

Economic collapse: Results of the junta's violence, greed & incompetence

- In 2023, the MMK averaged MMK 3300 per USD, at only 40% of its value before 1 Feb 2021.
- Rice price on the rise – up 253.8%; palm price oil skyrocketed 363.2% leaving people struggling to survive.
- Inflation persists at 20%.
- WFP reports 18.6 million people need humanitarian assistance, FAO says 15.2 million face acute food insecurity.
- Conflict revives a harmful old cash crop: Burma takes top spot from Afghanistan in opium production.
- Illegal junta squeezes planet and people to finance its atrocities.
- Junta commits atrocities armed by USD 1 billion international supply chain.
- Min Aung Hlaing uses crony financial institutions as personal piggy bank

CONTENTS

- 2 The junta sinks in economic quicksand of its own making
- 2 MMK depreciates and inflation escalates
- 3 Mobile banking users threatened
- 3 The junta's corrupt banks in the crosshairs of international actors
- 3 The junta's erratic trade regulations
- 4 In bellies and wallets: economic fallout of the failing coup felt hardest by the people
- 4 Burma's bleak business landscape after the attempted coup
- 4 Human rights crisis worsens; international firms exit while China and Russia rush in
- 6 Business operations stall; labor rights violations surge
- 7 Conflict sets perfect stage for online scams and drug trade shoot up
- 7 Extraction and extortion: how the junta funds itself
- 8 The global supply chain keeping the junta armed

The junta's attempted coup on 1 Feb 2021 caused political instability and intensified armed conflict in Burma which led to the downward spiral of an economy already hit by COVID-19. With greedy, shortsighted, and inept policies, the junta attempted to slow down the economic collapse it had initiated.

However, its interventions had the opposite effect and accelerated an economic collapse that caused further suffering for the people of Burma.

In the wake of the attempted coup

inflation and basic commodity prices skyrocketed while the **value of the MMK sank** to all-time lows. While people suffered the economic effects of escalating conflict and incompetent policies the junta continued to **spend its shrinking USD reserves on weapons and jet fuel**, used mainly to launch airstrikes

	2018	2019	2020	2021	2022	2023	2024
World Bank ¹	6.3	6.6	-9.0	-12	4	1	2
OECD ²	6.5	6.6	3.2	-17.9	2.0	2.0	-
IMF ³	6.4	6.8	3.2	-17.9	2.0	2.6	2.6
ADB ⁴	6.2	6.8	3.2	-18.4	2.0	2.8	3.2

Table 1 GDP growth rate (%) from 2018 to 2023 and projection for 2024

¹ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts

² OECD (22 Mar 2022) Economic Outlook for Southeast Asia, China and India 2022; OECD (3 Sep 2023) Economic Outlook for Southeast Asia, China and India - Volume 2023 Issue 1

³ IMF (Oct 2023) World Economic Outlook: Navigating Global Divergences

⁴ ADB (Apr 2019) Asian Development Outlook (ADO) 2019: Strengthening Disaster Resilience; ADB (July 2023) Asian Development Bank and Myanmar: Fact Sheet; ADB (20 Sep 2023) Asian Development Outlook

and other attacks on civilians. In its quest to maintain a stranglehold on power through violence and atrocities **the junta is bleeding Burma dry.**

In its 2023 end-of-year report, the World Bank forecasted that Burma's economy would **grow by only 1%** before Mar 2024.⁵ (See GDP projection by OECD, IMF, and ADB in Table 1). The World Bank expected that a broad-based slowdown in agriculture, manufacturing, and trade sectors would cause Burma's economic growth to remain poor, even if conflict were to slow in 2024.⁶ The Myanmar Household Welfare Survey noted a **10% decline in average household income** during Apr-Jun 2023 compared the same period in 2022.⁷

The junta sinks in economic quicksand of its own making

MMK depreciates and inflation escalates

Following start of the coup, Burma's currency the kyat (MMK), experienced **continuous depreciation.** The junta's attempts to control foreign currency exchange with **frequent and impractical policy changes** resulted in **the emergence of multiple exchange rates** but failed to bolster USD reserves.

In **Aug 2021**, the junta's Central Bank of Myanmar (CBM), for the **first time since 2012**, set a reference USD exchange rate of **MMK 1,650 per USD** and ordered banks and money changers to keep their rates within 0.8% of the reference rate.⁸ In **Sep 2021**, the junta CBM set the exchange rate to **MMK 1,755 per USD.**⁹ By **Apr 2022**, the regime had changed the exchange rate to **MMK 1,850 per USD.**¹⁰

On 5 Aug 2022, the CBM set its **final official rate at MMK 2,100 per USD.**¹¹ However, by that time the MMK's value on the **black market** had dropped to **MMK 2,700 per USD.**

On 22 Jun 2023, the junta's CBM launched an **online trading platform** for interbank and customer transactions with Authorized Dealers (AD) **at a rate of MMK 2,922 per USD** concurrent to the CBM's reference exchange rate. This rate above the CBM's reference would apply primarily to importers who need foreign currency to transact with sellers.¹² The junta further aggravated conditions by revoking the licenses of currency exchange companies.¹³

On 23 Jul 2023, the junta issued a new **denomination MMK 20,000** banknote. The introduction of the new denomination caused money changers and gold shops to close temporarily and the price of gold to rise from MMK 3.1 million to more than 3.5 million per tical (16.3g).¹⁴

