

THAI RM. TO RANGOON

Thai Prime Minister Banharn Silpa-archa visited Rangoon 17-18 March to try and salvage Thai-Burmese relations which hit an all time low in 1995. A border trade agreement was signed with the ruling State Law and Order Restoration Council (SLORC). Thailand also agreed to finance the new Mandalay international airport. It was the first visit by a Thai government leader in 16 years. Border checkpoints at Tachilek, Myawaddy and Kaw Thauung, which had been closed for over a year, were re-opened 16 Mar. Thai language newspapers were not impressed. *Siam Post* said that the visit could "jeopardise national interests" and questioned whether Banharn knew he was dealing with dictators who had ignored the results of a general election in which they lost [A960339, BPWR960329].

SLORC TO U.N. ENVOY - 'NO'

SLORC has declined to host a visit by the Special Envoy of the Secretary General of the United Nations, Assistant Secretary-General for Political Affairs Alvaro de Soto. SLORC told de Soto that it was not ready to receive him. De Soto visited Burma last year in Feb and Aug to further the UN's dialogue with SLORC. The dialogue was started in Oct.94 after the UN General Assembly in Dec.93 mandated the Secretary General to assist in implementing its resolutions on Burma. For the 5th consecutive year, the UNGA has called for SLORC to respect the will of the people of Burma as expressed in the 1990 elections. On de Soto's last visit, SLORC Secretary 1, Lieut-Gen Khin Nyunt, cancelled his appointment at the last minute citing a conflict in his schedule. Observers suspected that SLORC was unhappy that de Soto had met twice with Daw Aung San Suu Kyi on that visit. SLORC might also have said no to de Soto this time to show its displeasure over UN Drug Control Programme Executive Director Giorgio Giacomelli's visit with Daw Suu in February which was not authorized. SLORC is determined that foreign leaders either meet its officials or the democracy leader, not both. In early March, the head of the World Health Organization (WHO) also tried to meet with Daw Suu. After a tour upcountry, he was scheduled to fly from Mandalay, meet with the Nobel laureate, and leave Rangoon. For some

unexplained reason, his flight from Mandalay was delayed for hours, leaving him just enough time to catch his international flight without seeing Daw Suu [B960305, BA].

FREEDOM CURTAILED - DAW SUU

On 13 Mar, the so-called 'unconditional' freedom of Burmese democracy leader and 1991 Nobel peace laureate, Daw Aung San Suu Kyi, was further curtailed by SLORC. She had planned to travel to Mandalay to attend the trial of two comedians, Pa Pa Lay and Lu Zaw, who were arrested for staging satirical skits at her home on 4 Jan (BA Vol.7 No.1). The train carriage on which she was to travel was declared out of order' and uncoupled from the train. No other seats were available. But when she and her entourage agreed to stand, they were refused access to the train. On 18 Mar, the Mandalay Court sentenced the comedians and two helpers, U Htwe and U Aung Soe, to 7 years in prison [A960329, F960328, NLD960328].

NLD CALLS FOR 1990 PARLIAMENT

On 25 Mar, U Aung Shwe, Chairman of the National League for Democracy (NLD), wrote to Senior General Than Shwe, Chairman of SLORC, requesting that the parliament elected on 27 May 1990 be convened. The letter quoted SLORC's declarations and regulations mandating the elections, its recognition of the election results, and its promises to convene the parliament. "In accordance with *Pyilhu Hluttaw* Election Law and Rules, with paragraph 12 of SLORC Declaration No.1/90, and with promises made at various press conferences of the SLORC Information Committee, to implement the results of the 1990 Multi-Party Democracy General Election, ... the *Pyithu Hluttaw* must be convened" [NLD960325, Reu960329].

