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# Myanmar: Political Reforms and the Recalibration of External Relations

Marco Bünthe and Jörn Dosch

## Introduction

Myanmar has seen an unprecedented political opening in recent years, which has clearly transformed the long-term repressive military regime. Since President U Thein Sein took office in March 2011, he has initiated a political liberalisation that has reduced repression and created avenues for participation in the institutions designed by the military the decade before. These reforms have opened new political space for both civil society and the political opposition. As a consequence, the international community has praised U Thein Sein widely for his reformist policies. *Foreign Policy* named him “Thinker of the Year” in 2012, and UN Secretary-General Ban Ki Moon praised his “vision, leadership and courage to put Myanmar on the path to change”. Despite these glorifications, however, Myanmar’s political opening is highly contested. Some see Myanmar’s reforms as a “survival strategy of the quasi-military government” to overcome the danger of factionalism and to increase regime durability by creating power-sharing institutions (McDonald 2013; Croissant and Kamerling 2013). Others see the current opening as the beginning of a “protracted transition” to unfold in the years to come (Bünthe forthcoming). Some authors have also posited that it was the military’s desire to establish domestic and international legitimacy that triggered Myanmar’s elites to change (Pederson 2012).

Robert Taylor contends that it was the country’s dire economic situation that stimulated change (Taylor 2012). In this article, it is argued that the country’s liberalisation is a deliberate strategy of the military, whose aim is to achieve economic renewal and a recalibration of foreign relations. This special issue is specifically devoted to examining the changing foreign policy of the liberalizing regime, the external aspects of Myanmar’s reform process, and the relevant reception and implications of this foreign policy shift. The idea for this issue emerged from a conference on Myanmar’s international relations at the Department of Political and Administrative Sciences at the University of Rostock in November 2014, where earlier versions of most of the following articles were presented. The conference was funded by the university’s Faculty of Economic and Social Sciences, whose support is gratefully acknowledged.

This opening chapter provides some background to the domestic reform agenda, along with its drivers and motivations. From 1988 to 2011, the military built up institutions that guaranteed the military's dominant position in the political arena. The second phase, since 2011, has seen a guided relaxation of the military's coercive controls and the liberalisation of political spaces for the opposition and civil society. In order to contextualise Myanmar's external relations, this article will first describe the military's strategy and then outline the key changes that have been implemented in the country's foreign policy.

## The General's Grand Strategy: The Background to the "Burmese Spring"

The military reverted to civilian rule in 2011 only after it managed to create a new political order that "locked in" the military's political role. Having consolidated its position internally and severely weakened the opposition movement, the top military leadership embarked on a transition to a "disciplined democracy", entrenching the military's political prerogatives (Bünthe 2014). The political changes from 2003 to 2011 fell short of a genuine democratic transition, since they did not entail any form of political liberalisation and because the political space was extremely narrow and repression was at its tightest during the years of implementation (Praeger Nyein 2009). The most important steps in this process of formal institution-building were the writing of a new constitution (1993–1996; 2004–2007), the referendum about the new constitution (2008) and the creation of a regime-sponsored party and the (heavily scripted) elections in November 2010. To ensure that all these steps of formal institution-building would proceed smoothly and as it saw fit, the junta dominated the whole process, selected the members of the National Convention and rigged the referendum and elections in 2010. Senior General Than Shwe first had to overcome the dangers of factionalism within the military junta, the State Peace and Development Council (SPDC), and then ensure the unity of the armed forces (see Bünthe 2014).

## Political Liberalisation under U Thein Sein

In his inaugural address in March 2011, President U Thein Sein announced far-reaching political, administrative and economic reforms. This unexpected liberalisation was not a product of a schism within the military, caused by external pressures or a defeat in war – rather, it

emerged from the military's position of strength: Having entrenched military prerogatives and secured the old guard's exit from power, the second guard could "safely" embark on a liberalisation of the political system from the top down. During his first months in office, U Thein Sein convinced the opposition and members of the international community of his commitment to reform. Although initiated from a position of strength, the plans encountered resistance from conservative bureaucrats and hardliners in the military, as they felt their vested interests and their positions were endangered (Hlaing 2012; Pedersen 2011). During his first three years in office, U Thein Sein initiated political (first year), socio-economic (second year) and administrative (third year) reforms. Whereas the political reforms ensured a liberalisation of the political system, the socio-economic and administrative reforms of the second and third years aimed primarily to improve governance, fight corruption and reform the economy.