On 5 Dec 2023, the junta's **CBM announced** it would no longer set fixed exchange rates on **its online trading system** used largely by importers of **fuel and cooking oil.** The new policy would allow banks and dealers to set rates themselves and did not have enough reserve USD to keep selling at an artificially low price. Importers on the online platform would now be required to purchase USD at the market rate.¹⁵ Following the announcement, **fuel prices rose by between 10.4% and 15.6%.**¹⁶



Fig. 1 An MMK 20,000 banknote issued by the junta

⁵ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts

⁶ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts

⁷ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts

⁸ Nikkei Asia (19 Aug 2021) Myanmar tightens grip on forex rates to combat kyat slippage

⁹ Myanmar's Currency Hits Record Low as Coup Wreaks Havoc on Economy

¹⁰ Irrawaddy (6 Apr 2022) Myanmar Regime Orders That All Foreign Currency Be Converted Into Kyats

¹¹ Irrawaddy (9 Aug 2022) Myanmar Junta's Moves to Ease Currency Rules Won't Help in Long Run: Experts

¹² Eleven Media Group (24 Jun 2023) CBM starts an online trading program and sells US\$6.89 m to six banks at the rate of 2,920 and 2,922 kyats per dollar

¹³ Mizzima (21 Aug 2023) Dollar trading difficult in Myanmar after central bank revokes money changer licenses

¹⁴ RFA (25 Jul 2023) Myanmar junta's new banknote causes gold prices, currency value to fluctuate

¹⁵ Myanmar Now (6 Dec 2023) Military council abandons fixed foreign currency exchange rates

¹⁶ Irrawaddy (4 Dec 2023) Myanmar Regime Runs Low on Dollars, Increasing Fuel Prices

By 7 Dec 2023, the value of the MMK averaged around MMK 3,300 per USD on the market.¹⁷ By comparison, in Jan 2021, the MMK was valued at 1,330 MMK per USD.¹⁸ Burma's currency had lost over twice its value in less than three years. The World Bank projected that inflation would persist at around 20% until Mar 2024.¹⁹

Mobile banking users threatened

A growing number of savings withdrawals since the attempted coup indicated that **public trust in banks had declined**. On 19 Aug 2022, it was announced that the junta had **reshuffled the CBM's leadership** and appointed Than Than Swe, the CBM's Deputy Governor, to the position of Governor and Maj. Gen. Zaw Min Naing to the position of Deputy Governor.²⁰

On 15 Aug 2022, the junta implemented **invasive directives** that required **mobile banking users to hand over personal information or have their accounts frozen**. Multiple mobile banking users complained that their accounts had been frozen arbitrarily despite compliance with the rules. Mobile banking users skyrocketed after junta-imposed restrictions on ATM and in-person bank withdrawals soon after the attempted coup began. Comments made by the junta's spokesperson on 20 Sep implied that these surveillance measures were designed to **cut funding to resistance forces**.²¹

The restrictions seemed to formalize surveillance that resulted in multiple arrests of people who were suspected of using mobile banking to support the resistance. In March 2022 alone, seven women in Sagaing region, Thanintharyi region, and Arakan/Rakhine state were sentenced to between seven- and ten-years' jail for allegedly donating amounts as low as USD 3 to the resistance.²²

The junta's corrupt banks in the crosshairs of international actors

On 21 Oct 2022, the Financial Action Task Force (**FATF**) blacklisted Burma over the junta's failure to enforce measures against money laundering and other financial crimes.²³

On 21 Jun 2023, the **U.S. Treasury Department imposed sanctions** on Myanmar Foreign Trade Bank (**MFTB**) and Myanmar Investment and Commercial Bank (**MICB**). Both MFTB and MICB granted the junta's Defense Ministry, Myanmar Oil and Gas Enterprise (**MOGE**), and others access to foreign markets through the banks' **offshore accounts**.²⁴ News of the sanctions caused volatility in the currency exchange and gold markets.²⁵ In Jul 2023, the **junta opened foreign currency accounts** at the Myanmar Economic Bank (**MEB**) which had **not yet been sanctioned**.²⁶ In the same month the junta **appointed military officers** without prior banking experience to civilian positions in the CBM and MEB.²⁷

On 9 Aug 2023, it was reported that **Singapore's United Overseas Bank (UOB) would restrict all external incoming and outgoing transactions** to Burmese UOB accounts by 1 Sep. It was reported that UOB would also close foreign currency accounts of Burmese banks at UOB's Hong Kong branch.²⁸ On 16 Aug 2023, **Bangladesh's state-owned Sonali Bank confirmed that it had frozen the accounts** of MFTB and MICB, which collectively held at least USD 1.1 million.²⁹ The junta asked Bangladesh to unfreeze the accounts, but Bangladesh responded that those accounts would be frozen until US sanctions were lifted. It was reported that MFTB and MICB froze Sonali's accounts with them in retaliation.³⁰

The junta's erratic trade regulations

The junta's frequent changes to foreign trade regulations aimed at limiting the outflow of foreign currency have been detrimental to international trade. In mid-2023, an import-export businessperson admitted that

¹⁷ Irrawaddy (7 Dec 2023) Kyat Depreciates Further After Myanmar Central Bank Abandons Dollar Forex Rate

¹⁸ GNLM (5 Sep 2021) USD against MMK hits around K1,800

¹⁹ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts

²⁰ RFA (24 Aug 2022) Bank shake-up seen as bid by junta to control Myanmar's financial sector: experts

²¹ Frontier Myanmar (7 Oct 2022) Junta weaponises digital banking transition to starve resistance funding