SLORC'S LAWLESS ACTS

On 28 Mar, the NLD protested to SLORC that its officials at various levels are perpetrating lawless acts. Specific incidents were cited including the next story. NLD Chairman Aung Shwe reminded SLORC that its primary stated role is to uphold law and order, and urged Senior General Than Shwe to investigate 'all lawless conduct throughout the nation' and to rectify the situation as soon as possible [NLD960328]. ➡

Burma News:**5 YEARS FOR MINOR ACCIDENT**

SLORC's determination to harass and keep Daw Suu away from the comedians' trial in Mandalay became more evident when it sentenced U Saw Hlaing, a National League for Democracy (NLD) organizer, to 5 years in prison on 18 Mar for a minor traffic accident. Saw Hlaing and three others had travelled to Mandalay in 2 cars to prepare for Daw Suu's visit which was subsequently blocked by SLORC. They returned to Rangoon on 15 Mar and, en route, Saw Hlaing slightly damaged a trishaw (pedicab). As was required, the slightly injured trishaw passengers (dislocated thumb, and a cut on the chin that required 2 stitches) and trishaw driver were taken for treatment at a local hospital and the incident reported to the police. During the reporting process, a change in atmosphere was noticed and the police tried to arrest all 4 persons in the 2 cars. Finally, only Saw Hlaing was arrested and the trishaw passengers and driver were forbidden to leave the hospital. Saw Hlaing was charged with causing grievous injury and summarily tried and sentenced in the Kyungon Police Station to 5 year in prison. No bail, legal assistance or defence were allowed. Family members were denied access to Saw Hlaing and they were told that no trial was going to take place [A960329, NLD960328].

JAPANESE DEBT RELIEF

Japan granted SLORC Yen 5 billion (US\$50 million) in debt relief on 20 Feb to cover the capital and interest payments on Japanese Overseas Development Assistance (ODA) loans to March 1987. Burma still owes Japan Yen 400 billion (US\$4 billion). Japan granted SLORC Yen 4 billion (US\$40 million) worth of debt relief in June 1995. Japan also donated \$99,405 to the Burma Medical Association for HIV/AIDS prevention projects in Mandalay [AP/DJ960222].

RUSSIAN HELICOPTERS

BA Vol.6 No.12 reported that SLORC purchased seven M17 helicopter gunships and arms from Russia in Oct.95. According to the Far Eastern Economic Review, eight helicopters have been delivered to date. Officially, they are for transport purposes, but sources in Rangoon say they will be equipped with machine-guns and rocket launchers. A team of Russian technicians arrived in Rangoon in Jan.96 to train

the Burmese in maintenance procedures for the helicopters. A fourth staff member has also been added to the Russian Embassy's Defence Attache's Office [F960314].

POTENTIAL THAI-BURMA CONFLICT

Military officials from 22 countries including the USA, China and Russia, meeting in Thailand 21-22 March, to discuss regional security issues, concluded that the Thailand-Burma border is a potential conflict area. Thailand has border disputes with all of its neighbours but the disputes with Burma were seen as the most serious and the ones most likely to lead to confrontation. A Thai military officer said, "Burma even claims that some four-lane roads and mountains in Thailand are part of their territory and they are persistent about that." The delegates also agreed on the need for a regional United Nations peacekeeping force. SLORC turned down an invitation to attend the meeting [BPWR960329].

MORE NATURAL GAS FOUND

PTT Exploration and Production Pic, the exploration arm of Thailand's Petroleum Authority said on 28 Feb that it had discovered natural gas off Burma in the Andaman Sea, 10 km south of the Yadana field. The well, M5 A1, was tested at 26 million cubic feet per day (Mcf). The 'Sein' well was drilled by a joint venture between Total SA of France (31.24%), Unocal Corp of USA (28.26%), PTT Exploration and Production (25.5%) and SLORC-run Myanma Oil and Gas Enterprise (15%) [Reu960228].

SLORC PROTESTS INVESTIGATION

The SLORC Embassy in London recently wrote to the European Commission in Brussels protesting its decision to investigate SLORC for forced labour practices - "Certain cockerels in the West, those former colonial powers, who aggressed against and annexed the Union of Myanmar, continue to disseminate the seeds of mistrust and false allegations. These nefarious influences are jealous (of) the great advances made by our Government towards total peace and goodwill amongst our peoples." The letter said that reports of peasants being compelled to build new tourist roads missed the point. "Myanmars have always voluntarily donated their labor in lieu of taxes and for the love of their motherland"[DT960207].

