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## **Tourism(s) and the way to democracy in Myanmar**

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### **Abstract:**

In few other countries than Myanmar have political context and tourism been so closely linked for more than fifty years. After the open situation of colonial times and the early days of independence, the military junta closed the country from 1962 to 1988, by using a severe visa policy. From 1988 to 2010 a new military regime began to open the country to attract foreign currencies and restore the image of the country on the international stage through a proactive policy and by organizing a Visit Myanmar Year in 1996. Despite its moderate success, this event was the starting point of tourism in the country, with the construction of basic infrastructure, often motivated by opaque strategies and money laundering. The Visit Myanmar Year was also the starting point of several years of calls to boycott tourism by Western Human Rights NGOs; however, boycott was not a consensual issue, and conflict pitted NGOs and guidebook editors; moreover, its impact seems to have significantly decreased in the 2000s. In 2010, the military junta took the decision to dissolve itself in favour of an officially endorsed civilian government; this change, along with tourism reforms, spurred tourism. However, this government-led initiative was embedded within the legacy of the military junta's framework and networks: transitional tourism has been marred by corruption, money-laundering and unrealistic projects with heavy social and environmental costs, such as over-sized hotel zones.

### **Keywords:**

Myanmar; Burma; tourism; political transition; military junta; ethics; boycott; Inlay Lake

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### **Introduction**

In Autumn 2015, in the Myanmar magazine “The Traveller”, an American guide-cum-author wrote an article entitled “Why I’m going to Burma (Myanmar)<sup>1</sup>”:

When word got out I was thinking of taking a group to Burma this November, I received this e-mail: ‘I strongly advise you to drop travel to Burma. The treatment of the Rohingya minority is so appalling that I feel no one should be visiting that country...’ [...] But I don’t believe a travel boycott is ever the answer. In fact, I deeply believe travel contributes, often granularly, but ultimately measurably, to the solution.[...] Yes, by traveling to Burma, we unavoidably contribute in some measure to a bad regime. But money spent locally goes directly to the villagers, helping to increase quality of life [...] and when people are able to meet their daily needs, they are more able to work to remove tyranny. (The Traveller, September 28<sup>th</sup> – October 4<sup>th</sup>, 2015)

It is interesting to note that five years after the dissolution of the brutal military junta in 2010, after a row of democratic reforms, the lifting of many international sanctions and significant progress on the way to democracy - in spite of some backslides - and just one month before elections that would yield a tremendous victory of the democratic party, Myanmar remained associated with a “bad regime”, a “tyranny” that must be visited in a specifically cautious and responsible way. Therefore, tourism in Burma cannot ignore the political context within which it is developed (Hall and Ringer 2000).

Such a relation is the subject of this paper, which is based on my doctoral research in geography on the emergence and the construction of tourism in the Inle Lake region (Shan State, Myanmar). Considering the scarcity of previous research and literature on this topic, I mainly had to rely on long stays in the field, on empirical data and on interviews with a wide array of local stakeholders, among whom were a handful of key informants who could provide me with quite confidential information; even though the latter are extremely hard to verify, I managed to establish the reliability on those interlocutors by cross-checking some of their information. Moreover, the information was never a total surprise, which would stand in sharp contrast with the local context: instead, the material brought accuracy, names and figures to widespread but usually vague local knowledge.

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<sup>1</sup> In 1989, the military junta changed the name of the country from Burma to Myanmar. For this paper, I will use the former expression to refer to the country until 1989 and to the latter term afterwards. I will do the same for the former capital city of the country, whose name was changed from Rangoon to Yangon.

This immersion within a touristic system under construction, within what Cohen (2001) calls the “tourism transition” allowed me to better understand the tourism “backstage” (MacCannell 1976), its dark sides, its connection with the political context of the country, and to tentatively answer a few key-questions: how has the political transition of Myanmar built upon a touristic transition? To what extent is tourism in Myanmar a political construction which is driven by a non-accountable political elite (Richter 2009)? Considering this significant political weight, how have the visitors’ behaviors and narratives evolved along with the political transition?

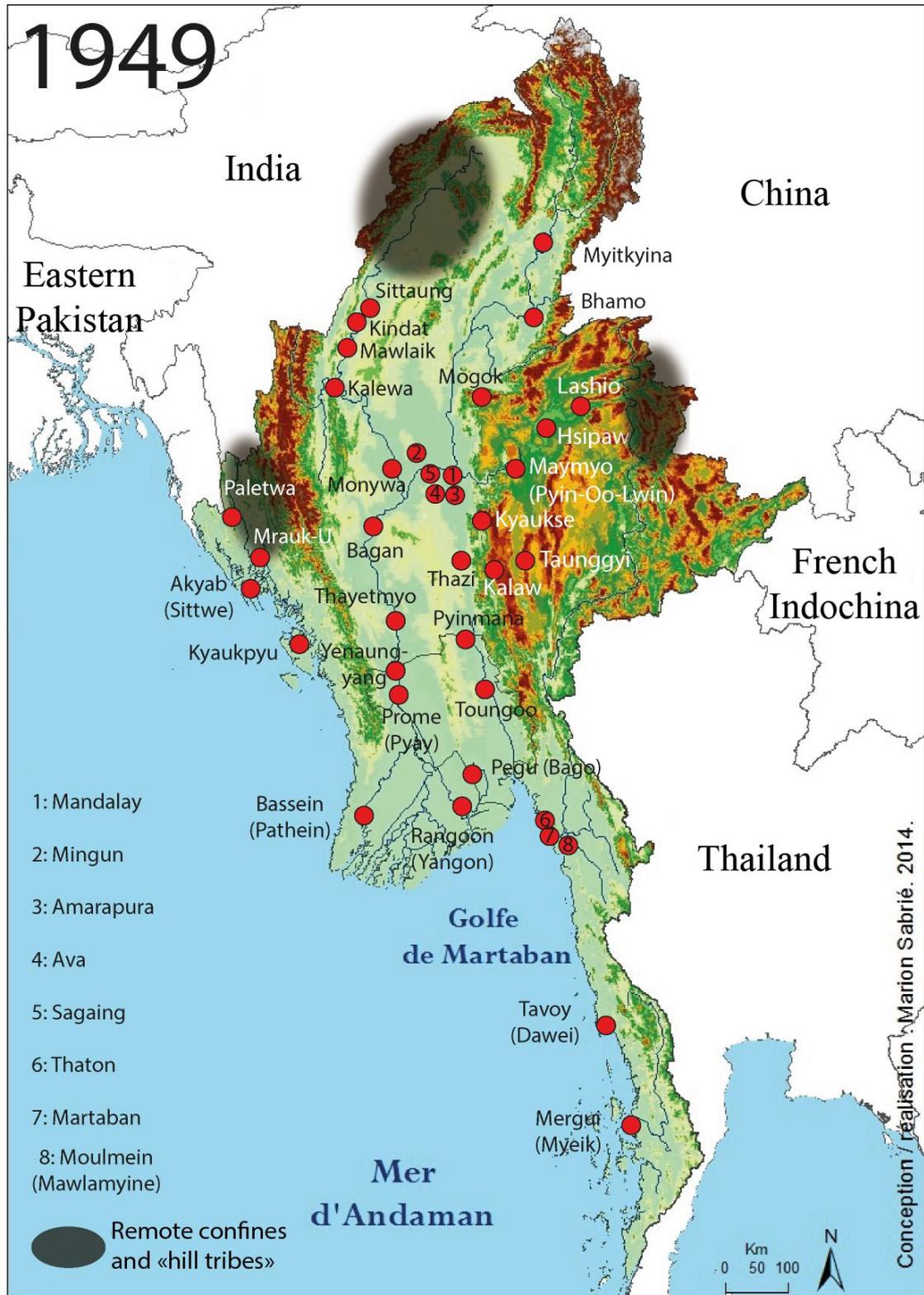
First of all, I will show how, after the colonial era, the military junta in power closed the country from 1962 to 1988. Then, I will analyze the progressive opening of Myanmar from 1996 to 2010, led by the objectives of political and economic gain, and how Western public opinions have taken position about it. Lastly, I will analyze the transition to democracy (2010-2015) and show that the massification of tourism took place within a framework inherited from the previous regime and therefore did not represent a dramatic change in its modalities.