What led to these reforms? President U Thein Sein himself attributed the need for reforms to his experience visiting the Irrawaddy Delta after a devastating cyclone, Nargis, hit the area in May 2008. Seeing that people in the Irrawaddy Delta were not expecting state authorities to help them led to an "understanding that things could not go on the way they were" (*Financial Times* 2012). His personal experience might explain his own reformist agenda, but other daunting challenges set further incentives for reform: First, Myanmar's economic reliance on China and the military's (nationalist) fear of China's growing influence made economic and social reforms imperative and triggered decisions to seek a re-engagement with the West. Second, although the impact of sanctions has been contested for years, it became clear that Myanmar needed to end the isolation to create new opportunities for its business sector (made up of cronies of the military) and the general population at large. Since a political liberalisation was a precondition for dialogue with the West, political and economic reforms needed to be initiated (Bünthe and Portela 2013). However, since the junta leader was pressured by a younger generation of army officers and could only safely retire after he managed his succession, he transferred power only after the process of formal institution-building was finalised. After four-and-a-half years in office, the country has seen much progress in the fields of national reconciliation, liberalisation of political freedoms and press censorship. However, the liberalisation is also very uneven and has had the unintended consequence of contributing to religious and ethnic violence.

## Reconciliation with the NLD and the Release of Political Prisoners

Building some kind of truce and a genuine reconciliation with the National League for Democracy (NLD) was a precondition for a recalibration of external relations. Consequently, since coming into office, the Thein Sein government has attempted to improve its relationship with the main opposition party. Knowing that he could only rebuild the country with the help of opposition leader Daw Aung San Suu Kyi, U Thein Sein approached her and invited her to Naypyidaw on 17 August 2011. Her consent to the president's reform path was key to making Western states lift their economic sanctions. In a scene heavy with symbolism, the two were photographed at Thein Sein's residence with the president seated under a portrait of her father, independence hero General Aung San (*New Light of Myanmar* 2011). A day later, she stated that she believed that "the president wants real change" (ICG 2011: 3). In November 2011, the Thein Sein government amended the political-party registration law and the election law, which allowed the opposition leader to run in future elections. Daw Aung San Suu Kyi gave up her confrontational approach towards the regime and steered the opposition towards reconciliation. The NLD decided to register the party with the Election Commission and run in the April 2012 by-elections.

In early January 2012, Daw Aung San Suu Kyi described the president as "an honest man [...], a man capable of taking risks if he thinks they are worth taking" (*BBC* 2012) – an indication that she knew how difficult implementing reforms would be, given the resistance of hard-line elements within the military. The by-elections of 1 April 2012, which were held to fill 46 vacant parliamentary seats, were generally seen as an important credibility test of the will to reform on the part of Thein Sein's new government. The NLD enjoyed a landslide victory in the April by-elections, winning 43 of 44 seats they contested. Daw Aung San Suu Kyi, herself, managed to get elected to Parliament in a rural township outside of Yangon. Most internal and external observers characterised the by-elections as relatively free and fair (Election Monitoring Network 2012). Although the by-elections were a major step in the country's transition, their significance is limited, since only a finite number of seats were open and the outcome could not significantly alter the balance of power within Parliament, which is still dominated by the Union Solidarity and Development Party (USDP). Nevertheless, the NLD transformed itself from an "anti-system" opposition party into one that is "transition-seeking" (Bunte forthcoming) and is now working within the political system

to bring political change. The NLD's announcement that it would put candidates forward for the 2015 elections emphasizes this change.

To demonstrate his reformist credentials, U Thein Sein had already released a number of political prisoners by mid-January 2012 – among them, some of the most vocal government critics – seemingly without any conditions attached to their release: student leaders Min Ko Naing and Ko Ko Gyi; the leader of the 2007 monks' demonstrations, Ashin Gambira; and comedian Zarnagar. A number of those released were able to join the political process. For instance, members of the 88 Generation Students Group decided to form the 88 Generation Peace and Open Society, an NGO, which helped monitor the by-elections (Election Monitoring Network 2012) and mobilised against ethnic intolerance, openly condemning Buddhist attacks on minority Muslims (see below). Since his appointment, President U Thein Sein has granted amnesty to selected prisoners on 13 separate occasions, the latest occurring in January 2014. On 6 February 2013, the president announced plans to form a committee to “scrutinize the remaining political prisoners serving their terms in prisons throughout the country so as to grant them liberty” (quoted in Martin 2013: 6). The 16-member committee was chaired by Union Minister Soe Thein and included representatives from opposition groups with a history of supporting the release of political prisoners, such as the 88 Generation Students Group, the AAPP(B) (Assistance Association for Political Prisoners [Burma]) and the NLD. The committee has met several times, but significant differences emerged regarding the definition of “political prisoner” and, by extension, regarding the estimates of the number of political prisoners in Burma; even a year later, the committee reportedly continued to disagree about both (Martin 2013).