Burma News:**SHAN STATE AFTER KHUN SA**

After the surrender of drug warlord Khun Sa to SLORC (BA Vol.7 No.1), a Shan Herald Agency for News (SHAN) team travelled to various locations on the Thai-Shan border to compile the following report on the status of armed groups in the Shan State:

Group	Leader:	Strength
Former Merng Tai Army groups:		
-SSNA	Karn Yod	5-6,000
-CfP	Lern Kham	1,500-2,500
-YS	Yod Serk	1,000
-273Bde	Kor Ngern	500-1,000
-8Bde	Aung Htun	500
MTA	Khun Sa	5,000
SSA	Sai Nong	5,000
Peace and Democratic Front:		
-UWSA	Chao Ngai Lai	10-15,000
-NDAA	Sai Lin	3,500-4,000
-MNDA	Yang M Lian	1,500-2,000
-PSLA		7-800

Total: 34,700-42,800

Note 1: SSNA = Shan State National Army, CfP — Committee for Peace, YS = Yod Serk's group, Bde = Brigade, MTA = Merng Tai Army, UWSA = United Wa State Army, NDAA = National Democracy Alliance Army, MNDA = Myanmar National Democracy Alliance, and PSLA = Palaung State Liberation Army.

Note 2: The combined SSA and SSNA force (BA Vol.7 No.2) will be known as SSA, not SSNA as previously decided. The Shan State Progressive Party was also renamed the Shan State Peacekeeping Council.

Note 3: SLORC is pressuring all cease-fire groups to lay down their arms in the same way the MTA did. A UWSA convoy coming down from the north to its southern base near Doi Lang was blocked recently. SLORC has ordered the UWSA to return to its northern base in the Wa State. To date, it has refused.

KHUN SA REPORTED IN RANGOON

According to the Bangkok Post, Khun Sa is now living a life of luxury in a lakefront villa in Rangoon. He is reportedly setting up legitimate businesses with his drug money. Six Taiwanese experts in ruby and jade design and gem cutters from Ho Mong have reportedly been moved to Rangoon. A Thai intelligence source said Khun Sa recently transferred US\$24 million from various Thai financial institutions to invest in Burma [BPWR960315]. Rumours in Burma say that Khun Sa deposited US\$200 million in a SLORC bank as one of the conditions for his immunity. They claim this explains why SLORC's foreign exchange reserve jumped to US\$700 million from US\$400 million a few months ago. The Singapore Straits Times on 13 Jan.96 reported that Khun Sa 'bribed his way to quiet retirement' - Ed.

NEW FRONTIER FORCE

SLORC's Ministry of Defence for the first time mentioned a Frontier Force under its command. Analysts are uncertain what the force consists of. Some speculate that it will include the ethnic forces that have signed cease-fires with SLORC such as the Kachin State Army and Khun Sa's Merng Tai Army [F960321].

TOTAL SA DENIES ATTACK

TOTAL SA issued a complete denial that its Kanbauk field office had been attacked in Feb.96 (BA Vol.7, No.2). A spokesman, however, said that an attack in the area is not of immediate concern to TOTAL as long as it is not directly or indirectly involved. French Ambassador Bernard Pottier confirmed that no French citizen was killed or wounded [DS960305].

GENERAL KYAW HTIN DEAD

General Kyaw Htin, 70, died on 26 Jan.96. He was General Ne Win's Chief of Defence Services and a former Deputy Prime Minister in the Burmese Socialist Programme Party era. Kyaw Htin was one of Khin Nvunt's protectors [BA].



The "Burma Alert" is published monthly by ADDB Inc to provide data for the Burmese democracy movement. In 1995, grants were recieved from the International Centre for Human Rights and Democratic Development, Canada; the Evangelisches Missionswerk, Germany; and the National Endowment for Democracy, U.S.A. "BURMA ALERT" SUBSCRIPTIONS: Institutions - US\$100.00 (or C\$100.00) per annum and Individuals US\$25.00 (or C\$25.00) per annum. Readers are also invited to become 'Associates' and participate in helping to promote democracy in Burma by contributing US\$100.00 (or C\$100.00) per annum. All cheques and money orders payable to ADDB Inc, c/o Harn Yawngnhwe, RR.4, Shawville, Quebec J0X 2Y0, Canada. Fax: 1 (819) 647-5403, Tel. 647-5405. E-mail: yawngliwe@hookup.net