²² Irrawaddy (7 Apr 2022) Myanmar Regime Jails Women Over Alleged Donations

²³ AP News (24 Oct 2022) Myanmar downplays blacklisting by money laundering watchdog, Eleven Media Group (22 Oct 2022) FATF adds Myanmar to a global financial blacklist

²⁴ Reuters (21 Jun 2023) US places sanctions on Myanmar's defence ministry, banks

²⁵ Mizzima (23 Jun 2023) Myanmar money changer market volatile after news of state-owned banks sanctions

²⁶ Myanmar Now (6 Jul 2023) Myanmar regime opens bogus bank accounts to bypass Western sanctions on MOGE; Financial Action Task Force (23 Jun 2023) High-Risk Jurisdictions subject to a Call for Action

²⁷ Eleven Media Group (22 Jul 2022) Six Lieutenant Colonels transferred to CBM as Deputy Directors; Irrawaddy (1 Aug 2023) Myanmar Junta Appoints 20 Officers to Senior Posts at State-Owned Commercial Bank

²⁸ Nikkei Asia (9 Aug 2023) Key Singapore bank UOB moves to cut off Myanmar

²⁹ Irrawaddy (17 Aug 2023) Financial Noose Tightens on Myanmar Junta as US Sanctions Bite Again

³⁰ RFA (16 Aug 2023) Bangladesh bank freezes accounts belonging to U.S.-sanctioned Myanmar banks

the **junta's restrictions were no longer logical or acceptable by any economic standard** and that they have led to foreign buyers **canceling their trade contracts** with businesses in Burma.³¹

On 3 Apr 2022, the regime issued a directive that **forced exporters to convert 100%** of foreign currency earnings into MMK within **24 hours** at the then official exchange rate of MMK 1,850 per USD.³² In Aug 2022, the junta imposed a 65:35 policy that **required exporters to convert 65% of their earnings** at the new official rate of MMK 2,100 per USD and allowed them to exchange the remaining 35% at the then market rate of over MMK 3,500 per USD.³³ This policy was later modified to a **50:50 split**,³⁴ and on 6 Dec 2023, it **changed to 35:65** in favor of the traders.³⁵ The junta's lack of clarity in implementing and enforcing frequently changing and often non-transparent trade instructions led to **heightened uncertainty and increased compliance costs**.³⁶

On 23 Oct 2023, the junta's Commerce Minister reportedly said that Burma's **trade deficit** in the first half of fiscal year 2023-24 had **neared USD 1 billion**. During the same period in fiscal 2022-2023 the trade deficit had reached USD 66 million.³⁷

On 27 Oct 2023, the Three Brotherhood Alliance, a tripartite of Ethnic Resistance Organizations, launched a series of offensives on junta positions in N. Shan State bordering China. The military campaign against the junta, dubbed **Operation 1027**, sparked a major increase in armed clashes that led to the **blocking of trade routes to China** and fueled growing economic uncertainty.³⁸ It was reported that almost **91% of China-Burma border trade had ceased** following Operation 1027 which resulted in a **USD 445.5 million loss in trade** volume by 15 Dec.³⁹ The junta's commerce ministry reported that during Apr-Dec 2023 **export revenue dropped by USD 400 million** compared to the same reporting period in 2022. **Exports to Burma's largest trading partners, Thailand and China, fell by USD 178 million and 157 million respectively**.⁴⁰

Economic fallout of the failing coup felt hardest by the people in their bellies and wallets

Violence, political instability, as well as oppressive and erratic policies have disrupted production and supplies, driving commodity prices steadily upward.

The World Food Program's (WFP) price monitor reported that by Dec 2023, the **average price of rice** had increased by **88.6% compared to Dec 2022** and by over **253.8% compared to prices prior to the attempted coup**. In the same reporting period palm oil had risen 74.3% in price within a year, and by 363.2% compared to prices before the attempted coup.⁴¹ The WFP also highlighted that **32% of Burma's 56.6 million people were in need of humanitarian assistance**.⁴² It was reported that even in Yangon Region, **residents coped** with the soaring price of essentials like rice and cooking oil **by skipping meals**. Locals had already been grappling with stagnating wages following the attempted coup.⁴³

The UN's Food and Agriculture Organization (FAO) said that nearly **15.2 million people** faced **acute food insecurity in 2023**; 15% more than in 2022 and 5 times more than before the attempted coup.⁴⁴ The International Food Policy Research Institute (IFPRI) reported that over 33% of all children aged 6-23 months and 15.8% of all children aged 24-59 months had **poor-quality diets**.⁴⁵

³¹ Myanmar Now (13 Jul 2023) Myanmar regime further tightens foreign trade regulations

³² Irrawaddy (6 Apr 2022) Myanmar Regime Orders That All Foreign Currency Be Converted Into Kyats

³³ Irrawaddy (9 Aug 2022) Myanmar Junta's Moves to Ease Currency Rules Won't Help in Long Run: Experts

³⁴ Mizzima (17 Jul 2023) CBM changes exchange limit of export earnings to Myanmar Kyat from 65% to 50%

³⁵ ISP (15 Dec 2023) ISP insight email - A Sustained Economic Decline in Myanmar

³⁶ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts

³⁷ Irrawaddy (23 Oct 2023) Junta Seeks Brake as Myanmar's Runaway Trade Deficit Nears \$1Bn in Six Months

³⁸ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts; Myanmar Now (21 Dec 2023) Civilians feel the pinch as conflict hits Myanmar's border trade with China