Moreover, critics claim that the government continues to arrest and detain activists, often for violating new laws governing the right to peaceful assembly and protest (author's interview with a local NGO activist, Yangon, 4 April 2013). According to data from the AAPP(B), there are currently 169 political prisoners in Myanmar, most being held for violating article 18 of the peaceful assembly law. The liberalisation thus entailed a significant opening without fully establishing freedom to mobilise for either opposition or ethnic groups (discussed below).

## Relaxing Press Censorship

A very significant move of the opening has been the relaxation of internet and media controls, resulting in a level of press freedom not seen since 1962. In 2011 internet controls and censorship were relaxed and

certain restrictions on international and independent news websites were lifted. In August 2012 the government proclaimed both an end to pre-publication censorship and the dissolution of the Press Scrutiny and Registration Division. As a consequence, Reporters without Borders ranked Myanmar 145th of 179 countries in 2014. Previously, the country was ranked 151st (2013), 169th (2012) and 174th (2011). We have witnessed a considerable liberalisation of the press. However, parallel to this, conservative bureaucrats within the Ministry of Information have exhibited a continuous resistance to this opening. There are also older laws and guidelines in place that call for prison sentences for those who disseminate information perceived to pose a threat to national security, domestic tranquillity or racial harmony; report about corruption or ethnic politics; or portray the government negatively (Reporters without Borders 2012: 38). The government has also used its powers to suspend press freedom in recent years, whenever it felt the press violated this responsibility. For instance, in July 2012 the magazines *The Voice* and *Envoy* were suspended for reporting on a possible cabinet change. In February 2014 the government arrested five journalists and banned the privately owned *Unity Journal* for “disclosing state secrets” – it had published a story on the construction of a chemical weapons factory in central Myanmar. The reporters were sentenced to ten years in jail based on the 1923 State Secrets Act – the sentence was subsequently reduced to seven years. All this indicates that progress still needs to be made before a free press that can act as a fourth estate can be established.

Moreover, press liberalisation proved to be a double-edged sword for Myanmar’s transition. On the one hand, it enabled a freer discussion about political reforms. On the other hand, however, it allowed for a Buddhist-nationalist discourse and the agitation of an ultra-nationalist movement that preached intolerance and violence against the country’s Muslim community. Xenophobic, nationalistic anti-Muslim sentiments were spread on the internet and social media platforms.

## Allowing Room for Civil Society

Freedoms of movement and association have also been liberalised, which has allowed civil society more space to become active. As part of this democratic reform agenda, President U Thein Sein signed the new Law on Freedom of Assembly in December 2011. The law, which is still very much contested today, allows for peaceful demonstrations under very tight conditions: Organisers have to ask the authorities for permission five days in advance. The law also imposed a penalty of one year’s

imprisonment for protests staged without permission. This law has broadened the freedom of movement so greatly over the past year that the country has seen a number of protests – for instance, demonstrations by hundreds of residents of Yangon and Mandalay against energy shortages in May 2012 (*The New York Times* 2012). Following the suspension of two newspapers in July, nearly 100 journalists in Yangon and approximately 60 in Mandalay protested, most wearing black t-shirts reading “Stop killing the press”. In September and October 2012 lawyers demonstrated against the privatisation of state property (*The Irrawaddy* 2012). However, several applications to rally by ethnic groups and the opposition have been rejected, such as the NLD’s attempt to commemorate Martyrs’ Day in 2012 and the student union’s wish to honour the 50th anniversary of the student protests at Yangon University.