## **1962-1988: “paranoia” (Egreteau 2012) and the isolation of the military junta**

### ***Colonial tourism in Burma***

Although often underplayed, colonial tourism was alive and well: “hardly had the Third Anglo-Burmese War been decided in favour of the British, with their famous flotilla of steamboats up the Irrawaddy in November 1885, than up-scale transport made an appearance” (Hitchcock et al. 2009, p. 7). As soon as 1898, Murray’s editions released “India, Burma and Ceylon” guidebooks, which were re-edited twenty times until 1965, and which reveal a wide range of destinations throughout the country (figure 1). After the 1948 independence, troubles and turmoil probably affected tourism, even though the analysis of guidebooks does not allow the conclusion that there was a severe drop in visitors.

Figure 1: Touristic destinations offered to visitors at the end of colonial period.

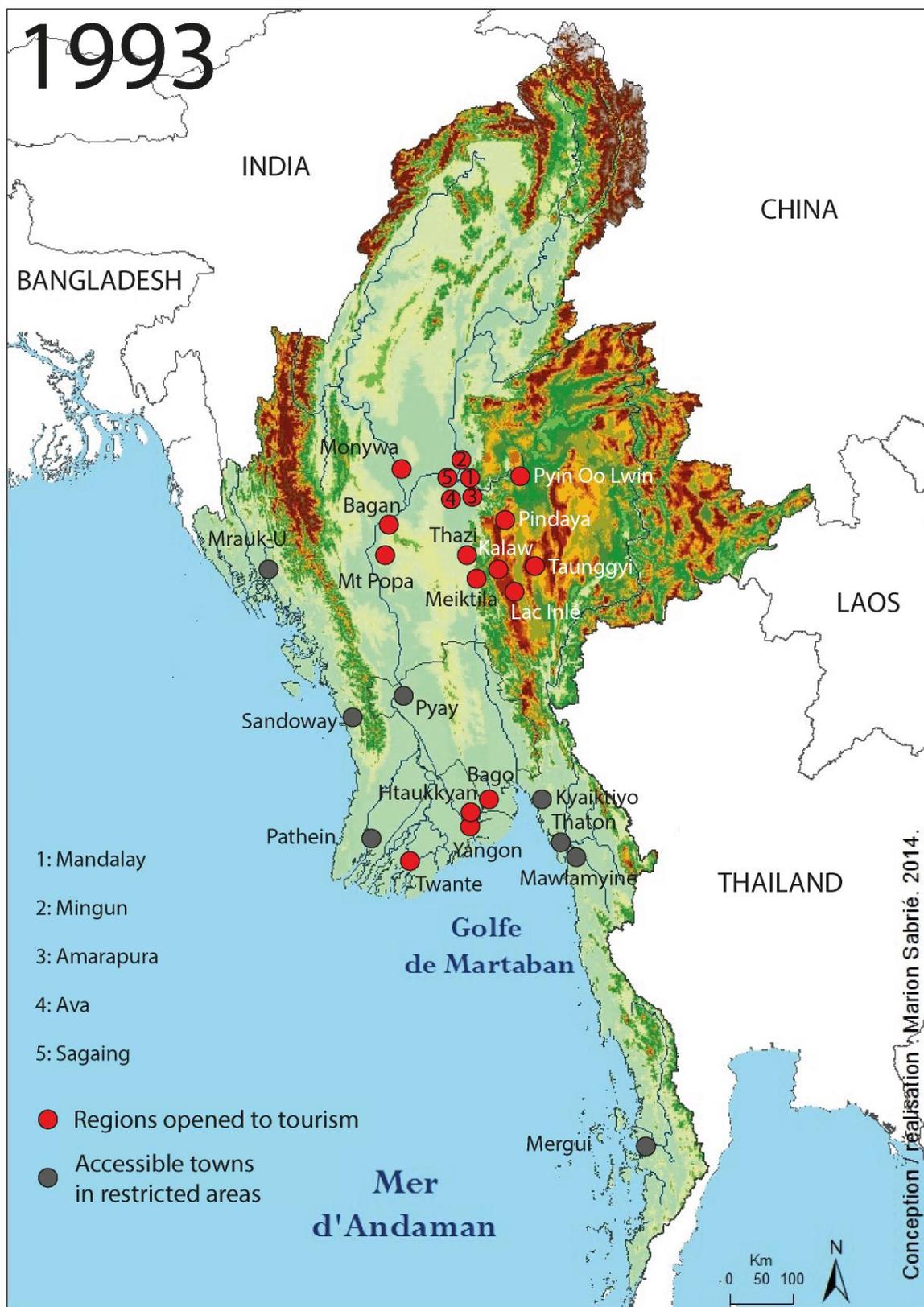


Source: Murray's Guidebook, 1949

### ***The lock-up of the country under the military junta***

The striking difference came with the 1962 coup of General Ne Win. Wary of any foreign influence in the country, the junta set up a very restrictive 24-hour visa for foreigners, and tightened its grip on tourism through the sector's nationalization in 1964 (Khin Khin Moe 2012) or 1965 (Khin Thein Win 2010). In such a context, tourist flows dropped to a trickle: 2000 people in the 1960s (ibid.). The virtual prohibition of tourism lasted seven years, before visa duration was extended to 72 hours in 1969 and one week in 1970 (ibid.). This one-week system remained in force until 1989; for almost twenty years, visa issues, transportation problems and official restrictions deeply shaped flows and practices. From a spatial point of view, it dramatically narrowed the scope of visits: only Rangoon, Mandalay, Bagan and Inle Lake were accessible. Other regions were off-limits, or needed special permits and arrangements (figure 2).

Figure 2: Tourism destinations in Myanmar at the end of the 1980s: a dramatically contracted tourism space.



Source: Lonely Planet, 1993

However, although those years are often considered as dark times in terms of tourism, and while neighbouring countries performed better at that time, tourism did exist in Burma: 11, 000 visitors in 1974, and 41, 000 in 1987 (Henderson 2003). In the literature, tourism was described as on the rise, even threatening the country; in 1977, French traveler B. Jolliat visited the Inle region and laments:

In Tharlay village, I even discovered a cloister and a school. After tomorrow, a touristic restaurant may appear. And in a few years, a highway. Lonesome traveller, purity lover, hurry up! The gangrene of charters, with their dollars and their destructive arguments, already looms over the Burmese border, more dangerous than the Northern guerrilla. (Jolliat 1977)

### ***Burma in the context of tourism development in post-independence Southeast Asia***

It is interesting to note that the first decades of tourism in Burma did not fundamentally differ from the situation in neighbouring countries: it was more a difference of degree rather than a difference in nature. Many mainland Southeast Asian governments were indeed socialist or communist at some point and considered tourism as a form of capitalism, hence being wary of foreigners. For instance, until 1986, Vietnam's General Department of Tourism had "total regulatory power over the entry of all foreign visitors coming to Vietnam, allotting foreign visitors and groups to one of the state tourism companies under its control" (Bennett, in Hitchcock et al. 2009, p. 147); in Cambodia, after a growing popularity until the early 1960s (Hall and Ringer, in Hall and Page, 2000, pp. 178-194), the chaotic political context became a stark deterrent to tourism until the 1980s, while "Lao PDR has officially welcomed international tourists only since 1989.... and the country's first national tourism plan was published in 1990, placing emphasis on the development of a modest tourism industry based on high-end, tightly controlled group tours" (Harrison and Schipani, in Hitchcock et al. 2009, p. 168). Trajectories will mainly diverge afterwards, in the 1990s and 2000s.