Investments:**MICHAEL DOBBS-HIGGINSON**

and

MIRIAM MARSHALL SEGAL

In Dec.95, an article entitled "What is the National League for Democracy Up To?" by a Michael Dobbs-Higginson was published in the Indonesian Observer and the Straits Times of Singapore. It was featured very prominently in SLORC-controlled newspapers in Burma (in Burmese and in English) in Jan.96. People in Burma suspected that Dobbs-Higginson was paid by SLORC to write the very biased report on the NLD. According to a story by Erik Guyot in the 24 Jan.96 issue of the Asian Wall Street Journal and court documents, the facts are a little more complicated and very interesting:

* Michael Dobbs-Higginson, 54, was until 1990 the former chairman of Merrill Lynch Asia Pacific in Hong Kong.

* Dobbs-Higginson, wrote the book "Asia Pacific: Its Role in the New World Disorder."

* Dobbs-Higginson is co-chairman of "Myanmar Strategic Advisory Services Limited."

* Dobbs-Higginson works as a consultant to the Japanese trading firm, Mitsui & Co, which started investing in Burma in 1994. Mitsui & Co is currently engaged in negotiating various contracts with SLORC.

* Dobbs-Higginson is a good friend of Miriam Marshall Segal who persuaded him that Burma is ruled by a forward looking 'collegiate military government.' Until November 1995, Segal was apparently the other co-chairman of "Myanmar Strategic Advisory Services Limited."

* For the last 20 years, has Segal divided her time between Burma and New York. She is a close friend of General Ne Win and Lieut-Gen Khin Nyunt [BA].

* In 1990, Segal founded the Myanmar American Fisheries Co (MAFCo), a joint venture with SLORC's Ministry of Livestock and Fisheries, to process prawns and other seafood.

* Peregrine Investments Holdings Ltd of Hong Kong which has offices in 16 Asian countries and prides itself on finding well-connected local partners in emerging markets, teamed up with Segal in 1992.

* In mid-1994, Peregrine bought Segal's shares of MMA Financo Fisheries Co, which owned 50% of MAFCo. Peregrine then hired Segal as Chairman of the money-losing business and pumped in more than US\$3 million.

* MAFCo continued to lose money and Segal was furious with Peregrine for limiting her role in running the company.

In early 1995, Mitsui & Co wanted new sources of seafood and became interested in taking a stake in the prawn business in Burma.

* According to memos that Peregrine submitted in court, Segal allegedly wrote on 31 May to Claude Charles, a retired Peregrine director and former head of its regional corporate finance: "I really do hope you and Michael (Dobbs-Higginson) come up with something creative by which Mitsui buys all of Peregrine's stake in MAFCo and then we are able to buy 35%-40% back. I think they should be able to get it quite cheaply."

* In a memo on 12 June, Segal addressing Brig-Gen Maung Maung as "my dear general" advised him on a range of issues including how to handle relations with the US government or how to spot and deal with potential dissidents in Burma. "Watch for expats or ex-Burmese nationals. They are planted to organize local Burmese with money and strategy while they remain in the background and act as business people."

* Segal also advised Maung Maung on Burmese politics, "Do not give an inch.... It is yours to rule as you see fitIf the lady has (sic) let out, who will take responsibility for her life and lives of others (?) Perhaps they should advise her to compromise - in other words - attack mildly - show your security - but your willingness to talk(,) not to be dictated to."

* According to documents filed in court by Peregrine, Segal on 13 June dictated a memo to SLORC's Minister of Fisheries Brig-Gen Maung Maung, to expel a Peregrine employee and US citizen named Hector Lwin. "Why can't his visa revocation be implemented - undesirable citizen, mistreatment of local staff, suspicion of illegal action, too many lost passports, etc. My job is difficult enough without his undermining everything.... make life as difficult as possible for the group (Peregrine employees) so they learn that without support from me they will achieve nothing."

