

## **CHAPTER IV**

### **THE IMPACTS OF ROHINGYA CONFLICT TOWARD ECONOMIC SECURITY**

Rohingya conflict is one of the greatest conflict in the history of the Myanmar government. The conflict began to occur between Rohingya ethnic with Myanmar military junta government. Military Junta did not consider Rohingya ethnic in the Rakhine State as one of the ethnic groups residing in Myanmar. With no acknowledgment of Rohingya as one of Myanmar's ethnics and pressure from the military junta, Rohingya fled to escape from the pressures of the military Junta.

The conflict has a multidimensional impact on both national and regional sphere. Internally, serious human rights violation and political turmoil are taking place. Externally, the spillover effect of the conflict imposes potential regional economic security threats. Commonly, the mainstream of the concern was the role of the government and the human rights violations is caused by the conflict. However, the potential possibility of threat to regional economic security issues in East Asia cannot be taken for granted.

#### **A. Affects on the Straits of Malacca**

Straits of Malacca are situated in the bulk of Myanmar, and it is one of the most important shipping lanes in terms of strategic and economic perspective. This lane is extremely important for the region because major Asian economies like India, Japan, China, Indonesia and Korea are linked via the Strait of Malacca (Lotha G, 2013). Therefore, any kind of threat to that

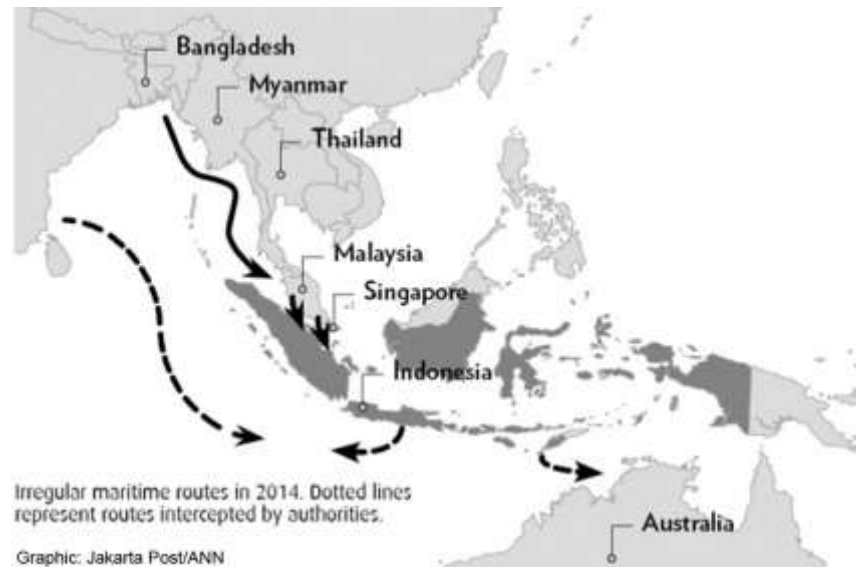
particular zone could bring massive problem for trade and business transportations to the Strait, thus it is creating economic imbalance over the surrounding countries including Myanmar.

As Mr. Surin Pitsuwan, the Secretary General of ASEAN states “If the international community, including ASEAN, is not able to relieve that pressure and pain of the Rohingyas, conceivably, (the 1.5 million of Rohingyas) could become radicalized and the entire region could be destabilized, including the Straits of Malacca. Surin Pitsuwan declared that such radicalization “would have wider strategic and security implications for the region.” Since Arakan state is situated along the coast of Myanmar, Surin fears the nearby Malacca Straits could become “a zone of violence like the waters of Somalia.” As mentioned earlier, Malacca strait is one of most important place because it produces approximately one third of the oil of the world and the place for traded goods transiting in the straits. Militant activity against the sea-lane would jeopardize the economies of East Asia and Southeast Asia (Ririhena, 2012).

A report from the United Nations High Commissioner for Refugees (UNHCR) reveals that the Strait of Malacca has become a favorable alternative route for boat people to reach Australia, while they are also crossing some regions of Indonesia and Malaysia. After arriving in Sumatra, refugees go to Jakarta by bus and then fly to Makassar or Kendari to board other boats to reach Australia, according to the report. Such a journey (via Malacca) has consisted of day-long trips on boats and traverses with one of two routes, from Klang, Malaysia to Medan, Indonesia, and from Johor Baru, Malaysia, to Batam or Tanjung Pinang, Indonesia, the report said, adding that

the refugees usually use boats with capacities of between 5 and 55 people (Asiaone, 2014).