### **Tourism in a pariah-state? Than Shwe period (1989-2010) and the way towards opening**

#### ***The pro-active policy of the military junta***

The relative *status quo* of the 1970s-1980s came to an end with the 1988 student protests, which were crushed by the junta, killing around 3,000 people (Steinberg 2010). The impact on

tourism was immediate: the number of visitors dropped from 41, 000 in 1987 to 10, 000 in 1988 (Henderson 2003).

Under the pressure of a country ruined by years of the “Burmese way to socialism”, General Ne Win stepped down and was replaced by General Than Shwe, who re-oriented Myanmar towards capitalism and slowly opened the country’s doors. The chief aims were to attract foreign currencies and to restore the image of the country on the international stage. In this context, tourism was seen as an efficient leverage with high yield.

From a distance, Than Shwe’s tourism strategy might remind us of other Southeast Asian countries’ policies, with a progressive liberalization of the sector throughout the 1990s-2000s and the state’s relative withdrawal from tourism activities and businesses to move towards more political functions (designing and implementing strategies, managing the tourism sector), hence leaving more space to private stakeholders (Richter 2009). However, in Myanmar, it appears that this liberalization was tightly controlled by the authorities, a predatory strategy (cf. *infra*) which reminds us, in the 1990s-2000s, of a characteristic shared by its neighbours in the 1970s-1980s, when “planned development was accelerated or changed at the behest of powerful stakeholders” (2009, p. 137)

The first decision was to extend the duration of the visa: in 1989 (Ni Ni Aung 2010; Langeau, 2014) or 1990 (Khin Khin Moe 2012; Thein Htoo 2014), it was upgraded to two weeks, and to four weeks in 1992 (Khin Khin Moe 2012; Thein Htoo 2014) or 1994 (Ni Ni Aung 1994). Since then, some visa modalities have changed, but not the durations.

Another pivotal action was to organize a Visit Myanmar Year (VMY) in 1996 to promote the destination. The launching ceremony, on November 18<sup>th</sup>, 1996, was quite typical of totalitarian regimes (figures 3, 4 and 5): a mass event in a stadium full of cheering youth, a parachute team of the army, 1,600 girls dancing in “traditional” ethnic costumes, hundreds of young people wearing colourful clothes parading on the field, forming patterns in a demonstration of so-called national harmony (Myanmar Perspectives 1996).

The ceremony, attended by the intelligentsia, was presided over by the number two of the military junta, Lieutenant General Khin Nyunt, who was also the head of the intelligence services. His speech reflected the significance of tourism as a political strategy to showcase the so-called action of the government, and get rid of the “pariah state” label:

He said that 18<sup>th</sup> November 1996 was indeed a red letter day, because it was an occasion not only to launch the Visit Myanmar Year, but also declare Myanmar's commitment to open the doors of the country to the world. [...] He went on to say that the State Law and Order Restoration Council had instituted fundamental changes in the country [...] to build a peaceful, prosperous and modern state. That due to these efforts, Myanmar today was enjoying peace, stability and economic progress unprecedented in its modern history" (ibid.).

Figure 3: The opening ceremony of the VMY: when tourism meets the Army



Source: Movie "Burma, Bid to encourage tourism", by Associated Press, 1996

Figure 4: The opening ceremony of the VMY: a massive “popular event” to showcase the unity of the nation



Source: Movie “Burma, Bid to encourage tourism”, by Associated Press, 1996

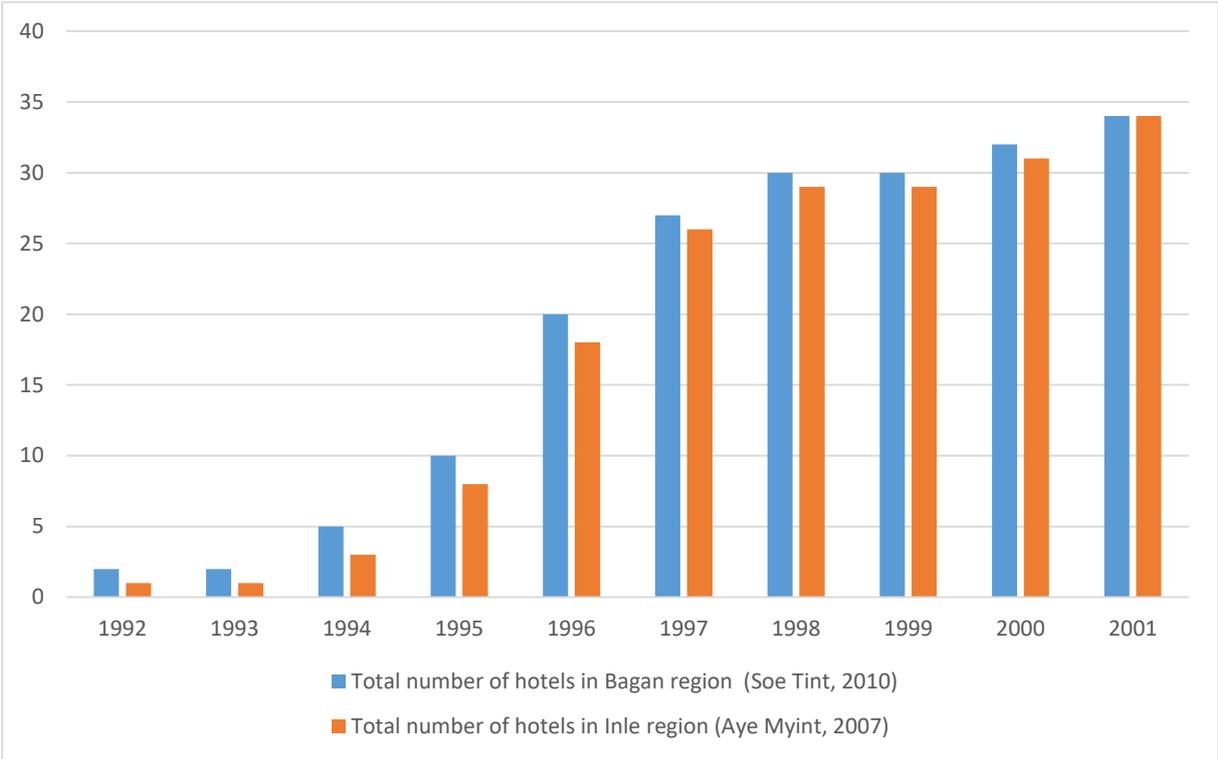
Figure 5: Tourism at the service of politics: Lt-General Khin Nyunt, with full uniform, salutes before giving the opening speech of VMY.



Source: Movie “Burma tourism encouraged with launch of Visit Myanmar Year 1996”, by Associated Press, 1996

The VMY had a significant impact in terms of infrastructure. According to Henderson (2003): with rapid hotel development, the number of hotels increased from 18 (1988) to 43 (1993), and 450 by 1997. At the local level, the evolution was striking: Bagan and Inle had a very minimal hotel infrastructure in the early 1990s; within a few years, the hotel sector had skyrocketed (figure 6).