* Segal also asks Brig-Gen Maung Maung to intervene with her landlord, "I left on the understanding that if there are embargoes, which I am fighting against, his business will be devastated. Please ask KN what to do about it.... Make the landlord care; please show your muscle.... Talk to him."

Investments:

MICHAEL DOBBS-HIGGINSON
and
MIRIAM MARSHALL SEGAL
(Continued..1)

* Segal also reported to Brig-Gen Maung Maung about her efforts to lobby for SLORC in the USA. *"But bottom line is we need USA for infrastructure - and work must continue on changing their minds... I have to tackle the White House... arranged to see Bob Dole, hopefully, our next president."*

* In 1995, Segal set up a rare meeting between a senior Mitsui official and Lieut-Gen Khin Nyunt, SLORC Secretary 1 and its intelligence chief. From a 19 June memo from Segal to Dobbs-Higginson: *"I...arranged every meeting and the most important one which Mitsui themselves admitted was impossible to get, and which gave them much face.... My understanding of the agreement that exists between you and me is that they (Mitsui) are paying us a US\$150,000 retainer."*

* In a 21 June memo to Dobbs-Higginson, Segal claims, *"I am recognized throughout the world as being the strongest and most influential person with the government of Myanmar. That is worth a great deal.... What I have described above would be the most sensible route for Peregrine to take. The same applies for Mitsui as I influence the Burmese government and the Burmese dependency grows stronger daily."*

* In the same memo, Segal writes, *"I have managed to diffuse the fallout from the movie 'After Rangoon' (sic) by pointing out that all this took place before 1988, and it has changed... I have a meeting scheduled with Al Gore, and I believe I can pull off a big public relations coup by having the Burmese government represented for very little money by a lobbying firm, the head of which is doing it for me and believes in what I am doing. He has overruled his board, and now it is a matter of convincing the Burmese to do it, which I believe I can."*

* According to Peregrine, Segal wrote Dobbs-Higginson on 28 June: *In a conversation with Endo (senior Mitsui official), discuss with him that (sic) fact that the government wants for me to become the official advisor for Mitsui. This would be very beneficial for us and for them. If that happens, the ministries will act promptly on Mitsui's requests and I will be able to follow through openly on everything and no one will dare say no. For these services, I think we could ask US\$500,000... and my salary plus expenses (...about US\$250,000/year, roughly what I am getting now). This would allow us to control and*

have a deep knowledge of what Mitsui is doing in Yangon."

* The same memo said, *"Peregrine is about to put another US\$1.5 million into MAFCo... but they will not see the return anticipated... At that time, Mitsui can come in and make a ridiculously low offer for 40% of MAFCo."*

*** Segal's 28 June memo to Dobbs-Higginson was faxed to Peregrine by mistake.**

* On 31 June, Segal again wrote to Brig-Gen Maung Maung about Hector Lwin: *"Hector is very active - pin something on him, frame him - anything... I would raid Hector's house."*

* On 11 July 1995, Peregrine dismissed Segal as Chairman of MAFCo claiming that she was planning to damage Peregrine's business interest.

* On 14 July, Hector Lwin was interrogated by military intelligence and immigration officials. On 17 July he was given 72 hours to leave Burma for violating a minor travel regulation which would normally merit a warning or fine.

* In early September, Segal entered MAFCo's two prawn processing plants in Rangoon and told staff that she had been reinstated as a director. She and a Burmese ally who she reinstated as MAFCo's Managing Director, told staff that Peregrine personnel entering the plant would be prosecuted.

* Segal's lawyer justifies her actions under Burmese law because the Ministry of Fisheries said that the share transfer was invalid.

On 12 September, SLORC's Ministry of Fisheries wrote to Peregrine, stating that the transfer of MMA Financo Fisheries was subject to Burmese law, even though the company was incorporated in Hong Kong, and questioned the validity of Peregrine's acquisition of Segal's shares because it did not register its ownership of the shares with SLORC.

* Peregrine, claims that its purchase of Segal's Hong Kong-registered company doesn't come under Burmese jurisdiction and that it properly registered the shares.

* Peregrine sued Miriam Segal in New York for US\$20 million in September 1995 for violating her employment contract by pursuing other business deals and plotting to undermine the prawn business so that Peregrine would be forced to sell out.