³⁹ ISP (15 Dec 2023) ISP insight email - A Sustained Economic Decline in Myanmar

⁴⁰ Myanmar Now (8 Jan 2024) Myanmar's border exports plummet amid conflict

⁴¹ WFP (Dec 2023) December 2023 Myanmar Price Monitoring Dashboard: Monthly Highlight

⁴² WFP: <https://www.wfp.org/countries/myanmar>

⁴³ RFA (21 Oct 2023) Yangon residents skip meals amid soaring rice and cooking oil prices

⁴⁴ FAO (17 Jun 2023) GIEWS Country Brief: Myanmar 14-June-2023

⁴⁵ IFPRI (6 Dec 2022) The state of food security and nutrition in Myanmar: Findings from the Myanmar Household Welfare Survey 2021-2022

Burma's bleak business landscape after the attempted coup

As human rights crisis worsens, international firms exit while China and Russia rush in

The Directorate of Investment and Company Administration (DICA) and the World Bank reported that Foreign Direct Investment (FDI) commitments from April to September 2023 totalled only USD 484 million, a 61% drop compared to the same period in 2022.⁴⁶

Multinational firms divested from Burma following the attempted coup, including tele-communication companies **Telenor** (Norway)⁴⁷ and **Ooredoo** (Qatar)⁴⁸; clothing brands **Uniqlo** (Japan)⁴⁹, **Zara** (Spain)⁵⁰, and **H&M** (Sweden)⁵¹; food service distributor **METRO** (Germany)⁵²; Australia and New Zealand (**ANZ**) bank,⁵³; and oil and gas companies **Puma energy** (Singapore)⁵⁴, **ENEOS Holdings, Inc** (Japan)⁵⁵, **Total Energies** (France)⁵⁶, **Woodside** (Australia)⁵⁷, **Petronas** (Malaysia)⁵⁸, and **Mitsubishi Corp** (Japan)⁵⁹. **Chevron** maintained its **41% stake** in the **Yadana offshore gas field** joint-venture with the junta-controlled MOGE, despite announcing its exit in Jan 2022 and the sale of its stake in Feb 2023 to Canadian firm MTI Energy.⁶⁰

In 2023, Singapore, China and Hong Kong were the largest foreign investors: Singapore had invested over USD 344 million, followed by China with USD 215 million and Hong Kong with USD 15.924 million (see Fig. 2) The energy sector received 28.5% of total investments, oil and gas received 24.45%.⁶¹

In response to pressure from China⁶² to resume Belt and Road Initiative (**BRI**) projects, the junta accelerated work on the **Kyaukphyu deep sea port project**⁶³ (Arakan State), the **Muse-Mandalay-Kyaukphyu railway** project which would link Kuming (Yunnan province, China) to Kyaukphyu⁶⁴ (Arakan State) without addressing the social and environmental needs and concerns of locals.

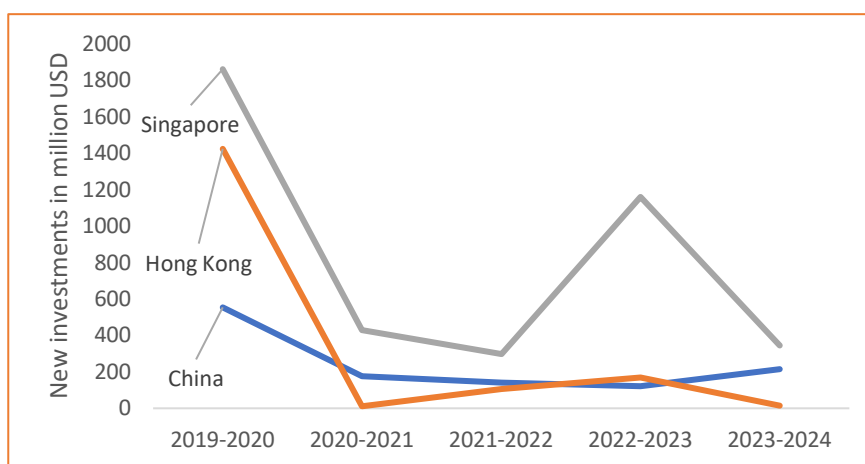


Fig. 2 FDI commitments by China, Hong Kong, and Singapore. Source: DICA

On 9 Oct 2023, the Kachin Women's Association Thailand (**KWAT**) released a report that linked escalating human rights violations by junta troops in Kachin and N. Shan States, and the junta's efforts to

⁴⁶ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts

⁴⁷ Nikkei Asia (18 Mar 2022) Myanmar military approves Norwegian Telenor's exit

⁴⁸ Reuters (20 Jul 2022) EXCLUSIVE Qatar telecoms firm Ooredoo in talks to sell its Myanmar unit - sources

⁴⁹ Nikkei Asia (30 Mar 2023) Uniqlo owner joins clothiers exiting Myanmar

⁵⁰ Reuters (27 Jul 2023) Zara owner Inditex says it will stop buying clothes from Myanmar

⁵¹ RFA (21 Aug 2023) H&M latest to call it quits in phased exit from Myanmar

⁵² METRO (1 Sep 2021) METRO will cease operations in Myanmar due to volatile business conditions

⁵³ Irrawaddy (23 Nov 2022) Australia's ANZ Bank to Exit Myanmar by Early 2023; Justice for Myanmar (22 Nov 2022) JFM cautiously welcomes ANZ exit and calls for responsible disengagement

⁵⁴ GNLM (7 Oct 2022) Trafigura's Puma Energy to sell Myanmar business to local private company