Figure 6: VMY 1996 and its impact on the hotel infrastructure in Bagan and Inle.



Beyond raw figures, an in-depth analysis shows that this hotel expansion was underpinned by specifically local strategies, directly connected to the political context. Indeed, in Inle Lake region, the number of hotels increased from 1 to 26 between 1992 and 1998 (Aye Myint 2007); out of the 26 hotel owners, two main profiles appear<sup>2</sup>. On the one hand, 15 of them (58%) were merchants from Nyaungshwe town (the main local gateway and economic hub), who had accumulated a certain wealth from relatively transparent activities: rice and sugar mills, cigar workshops, and trade of agricultural goods. On the other hand, 9 out of the 26 original investors (35%) were well-connected investors from Taunggyi, the Shan State capital<sup>3</sup>, and their profiles were more opaque, ranging on a complex continuum from a notorious drug kingpin down to three associates in the construction sector (a corruption-prone activity at that time).

Those investments can be seen as a support of the government’s initiative to develop tourism, either in a conscious, assumed way, or in a more coercive, clientelist way, quite typical of the “compensation economy” (Stordahl, 2008) that ruled whole swathes of the Myanmar economy at that time<sup>4</sup>. However, beyond the government/businessmen relationship, the hotels were

<sup>2</sup> All the information relating to hotel ownership and transparency issues were given by key players of the tourism sector of Inle region. Unsurprisingly, I keep our informers anonymous.

<sup>3</sup> Myanmar is a federal state; Inle Lake and Nyaungshwe town are located in Shan State, in the east of the country.

<sup>4</sup> In such a system, authorities attribute concessions, toll gates or infrastructure work to client-companies. In exchange, the latter have to support the government’s action when needed, most of the time for free.

money-laundering structures, and this hypothesis can be backed by current observations: most of the hotels are neglected, and in disrepair; they are nothing but empty shells used to justify the incomes of their faraway owners.

Although the VMY had a visible impact in terms of touristic infrastructure, it failed to reach its target of 500,000 visitors: according to Henderson (2003), only 251,000 people came to the “Golden Land”. The main cause identified was the tourism boycott, which thoroughly pervaded the whole question of tourism in Myanmar from 1996 to 2010<sup>5</sup>.

### ***To go or not to go? The Myanmar tourism boycott issue***

Although Myanmar had been under the rule of a brutal military junta since 1962, the tourism boycott had not been a clear option until the denial of the 1990 elections, the subsequent imprisonment of Aung San Suu Kyi and her Nobel Prize in 1991. Those events triggered the sympathy of Western NGOs, among which were “Burma Campaign” and “Tourism Concern” in the UK, or “Info Birmanie” in France. Those international stakeholders campaigned in favour of a touristic boycott of the destination.

However, this initiative was not a consensual one: the most emblematic conflict pitted NGOs against the *Lonely Planet* guidebook editors. Indeed, while many companies, including *Rough Guides* decided to withdraw their Myanmar guidebooks in the wake of the 1996 VMY, *Lonely Planet* argues that “their brand of responsible independent tourism” would eventually bring benefits to Burma and decided not to support the tourism boycott (Lisle 2008). In spite of the critics, *Lonely Planet* released a 1999 version, and NGOs replied with a boycott campaign against their publications and the dumping of *Lonely Planet* books on the company’s doorstep (ibid.).

On June 1<sup>st</sup>, 2000, another step was taken in the conflict, with an article in *The Guardian* by Dea Birkett, a close supporter of *Lonely Planet*:

Aren’t holidays supposed to be carefree times for suntans and self-indulgence? Is it really such a crime to seek out somewhere where you can simply enjoy yourself? Tourism Concern and the Burma Campaign’s moral outrage is designed to make

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<sup>5</sup> Another factor was also simply technical: at that time, the international airline capacity to Yangon in 1996 was 7,000 passengers per week (Mahon 1996), i.e. 364,000 per year. Considering that land checkpoints were virtually closed to foreigners, it comes as little surprise that the VMY failed to reach its target

us feel bad about being good to ourselves. To restrict freedom of movement is the hallmark of totalitarian regimes (Birkett 2000).

This declaration received sharp criticisms, which pointed out an incongruous Godwin Point (figure 7):

The opponents of dictatorship, who fight without resources, international support or any military force [...] are totalitarians. Rich Western tourists, by contrast, are the true victims [...]. Discerning liberal consumers are now so self-confident and self-pitying that they pose, without irony, as the victims of Stalin and Hitler when anyone suggests they might make the tiniest moral choice. (Cohen 2000).

Figure 7: "The Burma boycott debate"



Source: Tourism Concern, 2000

However, after this skirmish, the next years saw the pro-boycott lose ground, while Lonely Planet's position gained traction, mainly thanks to the better information of travellers, who could then re-appropriate the rhetorics of "responsible tourism". Indeed, in 1999, guidebooks were introduced by two pages to inform the reader and introduce the "to go or not to go?"

debate; in 2005, the books featured nine pages (Lisle 2008), with more practical advice about “responsible tourism”; in 2008, they had no less than 15 pages about how to avoid government-run businesses, about entrance-fee-free monuments, etc... (Lonely Planet 2008). With so much information available, the traveller felt allowed to fly to Myanmar with a clear conscience:

Lonely Planet has effectively mobilised the discourse of humanitarianism to win the argument about tourism in Burma. Lonely Planet travellers can now satisfy themselves that they are *not* supporting the junta when they travel to Burma; rather, they are putting much-needed hard currency directly into the hands of needy local people and therefore strengthening grass-roots democracy (Lisle 2008).

This shift was well illustrated by Hudson (2007): after handing out questionnaires to travellers who had just finished a visit to Myanmar, he found that:

the majority seemed in favour of citizen diplomacy as a means of fighting against the repressive regime versus a tourism boycott. Respondents tended to agree that [...] contact with the free world does more good for a country than isolation. [...] Most disagreed that for the long-term good of the people of Myanmar tourism should be boycotted<sup>6</sup> (Hudson 2007).