Figure 4.1 – Rohingya Refugees route via Strait of Malacca



(Asiaone, 2014)

According to the UNHCR, hundreds of Rohingya people previously traveled using two routes: over the Bay of Bengal or the Andaman Sea. Unfortunately, hundreds of Rohingya people found themselves stranded in the Bay of Bengal after being abandoned by people smugglers. A recent crackdown on people smuggling in Thailand had disrupted long established trafficking routes. Consequently, smugglers started a new trend of abandoning their human cargo at sea when at risk of being caught by authorities. Prior to this crackdown, the preferred route for people smugglers involved an oversea journey into Southern Thailand, where asylum seekers would be hidden and sometimes kept hostage in the jungle before moving overland into Malaysia or by sea to Indonesia. Those Rohingya people have chosen the Strait of Malacca as their new route for safety reasons. From Malaysia, Rohingya usually

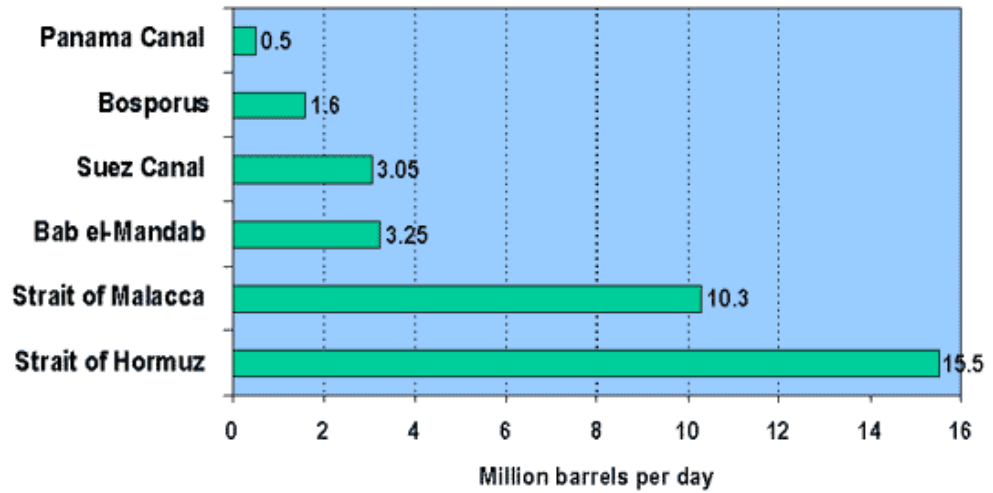
reached Indonesia through a 6 to 8 hour journey across the Strait of Malacca that typically costs around \$500 to \$1000 US dollars. Unfortunately, Indonesia, Thailand and Malaysia initially refused to accept the Rohingya during 2015, who were severely dehydrated, starving and for some, close to death by this stage. Several time both Thailand and Malaysia pushed boats full of refugees back to sea. Indonesia ordered customs authorities and the Navy to also turn away the boats of refugees, while fisherman were ordered not to help the Rohingya, unless people were in the water and/or a boat was sinking. Fortunately, all three countries eventually agreed to host the Rohingya for a period of one year, until they are resettled to a new country.

Back again to the Straits of Malacca, it is supreme importance both to the energy needs of Eastern Asia and Northern Asia. It is one of the two most important sea-lanes regarding world trade and business (the other one is the Strait of Hormuz leading out of the Gulf). 900-km long (550 miles) Malacca Strait links Asia with the Middle East and Europe, carrying about 40 percent of the trade of the world. More than 300,000 merchant ships ply the waterway every year. Economically important nations such as China, Japan and India use this route as a mean of trading transportation. By using the Straits of Malacca instead of the Lombok Strait of Indonesia, super -large tankers ferrying crude oil from the Middle East to the Far East can save up to 1,600 km- roughly three days sailing time (Lotha G, 2013).

For example, for the oil-flow tankers, it is the key chokepoint in Asia with an estimated 15.2 million barrel per day flow in 2011, compared to 10.3 million barrels per day in 2003 (Energy Information Administration, 2014). Moreover, approximately, 200 super large cargo ships carry various kinds of

trading through the straits of Malacca (Lotha G, 2013). Therefore, if the trade transportations of Malacca strait are threatened, the economy of the whole region will face serious complications.

Figure 4.1 – Strait of Malacca Barrels



(Lotha G, 2013)

As part of quantitative data analysis, the statistics of Malacca port has been examined.