Whereas civil society’s space has grown and many protests have been tolerated, a number of activists have also been charged for demonstrating without permission. In November 2012 the authorities violently cracked down on a protest by villagers and monks against the expansion of a copper mine in Letpadaung, near Monywa. More than 70 protesters were injured when riot police stepped in to quell the demonstrations against the project, which was a collaboration between a Chinese company and the military conglomerate Myanmar Economic Holdings. The crackdown led to a public outcry and a rare apology by state authorities (*Myanmar Times* 2012). However, a number of civil society activists have been jailed since 2012 for organizing protests at the copper mine. The episode illustrates two developments: First, civil society activists and NGOs today have far more room to mobilise and make their voices heard than they did previously. Second, some politicians and authorities – with vested interests – still use the law to stifle public protests.

The government also promulgated a new law on labour organisation that allows for the formation of unions and grants the right to strike. The International Labor Organization (ILO) provided assistance in drafting the law. As with public demonstrations, workers in the public sector must provide notice to strike 14 days in advance, and workers in the private sector must provide notice three days in advance. A number of unions were formed. After by-laws for the labour legislation were enacted in March 2012, more than 350 worker organisations were formed by the end of that year, and another 260 were assembled by mid-August 2013, according to figures from the Ministry of Labour, Employment and Social Security. As a consequence, strikes at factories have increased tremendously, especially at industrial sites near Yangon. All in all, civil society is able to thrive far more freely than ever before. The room to



manoeuvre has grown remarkably in the last two years. New political freedoms enrich this picture. In all areas, however, reforms are fragile and contested, and there is still resistance on the part of some authorities to giving room to activists and civil society groups.

## Attempted National Reconciliation: The New Peace Initiative

Since coming into office, President U Thein Sein has also attempted to bring an end to the 60-year-long civil war between the central government and certain ethnic groups. Relations between the government and the ethnic groups had been deteriorating even more drastically since 2009, as the military government attempted to force ethnic-minority armies to convert into Border Guard Forces under the control of the Burmese army. Ceasefires with the Kachin collapsed, enhancing the latent distrust held by ethnic-minority leaders, who felt once more that the Burmese government was neither interested in genuine peace nor willing to satisfy their main demands of ending human rights abuses, ensuring equitable resource-sharing and strengthening regional autonomy. In his inaugural address, U Thein Sein declared he would make peace a priority and promised to hold talks without prior conditions. In the next two years, he managed to sign peace agreements with most of the ethnic armed groups (17). In January 2012 a ceasefire agreement with the Karen National Union (KNU) was signed – the first in 50 years of civil conflict. These ceasefires were supposed to lead to a national ceasefire between the central government and all ethnic groups (Holliday 2012). After 15 rounds of negotiations, the government and the rebel representatives managed to sign a draft of the Nationwide Ceasefire Agreement (NCA) on 31 March 2015. The NCA needed to be signed by *all* armed ethnic group leaders as well. At their meeting in June 2015 they agreed on the existing text, but demanded various additions to the document. The government's reaction to the new developments was lukewarm, revealing of its general opposition to amending the draft.

Moreover, the peace process has been overshadowed by constant fighting, especially in the northeastern part of the country; the Burmese military continues to fight the Kachin and the Kokang rebels. Decades of fighting have created a climate of distrust. The ethnic groups continue to harbour great reservations about the government; the latter is demanding that the former abandon their armed struggles, recognise the Constitution, give up fighting and integrate themselves into the national

army. The ethnic groups have not found a common voice, with most, but not all, of them demanding a rewriting or serious revision of the Constitution along with the establishment of a truly federal state with a federally structured army. Lasting peace is a protracted issue, since on both sides economic interests are involved and major grievances need to be recognised.

