-term vision and strategy for the development of natural resources sectors is lacking at both Union and State levels.
- Myanmar's regulatory framework for natural resource management is often vague and inconsistent; with rules and procedures often being contradictory or non-existent.
- There is little reliable data available on proven and potential reserves of natural resources, or current levels of extraction.
- Myanmar's tax laws and collection practices are very opaque, and it is next to impossible to follow the trail of natural resource revenues.
- If new State-level government bodies are no more accountable to local people than existing Union-level government bodies then nothing will have been gained from devolution.
- SOEs and MOEs (as well as crony companies) hold a disproportionate amount of control over Myanmar's economy in general and the natural resource sectors in particular.

***Table Two: Proposed Natural Resource Management Mechanisms***

Table Two outlines what key stakeholders have proposed regarding the reform of Myanmar's natural resource management mechanisms. The categories of stakeholders examined are:

- Civil-Society Organizations
- Myanmar-based think tanks
- Ethnic Armed Organizations
- Ceasefire Agreements
- State-level governments and ministries
- Union-level government and ministries
- Ethnic political parties & Members of Parliament
- Industry Organizations
- International / regional bodies

Some of the key findings from Table Two include:

- CSOs in Myanmar hold a wide variety of perspectives, but the work of most CSOs is based on a belief that Myanmar's current legal framework for the management of natural resources is vastly inadequate, especially in terms of participation for the people living in areas where natural resources are being exploited.
- Many EAOs believe that centralization of natural resource management is depriving ethnic people of the benefits from their own land, and is driving conflict.
- Language on natural resource management and related issues is surprisingly sparse in the texts of the bilateral ceasefire agreements signed between the government and EAOs.
- State-level governments have very little authority for the management of natural resources.
- A few very powerful Union-level Ministries hold the authority for the management of natural resources
- Within the Myanmar bureaucracy, processes to reform natural resource management mechanisms (through the creation of new laws and regulations, amendments, etc.) move at an exceedingly slow pace.
- Ethnic political parties, coalitions, and Members of Parliament have very limited power to make changes to existing natural resource management mechanisms, although they recognize the need for reform.
- Industry organizations want greater clarity in Myanmar's natural resource regulatory framework, as well as a streamlined and corruption-free permit granting process.

***Table Three: Natural resource investment patterns in ethnic States & border regions***

Table Three examines investment patterns in Myanmar's natural resource sectors across all Ethnic States through three categories:

- Existing investments
- Potential Investments
- Key issues relating to investment in the natural resource sector

The political territories examined are:

- Chin State
- Kachin State
- Kayah State
- Kayin State
- Mon State
- Rakhine State
- Sagaing Region
- Shan State
- Tanintharyi Region
- SAZs/SADs

Some of the key findings from Table Three include:

- All of the Ethnic States are rich in natural resources.
- All of the Ethnic States hold the potential for significant increases in future natural resource investments, and these projects have the potential to greatly impact the local residents (for better or for worse).
- The amount of information on different natural resource sector investments available online in English-language varies widely, but in most cases there is little information available.
- The creation of a publicly accessible database containing comprehensive information on all existing natural resource extraction and exploration permits and operations would greatly increase the transparency of the sector for Myanmar citizens (and even MPs).

### **Methodology**

The three Tables were produced based through desk-research looking at reports, academic papers, news articles, and other relevant online content.

### **Omissions from current research**

In Table One, a number of important natural resource management sectors and issues were not included as they were deemed to be beyond the scope of the current research project. Each of these omitted sectors and/or issues would make a nice research project in and of itself:

- **Agricultural sector** (With over 60% of people in Myanmar engaged in agriculture as their core livelihood this is clearly a very important and wide-reaching sector. A full overview was not possible in this research project.)
- **Fisheries sector** (While technically a natural resource, the issues relating to the management of fisheries are somewhat different from the core natural resources such as oil and gas, hydropower, timber and mining, and were deemed beyond the scope of this research project.)
- **Water management** (Issues of water management are closely linked to agriculture and fisheries, and were deemed too widespread and different from the core natural resource management issues to be included this current research.)
- **Revenue-sharing** (While an overview of the existing and proposed mechanisms regarding revenue-sharing is provided, a full overview of this important issue would be quite complex and number-heavy so was deemed beyond the scope of this research.)

As seen in Table two, there are many stakeholder groups and a wide variety of proposals for natural resource management mechanisms within each stakeholder group. Table Two does not purport to be exhaustive but only attempts to provide an overview of the most common perspectives from within each of the stakeholder groups.

Table Three represents only an initial overview of the natural resource investment patterns in Myanmar's ethnic states and border regions. Tracking-down, and double-checking, complete information about investment in Myanmar's notoriously secretive and opaque natural resource sectors is very time-consuming, and was deemed beyond the scope of this research project. Producing a comprehensive table containing detailed information on all existing and potential natural resource investments in Myanmar's ethnic states and border regions would make an interesting future research project.

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<sup>i</sup> <http://mmpeacemonitor.org/background/economic-and-political-stakes>

<sup>ii</sup> BEWG. "Burma's Environment: People, Problems, Policies" pg15 <http://www.bewg.org/pubs/finish/4/34>

<sup>iii</sup> New Light of Myanmar. "Myanmar in dire need of environmental conservation plans: Vice President" Wednesday, 30 July, 2014: page 3. <http://www.burmalibrary.org/docs19/NLM2014-07-30-red.pdf>

<sup>iv</sup> World Economic Forum, The Network of Global Agenda Councils. "Natural Riches? Perspectives on Responsible Natural Resource Management in Conflict-affected Countries" page 38. [http://www3.weforum.org/docs/WEF\\_GAC\\_NaturalRiches\\_ResponsibleNaturalResourceManagementConflictCountries\\_Report\\_2013.pdf](http://www3.weforum.org/docs/WEF_GAC_NaturalRiches_ResponsibleNaturalResourceManagementConflictCountries_Report_2013.pdf)

<sup>v</sup> MDRI-CESD / Asia Foundation. (2014 June) {Thet Aung Lynn and Mari Oye} "Natural Resources and Subnational Governments in Myanmar: Key considerations for wealth sharing" page 38 <http://www.asiafoundation.org/publications/pdf/1367>