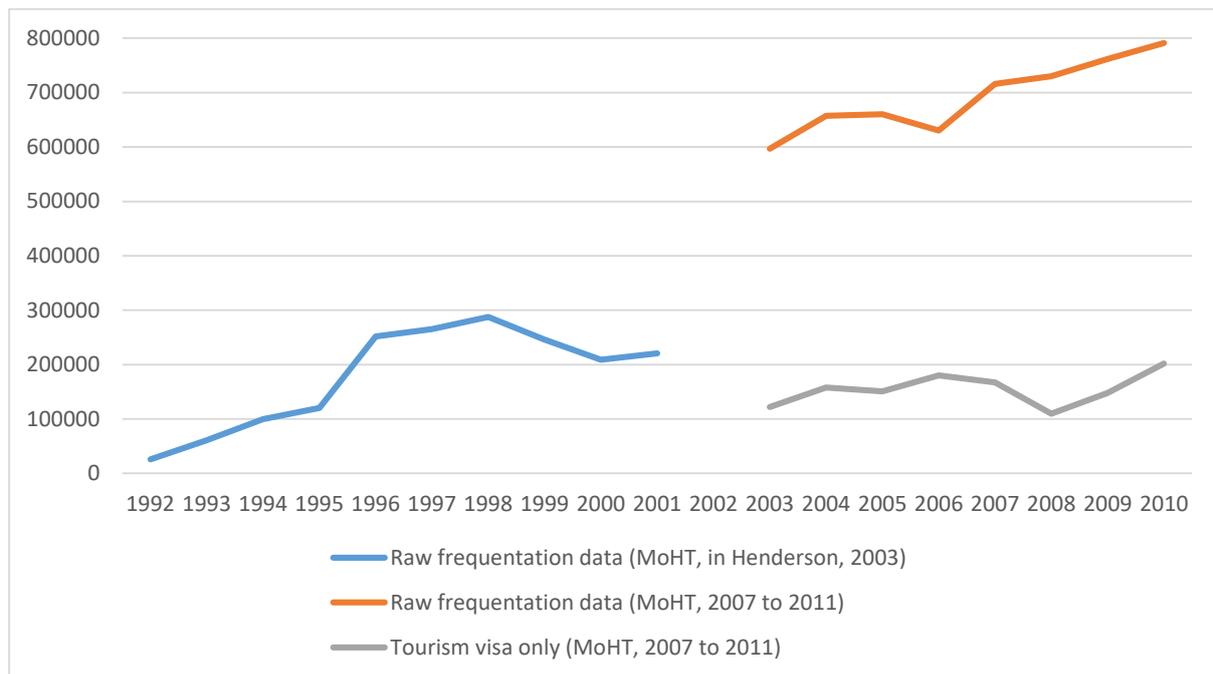
We may even go further, and assume that right from the start, boycott calls were less audible than first expected. Valentin (2009) showed that out of 35 backpackers interviewed in Thailand, 20 (i.e. 57%) had never heard of the tourism boycott calls, although they had been voiced by NGOs for more than ten years. Generally speaking, travellers seemed to be very little-informed about the country’s situation and to adhere very partially to the tourism boycott: 23 interviewees (i.e. 66%) were against and only 12 (34%) in favour (Valentin 2009).

On the ground, tourism statistics provided by the Ministry of Hotels and Tourism (MoHT) illustrate quite well the weakening of the boycott calls in the 2000s (figure 8).

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<sup>6</sup> However, this survey features a significant bias: questionnaires were precisely handed to people who had finished a trip to Myanmar. Therefore, it comes as little surprise that, afterwards, they deemed their trip as justified, with a positive yield. In other words, researching about the tourism boycott by interviewing people who chose not to boycott seems a bit paradoxical.

Figure 8: The actual efficiency of tourism boycott calls questioned by tourism statistics.



The VMY itself shows a clear increase of visitor flows, from 120 000 people in 1995 to 250 000 in 1996, and the trend went on for two more years, with 287 000 visitors in 1998. The actual backlash came later, in 1999 and 2000, when visitor numbers dropped. Such a decline might be due to a late success of the tourism boycott, fueled by the Lonely Planet controversy and media campaigns<sup>7</sup>.

However, data for the 2000s seem to show that the NGO stance crumbled after a few years, and that the “responsible tourism” promoted by *Lonely Planet* prevailed upon boycott. Indeed, the flows increased from 122,000 tourism visas delivered in 2003 to 180,000 in 2006, whereas the regime was unanimously ostracized for the 2003 Depayin ambush on Aung San Suu Kyi’s motorcade and her subsequent imprisonment. In 2007 and 2008, the visitor numbers slumped because of the Saffran Revolution and the Cyclone Nargis, but this looks to be due to the usual traveller’s concern for personal safety: as soon as 2009, flows bounced back, whereas the regime was under heavy international criticism for its criminal management of those two crises. Therefore, it seems that after an apparent success in the late 1990s, the tourism boycott somehow faded: the word of mouth of early visitors and the new ethical rhetorics seemingly prevailed.

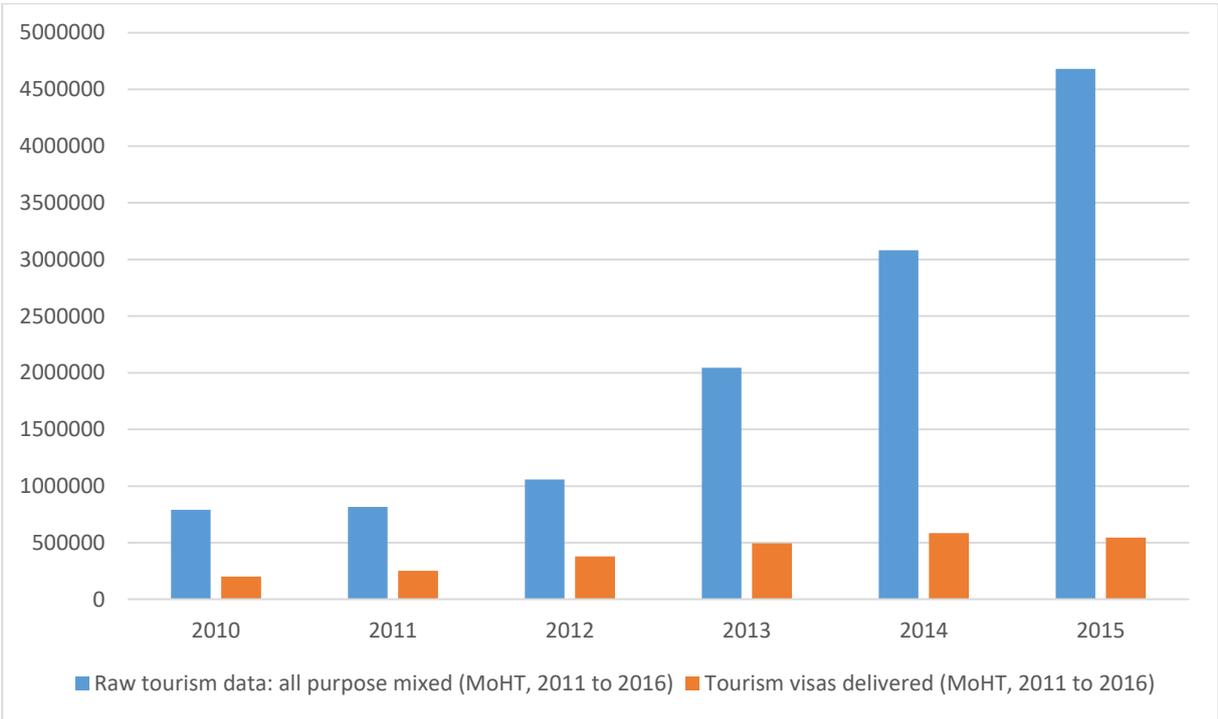
<sup>7</sup> ... and it cannot be due to the Asian crisis which started at that time: the visitor number decrease hit mainly Westerners.

**The political transition (2010-2015): boom of tourism, but the junta legacy remains**

***A step to democracy, and the opening of the doors***

At the end of 2010, the military junta surprised the whole world (Egreteau 2012) by dissolving itself in favour of an officially recognized civilian government led by U Thein Sein, which made a few significant steps towards democracy: such as release of political prisoners and easing of press censorship. This dynamic radically changed the representation of the country: instead of being synonymous with a brutal military regime, it became associated with authenticity, “the last frontier of Asia”. Tourism to Myanmar skyrocketed, even though this trend may be called into question: tourism visas only account for a marginal share of flows into Myanmar (figure 9). We may therefore conclude that the post-transition growth is more due to the opening of the country to business (especially short trans-border shuttles between Thailand, China and Myanmar) than to the arrival of foreigners for vacation purposes.