## The Reaction to Reform: Myanmar's External Relations

As a medium-sized and relatively underdeveloped country, Myanmar's foreign policy has always been more reactive than proactive (Ganesan 2005: 31). Since its independence, the country has followed a non-aligned foreign policy and there have been a number of intriguing continuities, such as the involvement of the military in foreign policy and their attempt to manage border areas in times of civil war (Egreteau and Jagan 2013). Moreover, balancing its strategic partners has always been a characteristic of Myanmar's foreign policy strategy. The country's rulers have tried to remain equidistant from each neighbour. For instance, when Than Shwe made a state visit to New Delhi in 2004, other senior members visited China. At the same time, pre-2011 Myanmar had not been fully autonomous in designing and managing its foreign relations, due to sanctions imposed by the US, the EU and other mainly Western powers. Until the late 1980s, Myanmar had been well integrated into the international system. However, this structural setting changed dramatically in August 1998 when, in the wake of the violent crackdown on pro-democracy protesters, many foreign governments started to rethink their approach, leading to staggered sanction regimes and Myanmar's partial international isolation in the 1990s and early 2000s. The United States' policy towards Myanmar was focused on the restoration of democracy and support for Daw Aung San Suu Kyi and the NLD (Haacke 2012). In a similar vein, the EU made the normalisation of relations conditional upon an "improvement in the human rights situation" and "substantive progress towards an inclusive democratization process" (EU 2010). Myanmar's post-2011 reform process has not only triggered the gradual lifting of external sanctions but also provided the framework for tangible adjustments of policy. David Cameron, UK prime minister, spearheaded the re-engagement process when he became the first high-profile Western leader to visit Myanmar since the beginning of the reforms – in April

2012, only a week after the NLD won a number of seats in a series of parliamentary by-elections.

The domestic reform process has also provided the backdrop against which Myanmar has started to realign its relations with China. During the period of international sanctions, Myanmar depended largely on Beijing's support, both politically and economically, for its security and development. However, as Maung Aung Myoe argues in the first of the following articles, for some years the SLORC/SPDC regime had been increasingly uncomfortable with its great reliance on China. Beijing, in turn, sees Myanmar as a "geopolitical pivot", or more precisely, a pillar of its "string of pearls" strategy in the Indo-Pacific region. Myanmar is the only country bordering China with access to the Eastern Indian Ocean, specifically the Bay of Bengal and the Andaman Sea. For many observers within Myanmar, China's past support for the military regime had been a main factor in preventing any meaningful political change or democratisation and in strengthening the repressive nature of the regime. While the Burmese government – realising that the strategic asymmetry between Myanmar and China is unlikely to disappear – has refrained from presenting or constructing China as a threat, there can be little doubt that reducing Myanmar's strategic and economic dependence on Beijing ranks high on Thein Sein's foreign policy agenda. The most visible – and, for Beijing, shocking – indication in this regard was the decision in September 2011 to suspend the construction of the controversial Myitsone Dam, a hydroelectric project financed and led by a state-owned Chinese company.

Myanmar's government does not perceive its relations with China and the US as a zero-sum game in which changes in one case inevitably impact the other. In other words, Naypyidaw's more sober perspective on Beijing is not primarily the result of markedly improved political and economic ties with Washington. At the same time, it is hard to ignore that normalizing relations with the United States seems to be the highest priority for Myanmar. Jürgen Haacke shows that the comprehensive reforms ushered in from mid-2011 by President U Thein Sein formed an important stepping stone, but Washington's 2009 adoption of pragmatic engagement as the outcome of the Burma policy review conducted by the Obama administration played an equally important part in the process of bilateral rapprochement. On her groundbreaking visit to Myanmar in late 2011, Secretary of State Hillary Clinton announced that the United States would reciprocate under the formula of "action-for-action". Ultimately, however, the substantive US policy shifts towards Myanmar in 2012 proved possible only because Daw Aung San Suu Kyi

agreed with the Thein Sein government and the Obama administration that the time for a new approach had come. Haacke also elaborates on the dynamic patterns of decision-making regarding US Myanmar policy and finds that particularly during the first term of the Obama administration, the State Department became the key incubator of and vehicle for change in relations with Myanmar, whereas congressional voices remained largely subdued. However, as Myanmar's political reforms failed to advance beyond the key concessions offered in 2012, Myanmar has again become a point of controversy between the administration and Congress. The question of military engagement has attracted particular attention. Haacke concludes that existing congressional resistance to more substantial military-to-military relations is likely to place a ceiling on any further deepening of bilateral ties for the time being.