Investments:

MICHAEL DOBBS-HIGGINSON
and
MIRIAM MARSHALL SEGAL
(Continued....2)

* In Hong Kong, Peregrine also sued Claude Charles and Michael Dobbs-Higginson, for conspiring to aid Miriam Segal.

* In October, Alan Mercer, Peregrine's in-house lawyer said that it is no longer talking with its joint-venture partner, the SLORC Ministry of Fisheries.

* In December 1995, Miriam Segal counter sued Peregrine in New York for US\$20 million for breach of contract and defamation.

The above account highlights not only the unethical behaviour of Miriam Segal and her colleagues but is shocking in exposing how SLORC generals are being manipulated by unscrupulous businessmen. The lawless nature of these exchanges should cause investors to pause and reconsider whether they really wish to do business with SLORC - Ed.

**Investments:****SLORC INDUSTRIAL ZONES**

Myanmar Industrial Development Committee Chairman and Agricultural Minister Lieut-Gen Myint Aung announced that SLORC is setting up 12 industrial zones to promote the development of agro-based industries, raise the quality and quantity of industrial products, and promote the production of new machinery and industrial equipment [X960111].

SLORC DEVELOPMENT BANKS

SLORC on 15 Feb established the **MYANMAR INDUSTRIAL DEVELOPMENT BANK** and the **MYANMAR FISHERIES AND LIVESTOCK BREEDING DEVELOPMENT BANK** to provide financial and other services to private Burmese entrepreneurs in the industrial and livestock breeding and fisheries sectors of the economy. The head offices of the two new banks were formally opened by Lieut-Gen Tin Oo, Secretary 2 of SLORC. Formed as public limited companies with limited liability, the two banks each have an authorized capital of Kyat 2 billion (US\$334 million at the official exchange rate) [DPA960216].

CANADA:

LEEWARD CAPITAL has formed a joint venture with SLORC to acquire a 540 sq.mile copper-gold concession west of Rangoon. A German aid agency previously outlined 2 massive sulphide prospects in the concession area [NM960311].

NOVA GAS INTERNATIONAL of Calgary will provide consultancy services for the Gulf of Martaban natural gas pipeline. It has been contracted by the Petroleum Authority of Thailand for the 260 km section from Ban I Thong to Ratchaburi in Thailand [CFOB960129].

FRANCE:

BANQUE NATIONAL DE PARIS opened a representative office in Rangoon on 13 Feb. The ceremony included SLORC Finance and Revenue Minister Brig-Gen Win Tin, **International Bank and Finance (Asia-Pacific)** Senior Vice-President Francis Vincent, Central Bank of Myanmar Governor U Kyi Aye, **French Charge d'Affaires** Olivier Vaysset, and BNP chief representative Michel Daniel. The bank received its licence in Dec.94 [B960227].

HONG KONG:

WO KEE HONG, an audio-visual equipment distributor, has set up an office in Burma according to the company's vice-chairman Richard Lee Man-fai [SCMP951228].

JAPAN:

BANK OF TOKYO and SLORC's Ministry of National Planning and Economic Development co-sponsor investment seminars for Japanese companies [Jiji960221].

BANK OF TOKYO, which will be merging with **MITSUBISHI BANK** to form the **TOKYO MITSUBISHI BANK** as of 1 Apr, has launched a project to develop human resources in Burma. Up to 60 students, including those at medical colleges, will receive a scholarship of US\$20-25 a month [Jiji960221].

FUJI BANK opened a representative office in Rangoon on 15 Feb. Fuji is the 24th foreign bank to establish an office in Burma [Kyodo960216].

HITACHI LTD is considering establishing a new manufacturing base for its color televisions and refrigerators in Burma [CL960111].

JAPAN ASIA INVESTMENT (JAI), a venture capital firm, has set up a fund worth Yen 6 billion (US\$ 60 million) for enterprises in Japan and other parts of Asia, including Burma [CL960214].

Investments:**JAPAN** Continued:

KUMAGAI GUMI plans to establish a representative sales office in Rangoon [CL951228].