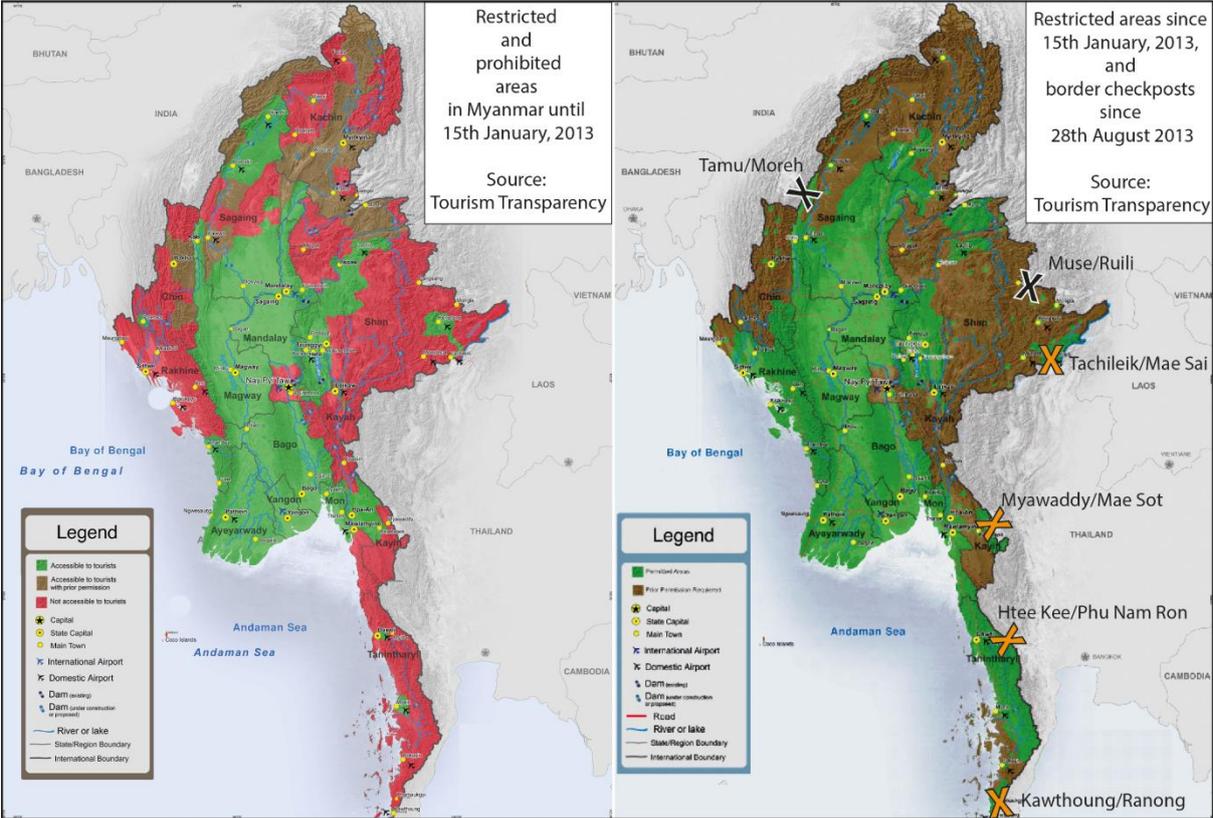
Figure 9: After the junta, the soaring of tourism... But which kind?



The country’s political opening also went along with a geographical widening of the tourism space: on January 15<sup>th</sup>, 2013, most prohibited areas were turned into restricted areas, while some of the latter were opened (figure 10). On August 28<sup>th</sup>, 2013, another step was taken:

while land checkpoints used to be virtually closed to any foreigner with a tourist visa, the gates opened, mainly to backpackers from Thailand.

Figure 10: The opening of new areas to tourism (in brown: restricted areas, requiring permits; in red: prohibited areas) and the opening of land checkpoints.



Those decisions showed the new government’s clear strategy to promote tourism to Myanmar. The aim of such a move was of course economic: the change of the country’s situation allowed tourism expenditure to soar from 254 million dollars in 2010 to 2.12 billion dollars in 2015<sup>8</sup> (MoHT 2011 and 2016).

However, as in 1996, tourism was also considered as a powerful political leverage to symbolize the normalization of the regime: the government contracted with a Western company to set up a “tourism branding” strategy, i.e. advertise a clear, coherent and positive representation of the country as a destination. The very name of this company, “Image Diplomacy”, and some paragraphs of their “Branding Guidelines” (Image Diplomacy 2015), illustrate most clearly the political dimension of tourism:

<sup>8</sup> ... and those data may very well be underestimated, as it is the rule for businesses in Myanmar to under-declare their revenues to pay less tax.

Good tourism branding is not just about theory: it is about practice and involves:

- [...] providing a visual counter narrative to the outside world when a nation has been/is misunderstood
- taking control of the global portrayal of the country and repositioning Myanmar's perceived value as a destination and a rich 'life experience'.

With the support of international organizations and several countries' bilateral aid, several strategies were set up: at a national scale, a Responsible Tourism Policy (Hans Seidel Foundation 2012), a 2013-2020 Tourism Master Plan (MoHT 2013a), a Policy on Community Involvement in Tourism in Myanmar (MoHT 2013b) were formulated; at a local scale, tourism destination management plans were made for Inle (MoHT 2014) and for Bagan (JICA 2014).

However, it must be admitted that those plans, although well-designed, have not been significantly implemented because the U Thein Sein administration had neither the budget, nor the sufficient will for it. The contrast between guidelines and field reality is nowadays striking: the environmental recommendations have systematically been bypassed, the calls to respect landownership and local communities have been routinely overlooked, and the calls for a better spatial management of tourism have been diverted to create huge hotel zones with disastrous impacts (cf infra.).

In the Inle region, the GIZ (German cooperation) has been responsible for the implementation of the 2014 Destination Management Plan for more than one year and a half, but inside informers lament the slow progress and the blockages. One of the main reasons for the relative lack of success of those strategies is that, in spite of the democratic transition, tourism transformations took place in a framework still widely marked by the junta legacy.

### ***Corruption, money laundering and crony capitalism: old methods in new Myanmar***

In spite of the new political context, the stakeholders' strategies have not changed significantly: cronies, their opaque businesses and their money laundering investments have remained a dominant feature of the touristic landscape. For example, in the Inle region, the hotel sector has been through a dramatic boom: while only five new hotels opened in the region from 2000

to 2012, no less than eight opened in 2013 alone; 14 in 2014; 13 in 2015, and ten more are slated to open in 2016<sup>9</sup>.

Out of the 41 hotels opened since 2013 about which we have reliable information, 22 (i.e. 54%) belong to local families (mainly traders, brokers, and a handful of tourism stakeholders) and 19 (i.e. 46%) belong to outsiders (mainly from Taunggyi and Yangon), who stand out by their massive investments and their opaque wealth. Indeed, out of the 19 outsiders, 10 (i.e. 53%) have opaque backgrounds, ranging across the complex continuum already mentioned.

Some hotels are quite obviously empty shells which are just meant to justify the incomes of their wealthy owners: the poorly-located and colossal Resort North of Nyaungshwe town reportedly cost 15 million dollars, but it is empty most of the time. However, this does not seem to be a problem for the owner whose major company, in appropriately-named Phyu Zin<sup>10</sup>, was awarded some public tenders in the most opaque way thanks to its close links with the government (cf. *infra*). This case illustrates how active crony capitalism<sup>11</sup> still is in transitional Myanmar.

Even beyond the hotel sector, crony capitalism still rules the region. For example, the ten-dollar entrance fee to the region is not levied by the government, but by private companies. Officially, the tender is auctioned off, but the operation is actually negotiated, and it appears that in the last four years, the same company has always won the tender<sup>12</sup>: Phyu Zin. The money flows involved are both massive and opaque: for April 2016- April 2017 budget year, Phyu Sin paid almost 1.8 million dollars to the government to levy the entrance fees, but no one knows the whereabouts of such an amount: which part is eventually devoted to the lake's fragile environmental protection? Who controls it? However, not only has the corruption and clientele system survived: authoritarianism has also continued.