Such explicit or implicit limits to the depth and breadth of cooperation are not visible in the case of relations between the European Union and Myanmar. The EU has evinced a comprehensive foreign policy change, from a rigorous sanctions-driven approach to a sudden, almost hyper-optimistic embrace of and support for the still fragile and ultimately risk-prone reform process. At the same time, Jörn Dosch and Jatswan S. Sidhu demonstrate that, while guided by normative convictions and concerns for human rights and democracy, the EU's approach and posture *vis-à-vis* Myanmar since 1988 has been more reactive than carefully planned and strategised. Whereas in the period from 1988 until early 2011 the EU's Myanmar policy frequently fluctuated between a "carrot" and a "stick" approach, depending on the circumstances, since 2011 the emphasis has been exclusively on carrots. This signifies an important shift in the application of normative power. The EU has generously provided large amounts of aid intended mainly to assist Myanmar in its transition. The European Commission alone has allocated 688 million EUR to support the country's reform process over the period 2014–2020, an amount supplemented by equally substantial contributions from several member states, including but not limited to Germany, the UK, France and Sweden. The EU's official documents reflect a strong optimism about the reform process that does not factor in the possibility of an autocratic recession. While this optimism is shared by the European Commission and most EU member states, the similar perceptions and compatible normative foundations on which their policies are based have so far not translated into well-coordinated and coherent foreign policy strategies and development cooperation programmes.

However, no external actor has responded more enthusiastically to Myanmar's political transition than Japan, which has forgiven an unprec-

edently high percentage of Myanmar's debt and allocated new large-scale official development assistance (ODA), including the first yen loans to Myanmar in a quarter of a century. As Donald M. Seekins explains, in collaboration with the new post-junta regime, Tokyo has sketched out ambitious development projects for Myanmar that, if carried out, would be a major factor in transforming not only the economy but also society and inter-ethnic relations within Southeast Asia's second-largest country. Both the large size of Japan's post-2011 ODA intervention in Myanmar and its emphasis on ambitious infrastructure projects, especially special economic zones (SEZs), draw attention to an important yet often ignored problem in the usual debates on "development": Can modernizing and transforming an "undeveloped" economy and society solve deep and long-standing *political* conflicts, or is it likely that technology-driven economic development, by concentrating power more thoroughly in the hands of recipient-country elites, will succeed only in making the political system more authoritarian? Seekins takes a pessimistic view, arguing the inflow of large amounts of ODA is likely to be destabilizing. Indeed, it is likely to make deep-rooted social and ethnic conflicts inside Myanmar even worse than they are now unless, prior to large-scale economic intervention, there is a *political* resolution to the most serious of these conflicts.

Whereas China, the US, the EU and Japan are trying to establish a new basis for their respective bilateral relations with Myanmar, India and Russia are encountering the challenges and opportunities implicit in building tangible relations in the absence of strong historical foundations. Pierre Gottschlich describes India's approach towards Myanmar as a "new beginning in international diplomacy". From an Indian perspective, as Gottschlich argues, a change in the relations between New Delhi and Naypyidaw is not simply conceivable but absolutely necessary. For India, the current situation presents a unique opportunity to rectify some foreign policy failures of the past and overhaul its attitude of obliviousness and neglect towards Myanmar that has marred the relationship for decades – in spite of a 1951 bilateral Treaty of Friendship, which, according to Nehru, was supposed to last "forever thereafter". After more than 65 years, New Delhi has still not made a palpable foreign policy announcement about Myanmar, let alone drafted a grand strategy regarding the country – a rather surprising fact given that the two states share a land border stretching 1,643 kilometres. Drawing on interviews with different stakeholder groups, Gottschlich shows that there is agreement neither on the most decisive issues in the bilateral relationship nor on the order of India's foreign policy priorities towards Myanmar. However, five themat-

ic areas have emerged as the *de facto* cornerstones of India's interest: Democratisation, the most important focal point of Western actors, is probably the weakest and "fuzziest" one in India's case. New Delhi's more crucial foreign policy concerns are directed towards security in India's Northeast and the problem of illegal migration, the expansion of trade and infrastructure development, access to energy resources, and the role of Myanmar in India's relations with China. Beijing naturally plays an important role in all of New Delhi's foreign policy considerations. India and China seemingly compete for influence in Myanmar in every policy area. According to Gottschlich, many members of the Indian foreign policy establishment perceive their own nation and China as rivals, particularly regarding the "crossroads" nation Myanmar.