MARUBENI CORP executives visited SLORC to discuss oil and natural gas development [Kyodo960216].

General construction companies, **MITSUI CONSTRUCTION** and **HSZAMA** opened offices in Rangoon [CL951228],

MITSUBISHI CORP will provide technology and machinery to develop agricultural and irrigation works in Burma. Mitsubishi President Minoru Makihara met with Agriculture Minister Lieut-Gen Myint Aung on 13 Feb [Kyodo960214].

TAISEI, the civil engineering contractor, also opened a communications office in Rangoon in Nov.95 [CL951228],

TAMURA ELECTRONICS CORPORATION is looking into the possibility of setting up a manufacturing base in Burma, the Managing Director of its Malaysian operations Yasuhara Hidaka said [BT960109].

KOREA:

KOREAN EXCHANGE BANK has been granted a license to open a representative office in Burma. It will be the first South Korean bank in Burma and it will become the 32nd foreign bank to do so in the country. [X951228].

SINGAPORE:

EASTERN & ORIENTAL EXPRESS has borrowed US\$8 million from the **Development Bank of Singapore** to finance its 'Road to Mandalay' cruise ship. Nick Varian, chief executive office of **Venice Simplan Orient-Express**, said the total investment is about US\$15 million, with half of it coming from equity. The 'Road to Mandalay' is a luxury cruise ship which has just started plying the Irrawaddy River in Burma. It belongs to the same family of upmarket holiday packages which include the **Eastern & Oriental Train** running between Singapore and Bangkok, and the world famous **Venice Simplan Orient Express** in Europe. Shareholders in E & O Express are: **Sea Containers**, Thailand's **Italian-Thai**, and **Landmarks** and **YTL** of Malaysia. **Sea Containers**, is a London-based group with assets of US\$1.9 billion. It also owns **Orient Express hotels** [BT960214].

DEVELOPMENT BANK OF SINGAPORE also financed the renovation of the deluxe **Strand Hotel** in Rangoon in addition to financing **E & O Express**' 'Road to Mandalay' Cruise Ship [BT960214].

NTUC FAIRPRICE COOPERATIVE, the partner of the **Union Myanmar Economic Holdings Limited** is the largest supermarket chain in Singapore with 300,000 members. It has 4 outlets in Malaysia, and one in Rangoon. It is also providing technical and management services to a supermarket in Indonesia. Its partner in Malaysia is **Hong Leong Industries Sdn Bhd**. **Davids Holdings Pte Ltd** handles all of FAIRPRICES's distributing and warehousing operations in Singapore. It is a member of the **International Grocers Alliance (IGA)**, a US-based retail network [I<yodo/ST960108].

THAILAND:

Thailand is seeking badly needed funding of about US\$800 million from Japan to renovate existing highways in the Greater Mekong Subregion, which includes Cambodia, Laos, Burma, Thailand, Vietnam and China's Yunnan province. The renovation work will cover four existing highways -two between Yunnan and north Thailand, via Laos and Burma; and two between northeast Thailand and Vietnam, via Laos and Cambodia [X951228].

PEOPLE'S GARMENT PLC, a subsidiary of the **SAHA GROUP**, is exploring the possibility of setting up plants to manufacture **ARROW** brand clothing in Burma. People's Garments has been producing **ARROW** brand clothing under licence for 16 years. The **ARROW** brand is owned by **Cluett Peabody** of USA [BPWR9603221].



NEWS SOURCES THIS ISSUE: A = Asiaweek, AP = Associated Press, AWSJ = Asian Wall Street Journal, B=BangkokPost, BA=BurmaAlertsources, BPWR = Bangkok Post Weekly Review, BT = Business Times, CFOD = Canadian Friends of Burma, CL = Comline, DJ = Dow Jones, DPA = Deutsche Presse Agenlur, DS = Dawn Star, Paris, DT = Daily Telegraph, F = Far Eastern Economic Review, Jiji = Jiji Press, Japan, Kyodo = Kyodo News Agency, Net = BurmaNet, N = The Nation, Bangkok, NLD = National League for Democracy, NM = Northern Miner, Reu = Reuters, SCMP = South China Morning Post, SHAN = Shan Herald Agency for News, ST = Strait Times, X = Xinhua News Agency, Beijing.