### ***Land grabbing and state violence: hotel zones, bone of contention of Myanmar's tourism***

One of the most controversial sides of tourism development in Myanmar has been the creation of "hotel zones" throughout the country, officially to better manage tourism, but they appear to

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<sup>9</sup> Source: statistics from the Shan branch of Ministry of Hotels and Tourism, cross-checked by field data.

<sup>10</sup> "Phyu Sin" means "purity" in Burmese.

<sup>11</sup> "Crony capitalism" refers to a system where close, personal ties between politics and business prevail upon rules and laws.

<sup>12</sup> Under the cover of different sub-companies each year.

be typical of the junta-era top-down pharaonic projects, extremely lucrative for the authorities, but doomed to fail.

In the Inle lake region, the 622-acre (2,5 km<sup>2</sup>) project, badly located at the southeast margin of the lake, 26 kilometres from Nyaungshwe town, was meant to host 87 hotels. The program has been led by the Shan State government, which was supposed to acquire the land, contract with a private company to develop the infrastructures and sell the turnkey plots to the investors for a hefty fee: 75 to 95 000 \$/acre, i.e. 18,5 to 23,5 \$/m<sup>2</sup> (U Aung Kyaw Swar, oral information), while some reports even mention a range between 72 and 120 000 \$/acre, i.e. 17.8 to 29.6 \$/m<sup>2</sup> (Wai Phyo Myint, 2015). However, each stage of the process has been marred by irregularities.

First of all, land acquisition was made in an authoritarian way: at the end of 2012, the government seized land from 83 families in six villages, which were only offered the value of three years of crops, without any compensation for the land itself. For instance, according to official project documents we consulted the farmer U Yan Way, who lost 3.15 acres of beans, got a total of one million Kyats, i.e. US\$800 and U Htun Win, who lost 1.17 acre of rice land, received 1.48 million Kyats, i.e. \$1184. However, such amounts are not enough to buy new land nearby and resume agriculture: with the intense land speculation and the development of resorts in the region, one acre of land is now worth 40 to 70 million Kyats, i.e. \$32 000 to 56 000 (U Nyunt Shwe, oral information). The problem was all the more severe as many villagers did not grow crops, but firewood, which the government refused to indemnify.

According to those same documents, the government registered only 121 acres of land for compensation: the 501 remaining acres of the hotel zone (forests, fallow lands) being considered as a *terra nullus* not eligible for indemnity. The total compensation for the crops on those 121 acres - and hence the total amount of compensation for the whole hotel zone - was supposed to amount to 656 million Kyats, i.e. \$525 000. If one considers that plots of land were reportedly sold to the investors for \$75 to 95 000/acre (low estimate), it appears that the sale of only six acres of land may be enough for the government to recoup their investment.

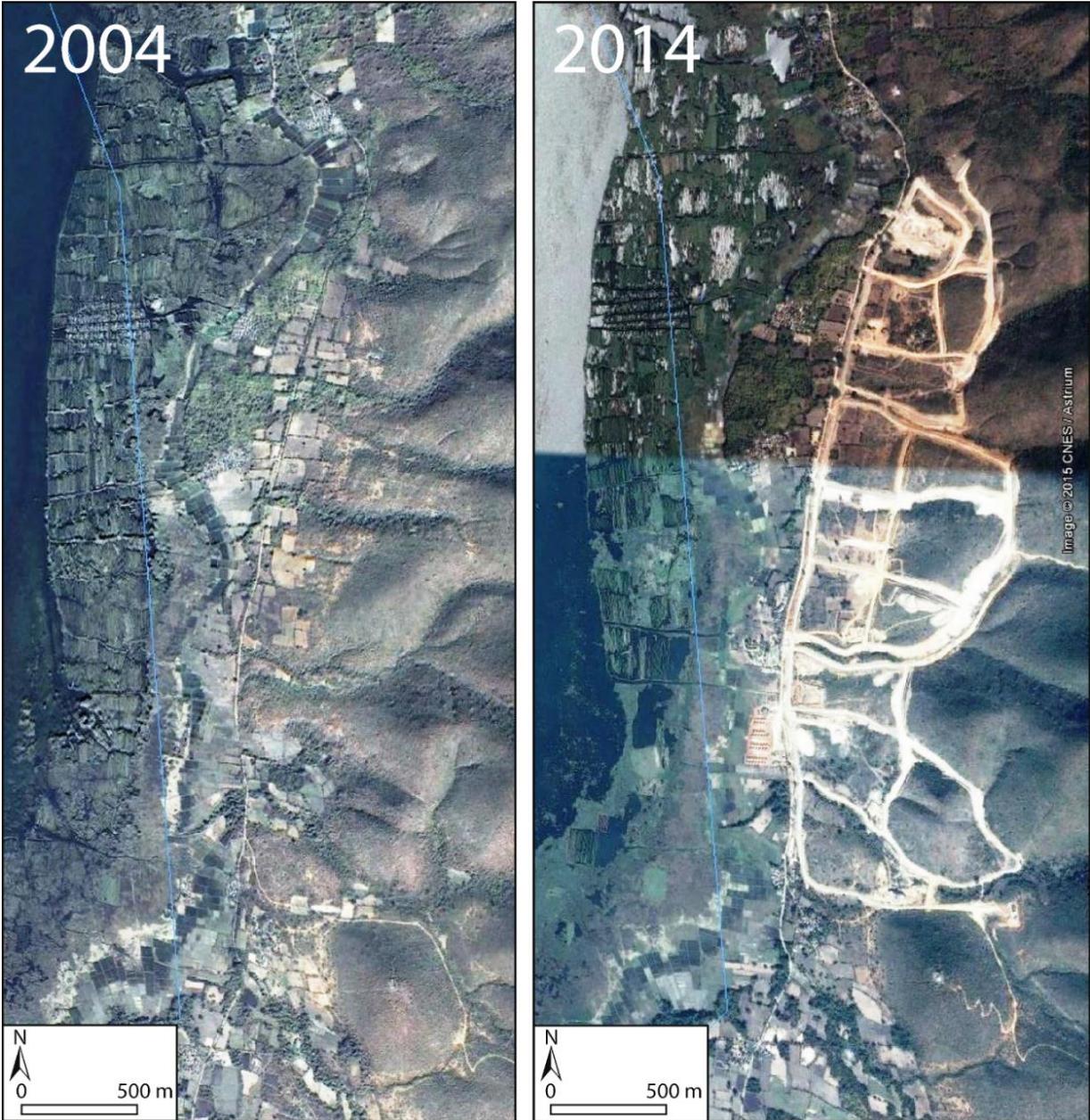
In January 2013, 56 families reportedly accepted those low compensations, under the pressure of the authorities, and because those amounts were presented as a “take or leave” deal (Myanmar Times, February 25<sup>th</sup>, 2013; U Phoe Lwe, oral information). However, in spite of the government’s promise, the compensations were not paid for months. In parallel, other families,

who had more valuable assets and/or who could afford to protest, refused the compensations offered, and asked for more before the tribunals, which created tensions with the early sellers.