Here is the yearly data of cargo statistics of the Malacca port:

Figure 4.2 - Cargo Statistics of Malacca Ports

Year	Liquid	General	Container	TOTAL
2005	25,803	351,672	-	377,475
2006	34,762	358,316	-	393,078
2007	33,817	396,348	-	430,165
2008	33,126	330,141	-	363,267
2009	17,982	295,101	-	313,083
2010	20,378	348,112	-	368,490

2011	22,225	307,127	-	329,352
2012	17,031	277,187	-	294,218

Sources: <http://www.pka.gov.my/index.php/component/content/article/126-malacca-port-statistics.html>

In the table, there is no constant decrease on the numbers of the cargo throughout years, but from 2007 to 2008, there is a big decline in number of cargo ships. The author assumed that it may be due to the global economic crisis of 2007. However in 2012, the number of cargos transported through the port was minimum in last 8 years (Port Klang Malaysia, 2013). The author assumed that the reason behind was due to the arisen tension into the zone because of the conflict in Arakan. These data were collected from official portal of Port Klang, Malaysia.

From the same source, another information came into account that, the average number of trading ships per day in 2011 were 133, whereas the number went down to 113 per day in 2012. Analyzed data shows a clear decline in the number of trade ships communicating through the Straits of Malacca, thus helps to find the answer of the research question. The hypothesis of this paper that the conflict of Myanmar will have a tremendous impact on the South East Asian regional economic security by threatening the stability of Straits of Malacca. The trading may not have declined in huge numbers, but it has started declining already. Therefore, it matches the assumption of the research partially. Nevertheless, if there is any kind of direct attack on the Straits of Malacca, the effects on the trade and economy of the regions can be devastating.

## **B. Threats to Southeast Asia Economic Security**

Renewed violence between Buddhists and Muslims in Myanmar appears to be spreading regionally, with tensions threatening to spill over to Southeast Asia countries. Not all countries in Southeast Asia are seen to get an impact in economic security from the conflict. In particular, there are concerns that the violence among Myanmar nationals in some countries may radicalize Muslims outside Myanmar, which could lead to a vicious cycle of reprisals and counter-reprisals. Such radicalization, as noted by ASEAN's former Secretary-General Surin Pitsuwan, 'would have wider strategic and security implications for the region' (Ririhena, 2012).

The rising religious tensions in Myanmar are threatening to spill over to neighbouring countries. Renewed violence in Myanmar has provoked tensions between Buddhists and Muslims in both Malaysia and Indonesia, and the recent retaliatory attacks by Myanmar Muslims against Myanmar Buddhists in Kuala Lumpur has put inter-religious relations at risk across the region. According to the UNHCR, there are approximately 83,000 refugees in Malaysia from Myanmar — 28,000 of whom are registered as Rohingya, a Muslim ethnic group from Rakhine State in southwest Myanmar (UNHCR, 2013).

In response, Myanmar has asked the Malaysian government to do its utmost to protect Myanmar citizens and take action against those responsible for the attacks. Naypyidaw has also sent a delegation of senior ministers to Kuala Lumpur to observe the situation and lodge protests should their citizens be inadequately protected. In the meantime, however, the trend of

Myanmar Muslims seeking vengeance for the persecution of their brethren in Myanmar shows no signs of abating.

While religious tensions of Myanmar have gradually spilled over into Malaysia, the rallying cry has been most vocal in Indonesia, the largest Muslim nation in the world. The Indonesian government has demonstrated continuous support for Muslim minorities in Myanmar — having pledged US\$1 million to aid Muslims in Myanmar. Some of the sympathy and assistance have also come from Muslim hardliners in Indonesia, such as imprisoned radical cleric Abu Bakar Bashir, who wrote a letter to President Thein Sein threatening violent jihad against Myanmar over the persecution of the Rohingya.

However, threats of violence from Indonesia only form part of the bigger picture. In April, eight people were killed after a dispute between Muslim and Buddhist refugees from Myanmar at a detention camp in Medan, Sumatra. Several failed attempts at violence against Buddhists have also occurred in Indonesia. In May 2013, police frustrated an attempt by Indonesian Muslim militants to bomb the Myanmar embassy in Jakarta. On the following day protests were held outside the same embassy with approximately 1,000 Indonesian Muslims denouncing the persecution of Muslims in Myanmar and supporting call for jihad of Bashir. Similar protests were also held in Medan as well as in Solo, Central Java.