Economics:**INFLATION IN BURMA**

In recent months prices of basic commodities such as rice and cooking oil in Burma have skyrocketed ringing alarmbells. So severe is the inflation that SLORC has finally admitted that there is a problem. The generals are getting worried. "The uprising and demonstrations that took place in 1988 were mainly because of the economic difficulties," SLORC Minister of Trade Lieut-Gen Tun Kyi said at a recent symposium. But according to the generals, growing foreign investment, strong economic growth and economic reforms have fuelled the inflation. To explain the increases, SLORC's Minister for National Planning and Economic Development, Brig-Gen David Abel, detailed Burma's economic growth rates at a recent top-level coordination committee meeting. "The issue of inflation is inevitable since more and more has to be invested for national reconstruction, but the rate of inflation must not be out of control," said SLORC Chairman Senior General Than Shwe. He called for all-out efforts to bring down production costs by stressing frugality in spending [Reu/N960301, B960324].

Are the generals' diagnosis of the problem correct? How severe is inflation in Burma?

The following chart of prices gives an idea of the severity of the inflation. It shows the Official Price versus Unofficial Prices of basic commodities in Rangoon - in Kyat per unit (Source: US Embassy).

	Official 1990	Unofficial 1990	Unofficial 1995
Emata Rice	6.0	10.6	65.0
Fish	90.0	90.0	300.0
Chicken	120.0	122.0	325.0
Pork	110.0	158.0	300.0
Groundnut Oil	34.0	69.8	225.0
Gasoline	16.0	80.0	220.0

Other cost increases include: Electricity in Rangoon - Kyat 2.50 per unit in 1994 compared to Kyat 0.50 in 1991; Charcoal - Kyat 45 per viss versus Kyat 13 in 1993; and Gasoline - the Official Price was hiked to Kyat 25 per gallon in Aug.94 from Kyat 16. Most Burmese attribute the jump in inflation to domestic shortages of essentials caused by excessive exports of some items to earn much-needed foreign exchange (forest products, rice, sesamum, pulses, onions, and marine products). Jumbo Shrimps, which are out of the reach of most Burmese, best illustrate the point. In 1990, the Official

Price was Kyat 200 per viss versus Kyat 224 unofficially. In 1995, the unofficial price was Kyat 1,500 per viss (Note - Most Burmese do not have access to goods at the Official Price).

According to Professor Mya Maung, the main cause of inflation in Burma is the inept monetary and fiscal policies of SLORC. The following tables illustrates his point:

Currency in circulation
(in million Kyats)

1988	14,659
1989	19,926
1990	29,211
1991 March	35,140
1992 March	46,584
1993 March	63,871
1994 March	76,749
1995 March	106,023 plus 13,248

The figure for 1995 shows the additional value of FECs (Foreign Exchange Certificates) in circulation today (Kyat 13,248 million at the Unofficial rate of exchange). The fact that the value of FECs are about one eighth of the notes in circulation notes, makes matters worse.

SLORC's deficit spending on defence is another factor. Since 1988, the 180,000-man army has increased to 350,000 men. According to SLORC's own figures, its defense spending in 1994-95 was Kyat 11.421 billion out of a total budget of Kyat 31,938 billion. These figures do not include the US\$1.8 billion in arms that SLORC purchased from China. The cumulative SLORC budget deficit for five years of its rule from 1988 was Kyat 28.931 billion (US\$4.82 biUion).

The general's chronic trade deficit is another factor as illustrated by the following table:

Foreign Trade (in million Kyats)

Year	Export	Import	Bal
1988-89	2,169	3,443	2,411
1989-90	2,834	3,395	561
1990-91	2,953	5,523	2,571
1991-92	2,926	5,537	2,411
1992-93	3,590	5,356	1,775
1993-94	4,158	7,800	3,642
1994-95	4,893	9,360	4,467

The cumulative trade deficit since 1988 is Kyat 17.837 billion (US\$2.86 billion at the official rate).

Given these facts, it does not seem that SLORC is capable of solving the problems Burma is facing - Ed.