However, the conflict was not limited to a legal debate: it had a violent dimension, quite typical of junta governance. A few months after the beginning of construction, the villagers tried to interrupt the work to claim their unpaid compensations, clashing violently with police, lying before the bulldozer and hurling stones. In August 2013, other clashes happened. In early 2015, a night police raid targeted the houses of the last opponents in Nyaung Wun, prompting some villagers to take shelter in the forest (Ma Sein, oral information). Generally speaking, the dominant feature of this tense situation was the authoritarian vision of the state, well summed-up by a policeman's reply to the villagers' grievances: "protesting is useless; orders come from the government; you cannot oppose a government's project" (U Nyunt Shwe, oral information). Even though the government consented to some extra-compensation, the latter remained far below the farmers' needs (U Phoe Lwe, oral information), and no compensation for forests has been given yet. All in all, some families have not received a single Kyat of compensation yet, and the conflict is still simmering.

Beyond the land-grabbing issue, some other irregularities can be reported, in particular about the land development: the company in charge of the work, the ubiquitous Phyu Zin, was awarded the contract without open tender (Wai Phyo Myint, 2015). From a technical point of view, the earthwork was colossal, with a deep ecological footprint (figure 11): barren slopes and subsequent erosion, deep trenches cutting through the hills (figure 12), and the obstruction of local creeks. As agreed, a dual two-lane road winds through the hills, brightly lit at night by dozens of lamp-posts. However, the infrastructure work appears to have been half-done only: each plot should be fitted with water wells, connected to electric and water sanitation networks and to the Internet. For the moment, it is far from being the case.

Figure 21: The landscape impact of the Inle Hotel Zone



Source: Google Earth

Figure 12: Heavy works on Inle Hotel Zone site.

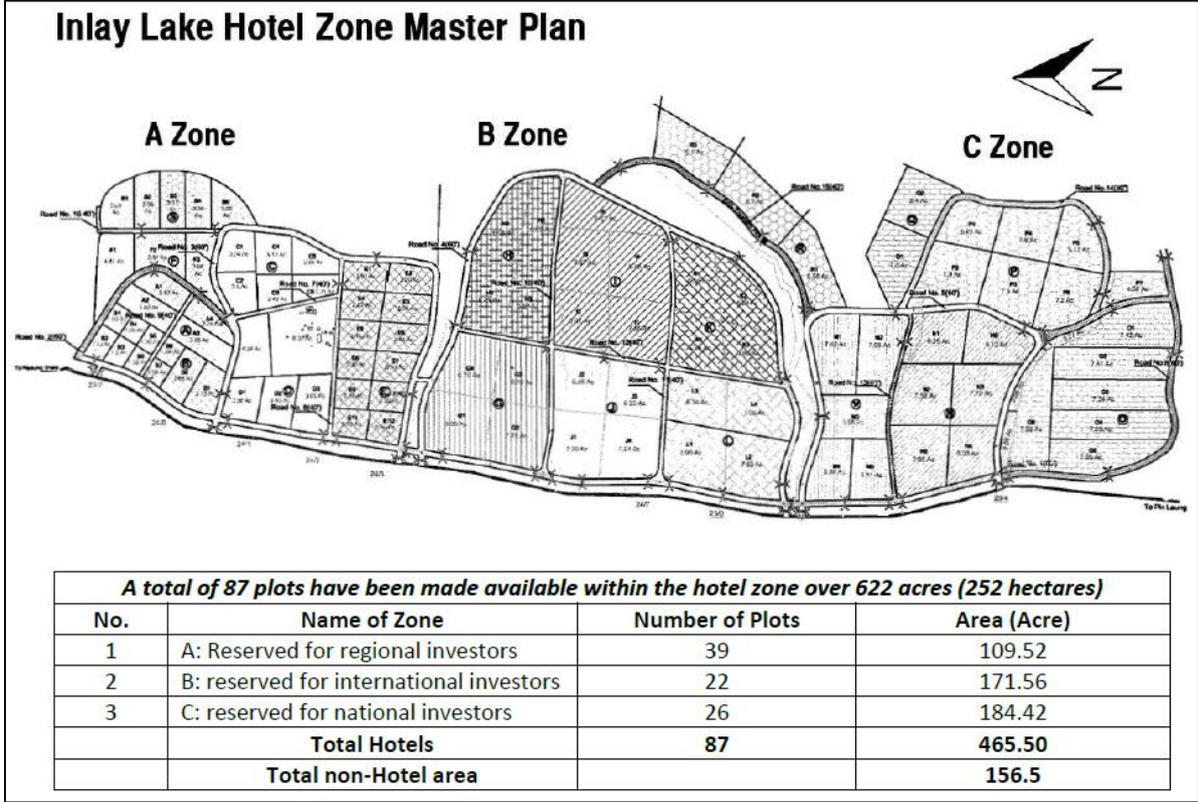


Picture by Martin Michalon, Spring 2016

The third grey area of the hotel zone project has been financial. Indeed, according to well-informed sources, the Shan State resorted to predatory strategies to pay back its debts due to financial mismanagement and systematic misappropriation: “revenues from the Hotel Zone plot sales will fill the coffers of Shan State Government... but they will also go to the non-official budget of the government... which is more massive than the official one!”

If one has a closer look at the very few documents available, the financial interest of the operation is quite clear: out of the 622 acres of the hotel zone, 465 were for sale (the rest is roads, creeks, common spaces...). If we base a calculation on the range of prices we were indicated (cf. supra) and the total acres for sale (figure 13), sales may generate 40 to 46 million dollars income for the Shan government. Considering the latter’s low investment in terms of land compensation, its benefit may be tremendous.

Figure 33: Master Plan of the Inle Hotel Zone: an oversized project, but very profitable for the Shan government.



Source: MIID, 2014

According to informants, the 87 plots were bought by fifty-odd investors from all over Myanmar, whose identities are virtually unknown, and whose strategy is essentially speculative: 90% of them purportedly do not have any plan to build anything; they are just waiting for the political transition to continue, for the country to open up to foreign investment, before selling off the plots. Therefore, it comes as little surprise that three years after the end of the infrastructure work, the hotel zone is still virtually empty (figure 14): only one hotel is genuinely under construction.

Figure 44: The Inle Hotel Zone three years after the end of the development work: a major failure and long-lasting impacts.



Picture by Martin Michalon, spring 2016

## Conclusion

A diachronic analysis of tourism in Myanmar illustrates quite well how closely tourism and politics have been linked in Myanmar: restriction of tourism during the isolationist Ne Win era (1962-1988), and the promotion of tourism for political and personal gain during the Than Shwe period (1988-2010). Aware of this very connection, the stance of Western visitors towards tourism in the Golden Land has been mixed and evolutionary, between political boycott and commitment to - or rhetoric of - responsible travel. Since 2010 and the transitional government, another stage has developed, and mass tourism has evolved. It is therefore quite clear that the political transition and touristic transition have gone together, one strengthening the other. However, it also appears that while the national, macro-political context has dramatically changed, the local, micro-political arena, with its complex mosaic of stakeholders, has changed much more slowly, and that beyond the image of change, the sector remains heavily marked by the legacy of former times.

In November 2015, the long-time opposition party and its charismatic leader Aung San Suu Kyi were elected by a landslide, opening a new era in Myanmar, full of hopes and changes. However, considering the heavy legacies of previous governments, an in-depth restructuring of the tourism sector to transform it into a real contributor to national development is full of challenges and potential conflicts.

In this new context, this paper does not claim to have immediate practical usages in terms of policy-making. However, the empirical, little-known facts presented above may help outside stakeholders (NGOs, cooperation organizations, investors) to better grasp the magnitude of the challenges and the strength of underground networks and strategies that have shaped local tourism development and will heavily influence the future. I also hope that casting light on the little-studied subject of tourism development in Myanmar can help to situate it more accurately within a Southeast Asian dynamic, and therefore bridge the gap between Myanmar challenges and some outside solutions or models.

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