

# JUSTICE FOR MYANMAR

## **Myanmar military set to profit from \$330m real-estate deal with taxpayer-financed Japan Bank for International Cooperation (JBIC) and major Japanese corporations**

*21<sup>st</sup> May 2020, Myanmar:* Human rights activists in Myanmar are raising concerns about a USD\$330m real-estate deal between the Myanmar military, Japanese state-controlled financial institutions and major Japanese corporations. The deal has gone ahead with zero civilian financial oversight and despite a high probability that the project will finance the military's crimes against humanity and war crimes in Myanmar's ethnic regions.

The Japan Bank for International Cooperation (JBIC) is the lead creditor of Y Complex, a mixed-use development currently being built on 16k square metres of prime real estate in central Yangon, on land leased from the Myanmar military. In 2019, the [UN Fact-Finding Mission](#) found that the business interests of the Myanmar military finance their crimes and reinforce their power, and called for targeted sanctions against military-run companies and the cutting of business relationships.

[Justice For Myanmar](#), a group of covert activists campaigning for justice and accountability for the people of Myanmar, is calling for international businesses to divest from the military, and support federal democracy to achieve ethnic equality and a sustainable peace in Myanmar.

**Justice For Myanmar spokesperson Yadanar Maung says:** "Conflict in Myanmar is exacerbated by large scale development projects like Y Complex, causing increased serious human rights violations and corruption. Profits from Y Complex will provide material support for genocide, war crimes and crimes against humanity. International businesses and investors that have economic ties with the Myanmar military are complicit in the military's crimes."

The land is leased from the Quartermaster General's office of the Myanmar army on a Build Operate Transfer (BOT) basis, with an initial lease term of 50 years. According to the lease, the military receives annual rent payments, in addition to lump sum land lease premiums. The land rental fees have not been publicly disclosed. Furthermore, the land lease revenue from Y Complex is not disclosed to the parliament, so there is no civilian oversight of the military's land revenue. In the absence of any form of external oversight of the military's Y Complex profits, there is a high corruption risk associated with the project.

The Quartermaster General is one of the highest positions in the Myanmar army, and is involved in the financial transactions to purchase arms and other equipment for the Myanmar army, navy and air force. It is therefore highly probable that profits from Y Complex will be used to finance ongoing military operations against ethnic minorities, including Rohingya and Rakhine.

The military is a major landholder in Myanmar, with holdings acquired over decades of landgrabs and systemic corruption during military rule and the military-led transition. After the military relocated Myanmar's capital to Naypyidaw in 2006, built at an estimated cost of USD\$4billion, they have continued to extract profit from the military's hugely valuable land

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holdings that remain in Yangon. Y Complex is being built on the site of the former Tatmadaw Museum and the revenue the military are making from this land lease is likely to be significant.

“It is a serious concern that there is no civilian oversight of the military’s revenue from the project – or what that revenue is spent on. This goes against the UN Fact-Finding Mission’s recommendations for businesses to divest from deals that directly involve or fund the military” **says Yadanar Maung.**

JBIC is providing a loan of USD\$47million, co-financed with Sumitomo Mitsui Banking Corporation, a partner of KBZ in Myanmar, and Mizuho bank, with loans totalling \$144million. The UN Fact-Finding Mission report called for a criminal investigation into KBZ’s donations to the military in 2017, at the height of the Rohingya genocide.

The state-controlled Japan Overseas Infrastructure Investment Corporation for Transport and Urban Development (JOIN) also holds direct equity in the project, through an investment of USD\$49.4million and provides a debt guarantee of USD\$41.8million. The Y Complex is also funded by Fujita, a subsidiary of Daiwa House, and Tokyo Tatemono, both of which are listed on the Tokyo Stock Exchange, Japanese equity in the project totals ¥17.1billion Yen (approx. USD\$150.8 million), through a special project vehicle in Singapore that includes Fujita, Tokyo Tatemono and JOIN.

To implement the project, Fujita is responsible for construction and engineering, Tokyo Tatemono is responsible for the management and administration of the complex and Hotel Okura will operate a hotel. The hotel will be Okura Prestige’s first property in Myanmar. The Myanmar partner is Ayeyar Hinthar, which holds the lease agreement with the Myanmar military and are acting at the military’s proxy in the project.

**According to Yadanar Maung,** “Funds from Y Complex are being channelled to the military with no accountability. Given the significant size of the land and the central location in Yangon, it is likely that the revenue the military are making is substantial. There is a high risk that profits from this development will be used to support the military to continue committing human rights abuses, consolidate military power and further enrich its top leadership. In which case, the Japanese Government and Japanese corporations behind the deal, would also be complicit.”

## **Note to Editors**

The UN Fact-Finding Mission report: *The Economic Interests of the Myanmar Military.*

For more information on Justice For Myanmar [click here.](#)

## **ENDS**

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