⁵⁵ Nikkei Asia (25 Mar 2022) Japan's Eneos to pull plug on Myanmar gas business; Reuters (25 Mar 2022) Japan's Eneos plans to withdraw from Myanmar's Yetagun gas project

⁵⁶ Human Rights Watch (19 Jul 2022) Myanmar: TotalEnergies Withdraws; Junta Gains; Offshore Energy (21 Jun 2022) TotalEnergies closes Myanmar chapter

⁵⁷ Energy Voice (1 Mar 2021) Woodside stops Myanmar work after violence

⁵⁸ Reuters (18 Feb 2022) Mitsubishi, Petronas to exit Myanmar Yetagun gas project; Nikkei Asia (18 Feb 2022) Mitsubishi Corp. to offload interest in Myanmar gas field

⁵⁹ Reuters (18 Feb 2022) Mitsubishi, Petronas to exit Myanmar Yetagun gas project; Nikkei Asia (18 Feb 2022) Mitsubishi Corp. to offload interest in Myanmar gas field

⁶⁰ Reuters (3 Nov 2023) Chevron struggles to exit Myanmar gas project after nearly two years

⁶¹ World Bank (12 Dec 2023) Myanmar Economic Monitor: Challenges amid Conflicts

⁶² Irrawaddy (7 Nov 2023) Myanmar Junta Invites Bids for Kyaukphyu Port Construction

⁶³ RFA (1 Jun 2023) China pressures Myanmar to proceed on port project amid community concerns;

⁶⁴ Frontier Myanmar (27 Feb 2023) China and Myanmar resume work on Muse-Kyaukphyu railway

secure transport routes for the BRI. Rights abuses detailed in the report included **air and artillery strikes** on civilians, **torching of villages**, using civilians as **human shields** and **gang rape**.⁶⁵

Despite instability in Arakan and Chin States, the junta opened the India-backed Kaladan multi-modal project, valued at USD 484 million, that would **connect Kolkata and Mizoram state** through Burma.⁶⁶

The junta allied itself with **Russia** which had been ostracized over Putin’s invasion of Ukraine. The regime strengthened diplomatic,⁶⁷ military,⁶⁸ and economic ties with Russia. Russia partnered with the junta in further oil and gas cooperation⁶⁹ and facilitation of Russian tourism in Burma.⁷⁰ Most alarmingly, Russia and the junta solidified their commitments in **nuclear energy cooperation**.⁷¹ In Sep 2023, Myanmar Airways International (MIA) began **direct flights from Yangon and Mandalay to Novosibirsk**, a Russian nuclear energy hub in Siberia.⁷²

The junta also revived the **Russian backed Pinpet steel mill** (S. Shan State).⁷³ (see more in [Environmental Briefer](#))

Business operations stall; labor rights violations surge

The CBM’s unstable banking policies, junta’s arbitrary taxation, fuel shortages, and prolonged daily blackouts contributed to **frequent operation interruptions** and **higher operating costs**. The World Bank reported that wages dropped by an average of 15% between 2017 and 2022.⁷⁴ The International Labour Organization (ILO) reported that the **employment rate had dropped** from **62.6%** in 2017 to **54.5%** in 2022, with an even **larger decline in conflict-affected areas**.⁷⁵

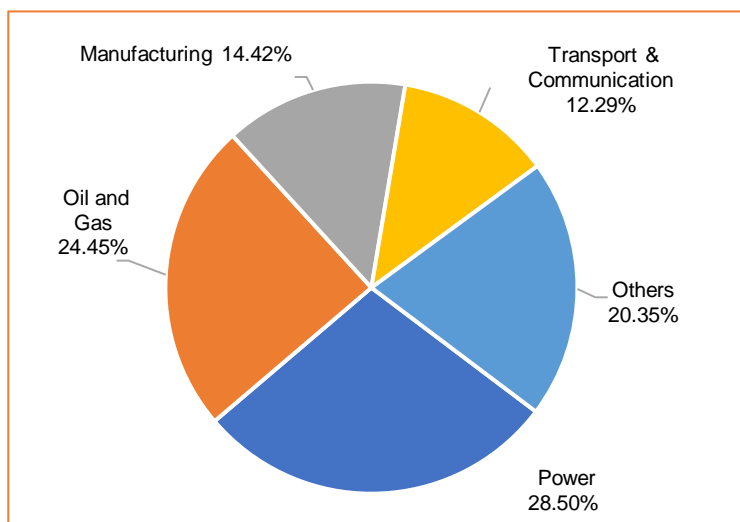


Figure 4 Foreign investment by sector (as of 31 Dec 2023) Source: DICA

Unsurprisingly, employers have taken advantage of the junta’s lack of legal protections and have subjected workers to **forced labor, wage theft, and removal of their rights**.⁷⁶ Labor rights activists and trade union organizations opposed the EU’s “**MADE in Myanmar**” (Multi-Stakeholder Alliance for Decent Employment in the Myanmar apparel industry) program over labor rights concerns.⁷⁷ On 16 Aug 2023, the Business and Human Rights Resource Centre (BHRRC) reported a **surge in labor rights abuses in Burma’s garment sector**, with **156 cases** during **Feb 2022 - Feb 2023**, compared to 56 in 2021.⁷⁸ The ILO highlighted that over **one million children** in Burma were **trapped in child labor**, with half in hazardous work that directly endangered their health, safety, and moral development.⁷⁹

⁶⁵ KWAT (9 Oct 2023) Bloodstained Gateways: escalating SAC abuses in northern Burma pave the way for BRI expansion; Irrawaddy (10 Oct 2023) China’s Belt and Road Initiative is Fueling Atrocities in Myanmar: Report