Indonesia actually has built a place for the Rohingya refugees located in Blang Adoe, North Aceh Regency, Aceh province. This place is deliberately constructed to accommodate the wave of displaced Rohingya who fled due to



repression in Myanmar along the economic migration of Bangladesh people in may 2015. Along with Malaysia, Indonesia is willing to accommodate them with terms only within the next one-year and got financial help for the cost of their lives. They (Rohingya people) got tossed around the sea after their boats were left by a human smuggler networks and following the eradication of human trafficking in Thailand and Malaysia. Yet not even one year, the room units at the shelter are now empty. 319 Rohingya refugees destined for shelter, Blang Adoe now only inhabited by 75 people, including six babies born during the last few months. They are known to run off to Medan, North Sumatra and even some are already up in Malaysia as their ultimate goal before being stranded in Aceh. As a result, the existing facilities are not enabled when in barracks construction costing Rp6 billion.

While some supports for the Muslims of Myanmar are genuine, there are concerns that radical Muslims outside Myanmar could exploit the situation to support their narratives of Muslim persecution to recruit followers. This could in turn feed into the narratives of violent Buddhists of Myanmar, who believe that foreign radicals are supporting certain Muslim ethnic groups, including the Rohingya. Unless regional governments firmly address this situation, the radicalization of Muslims for the ‘Myanmar cause’ could spread throughout Southeast Asia. Despite ongoing efforts of Myanmar toward democratization, the recent violence only reaffirms that there is still a long way to go, and that the success of peace in Myanmar has implications for regional security and stability.

Meanwhile, in Thailand, the Rohingya crisis has become a major concern, as most of these migrants/refugees who escape are landing in Thailand. They are apprehensive of the influx and suspect that the Rohingya are assisting the Muslim-led insurgency in southern Thailand in criminal and illegal drugs trade activities. Unlike the other migrants in Thailand who play a major role contributing to the Thai economy, the Rohingya are only a liability and burden. They cannot get a work permit in Thailand as this requires a nationality verification certificate which the Rohingya do not have. Henceforth they cannot be considered an economic migrant. Thailand is already hosting nearly 1 million other migrants from Myanmar in the nine refugee camps along Thai-Myanmar border. The influx of Rohingya will increase the burden for the country. Also, the resettlement program of the Rohingya is a complicated issue and there is no official data on how many Rohingya are living in Thailand. Due to fear of detention and deportation they do not reveal their identity. As they are not considered as a citizen of Myanmar, reaching an understanding on repatriation and resettlement becomes difficult.

Many Burmese are employed in the textile and fishing industries as well as in agriculture, which coincide with important exports such as textiles, footwear, fishery products, rice and rubber. Certainly, these sectors need cheap foreign labor to retain their competitive position in the international market, and the low prices of these products keep the national inflation rate low (International Labour Organization, 2013). In addition, Burmese people often work in construction, tourism, catering, and other sectors. It has been calculated that, if migrants are as productive as Thai workers in each sector,

their total contribution to output would be around US \$11 billion, or 6.2 percent of Thailand's GDP. If they were less productive, contributing only 75 percent of Thai workers' output, their contribution would still be about five percent of Thai GDP.

Meanwhile Bangladesh is a lower middle-income country with a massive population density of 1,237 per square kilometers. The officially recognized 31,000 refugees in Bangladesh (unofficially estimated to be between 230,000 and 500,000 or more) are living in two official UNHCR refugee camps (and several unofficial ones) in an overcrowded setting, squalid housing, and inhumane conditions, riddled with diseases (40.4% prevalence of respiratory infections, 7.1% diarrheal diseases, 2.3% worm infestation in general and 7.6% malnutrition among 12-59 months old children) and hunger.

It is not only the Rohingya refugees who are suffering, but local Bangladeshis are also faced with dire consequences in terms of the impact on the economy, law and order, politics, international relations, culture, and public health. Local people face severe competition for jobs. Many refugees, forced to get involved in clandestine businesses, illegal trades, drug smuggling, prostitution, and even arms dealing, are taking the already volatile law and order situation out of control.

Crimes committed by some Rohingya refugees in Middle Eastern countries have reportedly been mistakenly attributed to Bangladeshi workers due to their forged Bangladeshi passports, adversely affecting the remittance market of Bangladesh, a prime source of Bangladesh's GNP. Bangladesh is also faced with extra pressure on its already over-burdened public health

services. The political landscape is also shifting as a result, as many ultra right-wing Islamist groups in Bangladesh are allegedly capitalizing on Rohingyas' misfortunes to recruit them for militancy. Above all, the disruption to Bangladesh's social fabric has already been revealed by the communal riot that took place in 2012 against innocent Buddhists in Bangladesh, allegedly instigated by some Rohingya.