

## **Systemic Conflict of Interest in Myanmar Military Allows for Serious Corruption**

*Justice For Myanmar calls for independent investigation*

*June 17, 2020, Myanmar:* Directors of Myanma Economic Holdings Public Company Limited (MEHL) continue to hold key positions in the Myanmar military, creating a severe conflict of interest with a high corruption risk and signalling a major shortfall in democratic reform. MEHL's leadership is dominated by high-level active military personnel responsible for the Myanmar military's administration, procurement, supply and law. MEHL directors personally profit from their business dealings, while holding senior positions\* in the military that involve the use of public funds with zero independent or civilian oversight.

MEHL's Managing Director, Major General Khin Maung Than, is the Director of the Directorate of Military Procurement, the institution of the military tasked with the procurement of materials, including arms. The Quartermaster General who heads Myanmar Economic Corporation (MEC) and sits in the Patron Group overseeing MEHL, is in charge of military supply, including arms, and manages supply budgets, a major portion of Myanmar's Union Budget. Lieutenant General Kyaw Swar Lin was appointed Quartermaster General in May, taking over from Lieutenant General Nyo Saw. The Adjutant General, the military's chief administrative officer, was until recently the MEHL Chairman and the position is also part of the Patron Group. Commander-in-Chief Min Aung Hlaing is head of the Patron Group. Top military figures receive benefits as MEHL shareholders, including Senior General Min Aung Hlaing, Vice Senior General Soe Win and Home Affairs Minister Lieutenant General Soe Htut. Meanwhile, rank and file members of the army reportedly serve in poor conditions and for minimal remuneration.

**Justice For Myanmar spokesperson Yadanar Maung says:** "Senior General Min Aung Hlaing, Major General Khin Maung Than and other military generals are supposed to be public servants, and should be serving with integrity under civilian control. Instead they are personally profiting from their public positions without any democratic oversight. It is the time for the public to question why the government continues to allow the military's finances to be managed like a business for the benefit of leaders of the military cartel. The conflict of interest in the military is severe and systemic, and needs urgent investigation, reform and democratisation."

The military buys supplies and services from MEHL businesses. MEHL is a conglomerate where only military regiments and battalions, veterans' organisations and active and former military personnel can own shares. Much of MEHL's wealth was gained through the acquisition of public assets and there is a severe lack of transparency of assets held, how they were acquired and where the proceeds have gone. Some assets also have cultural and historical value, such as the site of Myanmar's former national library, which MEHL has leased to developers for the construction of luxury condominium. In some cases, MEHL has used insider information to profit and gain public

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contracts. For instance, MEHL construction subsidiary Myanmar Land and Development was established in order to gain secretive contracts, including to build staff housing and ministries in Naypyidaw.

**Yadanar Maung explains:** “Profiteering has infected the Myanmar military. The military leadership has a financial incentive to continue to flame the civil war, as it provides them with justification to maintain power and block democratic reform, so they can continue to profit. In doing so, they are continuing to commit war crimes and crimes against humanity in ethnic areas. As long as they can maintain power, they can protect their businesses, and the people of Myanmar lose. This corruption is criminal and should be tried as such.”

Justice For Myanmar is calling for corruption in the military to be investigated and punished under civilian law, since the military judiciary is also compromised by a historical and systemic conflict of interest. The two key military legal officers, Inspector General Lieutenant General Aye Win, and Judge Advocate General Lieutenant General Aung Lin Dwe, sit on the MEHL board. The Judge Advocate General is the chief law officer, in charge of adjudicating military law, and the Inspector General is in charge of internal audits and investigations. The power of MEHL is unchecked, operating without public transparency or accountability.

**Yadanar Maung says:** “This systemic military corruption, where profiteering has infected the military leadership for generations, is unique. MEHL’s business partners like Kirin and Posco are colluding with this systemic corruption. MEHL is not a normal company but a mechanism for the military as an institution to operate like a cartel. It must end. All domestic and foreign companies that have business relationships with the Myanmar military should immediately cut ties.”

## Note to editors

\* Major General Khin Maung Than, Director of the Directorate of Procurement, is also the director of at least 19 public and private companies, including MEHL, Myanma Five Star Line Co. Ltd., Kayah State Mineral Production Co. Ltd., Myanmar Land and Development Ltd., Myanmar Imperial Jade (Gems & Jewellery) Co. Ltd., Myanmar Ruby Enterprise (Gems & Jewellery) Co. Ltd., Myawaddy Bank Ltd., Myawaddy Trading Ltd., Adipati Agricultural Produce Trading Ltd. and Shwe Gandamar International Trading Ltd. As the Myanmar military’s chief procurement officer, he should be expected to act with independence and integrity, when in fact he is positioned to receive major personal benefits from his business dealings. Instead of working to end corruption, Myanmar’s democratically-elected president U Win Myint awarded Major General Khin Maung Than with the Zeya Kyaw Htin Title for outstanding performance, in an event to mark Myanmar’s Independence Day on January 5, 2020.

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Other key senior active military officials on the MEHL board are Major General Htun Aung, the Chief-of-Staff of the Air Force, Major General Moe Myint Tun, the head of Naypyidaw-based Bureau of Special Operations-6, and Rear Admiral Moe Aung, the Chief-of Staff of the Navy. Rear Admiral Moe Aung is the son of deceased USDP leader Aung Thaung and brother of IGE Group of Companies owners Ne Aung and Pyi Aung, who are major cronies.

Justice For Myanmar is a group of covert activists campaigning for justice and accountability for the people of Myanmar. We are calling for an end to military business and for federal democracy and a sustainable peace.

For the governance structure of military conglomerates, including the public positions of the directors of military businesses, see: The UN Fact-Finding Mission report: *The Economic Interests of the Myanmar Military*.

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