⁶⁶ VOA (27 May 2023) India Opens Myanmar Port with Wary Eye on China; Narinjara (17 Jun 2023) Paletwa- Zorampu road is under construction: Junta commerce minister

⁶⁷ Irrawaddy (14 Sep 2023) Myanmar Junta Foreign Minister Visits Moscow for Talks With Sergei Lavrov

⁶⁸ Reuters (10 Sep 2023) Myanmar receives first shipment of Russia’s Su-30 fighter jets

⁶⁹ Myanmar Now (18 Apr 2023) Russia moves crude to Chinese refineries via Myanmar pipeline; Myanmar Now (18 Apr 2023) ကျောက်ဖြူ-ကူမင်းပိုက်လိုင်းမှတစ်ဆင့် ရုရှားက တရုတ်သို့ ရေနံတင်ပို့နေ

⁷⁰ Irrawaddy (29 Jun 2023) Cash-Strapped Myanmar Junta is Pinning its Hopes on Russian Bank Cards

⁷¹ GNLM (29 Jun 2023) MoEP, MoST Union Ministers receive Russian delegation; World Nuclear News (29 Jun 2023) Myanmar and Russia push ahead with nuclear energy cooperation

⁷² Irrawaddy (11 Aug 2023) Myanmar Airways Set to Launch Direct Flights to Russian Nuclear Hub

⁷³ Irrawaddy (12 Jul 2023) Myanmar Junta Attempting to Increase Domestic Steel Production

⁷⁴ World Bank (27 Jun 2023) Myanmar’s economic recovery slowed by high prices and shortages

⁷⁵ International Labour Organization (27 Jul 2023) Myanmar: Labour market update 2023

⁷⁶ Than Lwin Times (12 Mar 2023) Worst labor exploitation occurs under military regime

⁷⁷ Myanmar Now (13 Apr 2023) EU’s new project to support Myanmar’s garment industry faces backlash

⁷⁸ Business & Human Rights Resource Centre (16 Aug 2023) Falling out of fashion: Garment worker abuse under military rule in Myanmar

⁷⁹ Than Lwin Times (15 Jun 2023) Urgent action needed to address child labor during coup

Online scams operations and drug trade shoot up amid conflict

Instability and absence of rule of law following the attempted coup created an environment where the drug trade, human trafficking, and online scam operations could flourish.

On 12 Dec 2023, the United Nations Office on Drugs and Crime (UNODC) reported that **Burma had surpassed Afghanistan** to become the world's **largest opium producer**. From 2022 to 2023, opium cultivation in Burma **increased by 18%** and used up to **47,000 hectares** of land. This marked the third consecutive annual increase in cultivation since the attempted coup. Opium **poppy farmers** in Burma now **earned about 75% more** than in 2022, with an average price of USD 355/Kg of dry opium. Moreover, the **“opiate economy”** in Burma **grew** to between **USD 1 billion and USD 2.4 billion**, equivalent to **1.7-4.1% of the country's 2022 GDP**.

UNODC also revealed that, between 2022 and 2023, cultivation in N. Shan State increased by 20%, 10% in Chin, and 6% in Kachin states. The increase in average opium yield to 22.9 kg/hectare indicated the **use of more advanced farming practices**⁸⁰ and increased **investments in irrigation and fertilizers**.

Beyond opium, Burma also became a focal point for online scams following the attempted coup. **Transnational organized crime** groups **expanded online scam operations** in Burma. Shwe Kokko and KK Zone (Karen State), Wa State, Kokang SAZ, Mong La, and Tachileik (Shan State) became widely known as **hubs for scam operations and human trafficking**.⁸¹ Large operations specifically built large structures that accommodate **thousands of trafficking victims**.⁸² The victim pool was no longer limited to low-wage workers but **now included educated, multilingual staff**. There were also online scam businesses **operating out of upscale Yangon** areas with attractive salaries.⁸³

In September 2023, China launched a crackdown on scam operations to repatriate “online crime suspects” who were Chinese nationals. It issued arrest warrants for and repatriated key individuals in online scam operations in Wa State and Kokang SAZ.⁸⁴ Due to the junta's limited authority, China also enlisted the help of ethnic armed groups in Wa, Kokang, and Mongla.⁸⁵ China repatriated 41,000 suspects as of 5 Jan 2024.⁸⁶ It was reported that the junta also used rescued **trafficking victims as human shields** during Operation 1027-related clashes in Laukkai (N. Shan State).⁸⁷ China allowed trafficking victims from Thailand, Vietnam, Malaysia, and a range of other countries rescued in Laukkai to be repatriated via Yunnan Province.⁸⁸

Extraction and extortion: how the junta funds itself

Widespread public boycotts of junta linked products and non-payment of utility bills and taxes contributed to shrinking the junta's revenue stream.⁸⁹ As the regime fought with resistance forces on multiple fronts it became desperate to shore up its cash reserves.

The cash-hungry junta eventually set its eyes on Burmese expatriates. On 1 Oct 2023 the junta enacted a 2% income tax applied to both documented and undocumented migrants from Burma.⁹⁰ In the same

⁸⁰ UNODC (12 Dec 2023) Southeast Asia Opium Survey 2023: Cultivation, Production, and Implications

⁸¹ OHCHR (29 Aug 2023) Online scam operations and trafficking into forced criminality in Southeast Asia: Recommendations for a human rights response; International Crisis Group (18 Aug 2023) Transnational Crime and Geopolitical Contestation along the Mekong

⁸² UNODC (26 Sep 2023) Casinos, cyber fraud, and trafficking in persons for forced criminality in Southeast Asia

⁸³ RFA (14 Sep 2023) How a scam ring opened shop in downtown Yangon; OHCHR (29 Aug 2023) Online scam operations and trafficking into forced criminality in Southeast Asia: Recommendations for a human rights response

⁸⁴ RFA (4 Oct 2023) Myanmar company director and regional officials ‘arrested in China’; Irrawaddy (19 Oct 2023) China's Crackdown on Cyber Scams in Myanmar Nets UWSA Deputy Chief; RFA (12 Oct 2023) China issues warrants for ‘key leaders’ of Myanmar scam rings;

⁸⁵ Narinjara (9 Sep 2023) 1,000 Chinese online cheaters arrested by Wa police, handed over to China police; RFA (14 Sep 2023) The long arm of Chinese law is getting longer in Southeast Asia; China Daily (18 Sep 2023) Latest group of telecom fraud suspects returned to China from Myanmar; ISP-Myanmar (21 Sep 2023) Rare Earths Mining Freeze; Chinese Market Squeeze

⁸⁶ Reuters (22 Nov 2023) Myanmar hands over to China thousands of telecom fraud suspects; ISP-Myanmar (25 Nov 2023) All Armed and on the Verge of Breakdown; Bangkok Post (5 Jan 2024) Myanmar handed over 41,000 scam suspects last year - China

⁸⁷ Bangkok Post (3 Nov 2023) PM orders aid for 162 Thais trapped in Myanmar fighting; Irrawaddy (2 Nov 2023) Myanmar Military ‘Holding 500 Foreigners as Human Shields’ in War-Torn Shan State

⁸⁸ Reuters (20 Nov 2023) Foreigners, aid workers moved to safety from Myanmar fighting; Bangkok Post (20 Nov 2023) Hundreds of evacuated Thais Rrive home from Laukkaing; Reuters (1 Dec 2023) Malaysia brings home 121 suspected victims of job scams trapped in Myanmar conflict;

⁸⁹ Fulcrum (15 Jun 2023) Saying “No” to Businesses Financing the Junta: Strategic Public Activism in Myanmar; RFA (15 Sep 2021) Electricity Bill Boycott Denies Myanmar Military US \$1 Billion in Power Revenues Since Coup; Myanmar Now (12 Jan 2022) Tax revenue falls by more than a third under coup regime

⁹⁰ Myanmar Now (20 Dec 2023) Migrant workers protest in Thailand as Myanmar regime enforces new income tax

month, the junta issued a directive that required migrant workers or sailors renewing their passports to submit a receipt of tax payment issued by the junta's Internal Revenue Department.⁹¹ UN Development Programme data indicated that there were around 2.5 million migrant workers from Burma in Thailand, earning a basic monthly salary of THB 7,500. At this monthly rate, workers would be expected to pay the junta THB 150 per month, the junta would pocket at least THB 375 million from workers in Thailand alone. The junta also reportedly pressured employment agencies to remit 25% of migrant worker wages through junta-approved financial institutions.⁹²

The junta continued to aggressively extract natural resources for revenue. The oil and gas sector remained the junta's biggest source of foreign currency. MOGE generated between USD 80-100 million per month from joint ventures on four offshore gas fields. Natural gas accounted for about 20% of Burma's total export revenue.⁹³ (see [Environmental Briefer](#) for more information on environmental impacts of the junta's extractive activities)

On 2 Oct 2023, Thailand's PTT Exploration and Production (PTTEP) announced the company's intent to extend production contracts for the Zawtika and Yadana gas fields.⁹⁴ In fiscal year 2022-2023 alone, the **junta netted USD 584.8 million from the Yadana gas field project.**⁹⁵ The junta also **profited USD 235.6 million from deforestation** through the export of teak between October 2021 and May 2023.⁹⁶ In May 2023, it was reported that 12 US based companies had imported teak from Burma since the attempted coup.⁹⁷ On 29 July 2023, it was reported that the **Netherland's Princess Beatrix** had used **teak from Burma to renovate her yacht** in 2022.⁹⁸

Foreign beverage giants kept the junta's tax revenue topped up. On 19 Apr, it was reported that crony-owned Myanma Golden Star Group and Grand Royal Group in partnership with **Heineken, Carlsberg,** and **ThaiBev** had paid the junta **MMK 62.5 billion** in taxes during Oct-Dec 2021. The payment amount would suggest that the three foreign companies **could be paying the junta** up to MMK 250 billion (USD 155 million) in taxes annually.⁹⁹

The junta also resorted to soliciting funding from its cronies. It was reported that private domestic banks, such as Kanbawza Bank, Ayeyarwady Bank, and Yoma Bank had purchased treasury bonds from the junta's CBM during Apr-Jul 2023. The junta reportedly auctioned off treasury bonds and bills 46 times during that period for total of USD 8.5 billion in sales.¹⁰⁰ The junta grabbed enough cash to cover three times its military budget for the fiscal year 2023-2024 which had ballooned to USD 2.7 billion.¹⁰¹ The junta essentially used local financial institutions as a piggy bank to fund its atrocities against civilians.

The global supply chain keeping the junta armed

On 17 May 2023, Tom Andrews, the UN Special Rapporteur on Human Rights in Burma, reported that the junta had imported at least USD 1 billion in weapons since the attempted coup, despite "overwhelming evidence of its responsibility for atrocities, including some that amount to war crimes and crimes against humanity." The report documented over 12,500 purchases that were shipped directly to the junta, or known Burmese arms dealers

5 countries supply junta with USD 1billion arms		
Country	Total Trade USD	No. of Unique Suppliers
Russian Federation	405,965,839	28
China (incl. Hong Kong)	267,114,793	41
Singapore	253,908,769	138
India	51,304,557	22
Thailand	27,745,214	25

OHCHR, The Billion Dollar Death Trade: The International Arms Networks that Enable Human Rights Violations in Myanmar

⁹¹Myanmar Now (18 Oct 2023) Myanmar regime to require proof of paying taxes for passport renewals

⁹² Myanmar Now (20 Dec 2023) Migrant workers protest in Thailand as Myanmar regime enforces new income tax

⁹³ Nikkei Asia (28 Feb 2023) Myanmar's natural gas income in jeopardy as foreign firms exit

⁹⁴ Reuters (3 Oct 2023) Thai oil firm PTTEP may seek extension for Myanmar gas fields

⁹⁵ Irrawaddy (4 Oct 2023) Thai Energy Titan's Contract Extensions for Myanmar Gas in the Pipeline

⁹⁶ Irrawaddy (18 Jul 2023) Myanmar Junta's Timber Enterprise Eyeing Secret Bank Accounts to Bypass Sanctions;

⁹⁷ The Guardian (16 May 2023) US imports of 'blood teak' from Myanmar continue despite sanctions

⁹⁸ RTL Nieuws (29 Jul 2023) Fout hout uit Myanmar op Groene Draeck, het schip van prinses Beatrix

⁹⁹ Justice for Myanmar (19 Apr 2023) Heineken, Carlsberg and ThaiBev Pay Tens of Millions of Dollars in Tax to Myanmar Junta

¹⁰⁰ Myanmar Now (17 Aug 2023) Junta fills coffers with private bank magnates' bond purchases

¹⁰¹RFA (12 Apr 2023) Military budget boost will lead to more civilian deaths in Myanmar: Observers

working for the junta from Feb 2021 until Dec 2022.

The list of military equipment mentioned in the report included fighter jets, attack helicopters, drones, advanced missile systems, tank upgrades, sophisticated communications equipment, radar complexes, and components for naval ships.¹⁰²

The report identified Russia (USD 406 million) and China (USD 267 million) as main suppliers of advanced weapons systems to the junta, with most originating from state-owned entities.

It also noted the arms trade from **Singapore** (USD 254 million), **India** (USD 51 million) and **Thailand** (USD 28 million). Andrews highlighted that Thai and Singapore banking and shipping sectors were critical to the junta's Directorate of Defence Industries, commonly referred to as KaPaSa, which controls its weapons manufacturing capabilities.

Andrews pointed to the airstrike on Pa Zi Gyi village on 11 Apr, where the junta used a Russian Yak-130 fighter jet to drop two 250kg bombs, followed by two Russian Mi-35 helicopters to fire on survivors.¹⁰³ The report stated that over USD 947 million of arms-related trade identified went directly to entities controlled by the junta, emphasizing that there was no doubt of who the end recipient of the weapons would be. Russia and China responded by accusing Andrews of "vilifying legitimate arms trade". India said the arms contracts involving its state-owned companies had been signed by a previous government. Singapore indicated it was reviewing the effectiveness of its export controls.¹⁰⁴

Andrews urged UN Member States to **enforce existing bans and eliminate loopholes**, calling for a complete ban on arms trade with the junta and coordination of sanctions on arms dealers and foreign currency sources.¹⁰⁵

On 3 Jul, Singaporean Foreign Minister Vivian Balakrishnan said he was **investigating** Tom Andrew's report allegations that **138 Singapore-based entities** supplied arms to the junta. Singapore was seeking details on how particular **dual-use products** might be linked with arms manufacturing. Additionally, 47 identified entities in Andrews' report **no longer had business** facilities with Singapore banks and nine **no longer operated** in Singapore. He said banks would apply **enhanced due diligence** for Burma-linked customers, as recommended by the Financial Action Task Force, and that he would work with Andrews to advance investigations.¹⁰⁶

On 31 Jul, JfM reported that the **German state prosecutor** in Augsburg started investigating **MAN Energy Solutions (MAN)** for supplying key components to the **junta's UMS Moattama warship** after Greenpeace Germany filed a criminal complaint. MAN, **a subsidiary of the Volkswagen Group**, allegedly violated Germany's Foreign Trade Law and EU Dual-Use Regulations by supplying equipment and technology and providing training to the junta navy. MAN had conducted trainings in South Korea, where police investigations into the illegal transfer of the Moattama had been undergoing since 2021.¹⁰⁷

**To receive the CoupWatch briefers every month,
and other publications, sign up for our [mailing list!](#)**

Please scan the QR code →



¹⁰² AP News (18 May 2023) UN expert: Myanmar military imported \$1 billion in weapons since 2021 coup

¹⁰³ RFA (18 May 2023) Weapons from China and Russia fuel Myanmar's bloody civil war

¹⁰⁴ Al Jazeera (18 May 2023) Myanmar military has imported weaponry worth \$1bn since coup

¹⁰⁵ OCHA (17 May 2023) UN expert exposes \$1 billion "death trade" to Myanmar military

¹⁰⁶ Mizzima (4 Jul 2023) Singaporean government investigating shipment of supplies to Myanmar military

¹⁰⁷ Justice for Myanmar (31 Jul 2023) JfM welcomes German criminal investigation into MAN links to Myanmar navy warship after complaint