China is an equally important factor in Russia's emerging relations with Myanmar. In the concluding paper of this special edition, Ludmila Lutz-Auras demonstrates that in view of the rise of China – as well as Washington's "Pivot to Asia" announced by the Obama administration – Moscow does not want to risk any kind of marginalisation in Southeast Asia, a region increasingly seen as an economic and strategic priority. Russia aspires to gain a foothold in Myanmar, with the threefold geopolitical objective of increasing and strengthening its access to the Indian subcontinent, the Indian Ocean and Southeast Asia. Unlike the US, the EU and other Western powers, Russia never imposed sanctions on Myanmar or interrupted political and economic relations. Yet, economic ties form a weak base – the bilateral trade volume totalled 113.9 million USD in 2013, a negligible sum. "In the light of activities of Chinese, Thai and Indian entrepreneurs, the Russian businesses look quite pale in Myanmar", writes Lutz-Auras, pointing to a wait-and-see mentality of Russian companies. However, Russia has recently begun to successfully establish itself as a major stakeholder in the country's oil and gas sector. Defence relations between the two countries – fuelled by Russian weapon sales – have also been growing.

Overall, the six articles provide evidence of a frantic international search for both opportunities in Myanmar and competition for influence there. Based on substantial ODA and investments, but also general diplomatic and political support, the US, the EU and Japan have sought and secured major roles for themselves in Myanmar's socio-economic and political transition, which has translated into an expanding US, European and Japanese presence in the country. This development has come at the expense of China's influence. However, China has maintained its position as Myanmar's second-largest trading partner (the top position has been occupied by Thailand for more than a decade) and is possibly still

seen by sizeable segments within the military-turned-civilian government as the country's most important political ally. Domestic peace-building, the democratisation process and the human rights situation in Myanmar are matters of interest and concern for the US, the EU and – to a lesser extent – Japan, but not for China and Russia. Despite its rhetoric and support of liberal values, India's position is closer to China and Russia's than to the former grouping's. At the same time, the US, EU and Japan – let us call them the “international pro-democracy actors” – are not following a coherent and coordinated strategy in their support of the reform process. Even within the US and the EU, there is hardly any agreement on the best and most preferable policy options to pursue in relations with Myanmar. While in the case of the US the argument is being fought between the administration and Congress, the EU member states, amongst themselves and in conjunction with the European Commission, have not even tried to harmonise their approaches. At first glance, the situation resembles Cambodia in the 1990s, when international donors transformed the country into a “playground” for their development experiments (Dosch 2007: 152). There is, however, a striking difference: The involvement of foreign actors in Myanmar is mainly driven by powerful mercantilist interests that were absent in the case of Cambodia. As Pierre Gottschlich rightly points out in his article, “Myanmar's vast oil and gas resources are intriguing to many countries. Competition for exploration and exploitation rights began long ago.”

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**Keywords:** Myanmar, Burma, foreign policy, political reforms, political liberalisation, external relations

- **Dr. Marco Bünte** is an associate professor and the Deputy Head of School (Research) at the School of Arts & Social Sciences (SASS), Monash University Malaysia, Selangor. He is also the co-editor of the *Journal of Current Southeast Asian Affairs*.  
<marco.buente@monash.edu>
  
- **Dr. Jörn Dosch** is a professor and chair of international politics and development cooperation at the Institute of Politics and Administrative Sciences, University of Rostock, Germany. His current research focuses on ASEAN and relations between Europe and Asia.  
<joern.dosch@uni-rostock.de>



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# Myanmar's China Policy since 2011: Determinants and Directions

Maung Aung MYOE

**Abstract:** This paper argues that a key factor in Myanmar's new approach towards China since 2011 has been the Myanmar government's foreign policy goal to reintegrate itself into the international community. The success of this approach is dependent on Myanmar's rapprochement with the United States, which requires both domestic political reforms and a foreign policy realignment – a need to reduce Myanmar's dependence on China, particularly in the context of US–China strategic competition in the Indo-Pacific region. In the context of China–Myanmar relations, the factors that have influenced Myanmar's China policy since 2011 are growing anti-China sentiment in Myanmar, growing concern over China's interference in Myanmar affairs, and the rapprochement with the United States. Myanmar's China policy shift, in terms of direction, is by no means to seek to be independent of China, but rather for there to be an increased interdependence between the two countries.

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**Keywords:** Myanmar, PR China, United States, foreign relations, foreign policy

**Maung Aung Myoe** is a professor at the International University of Japan. His research focuses on foreign policy and civil–military relations in Myanmar. His recent publications include “The Soldier and the State: The Tatmadaw and Political Liberalization in Myanmar since 2011”, in: *South East Asia Research* (22, 2, August 2014) and “Legacy or Overhang: Historical Memory in Myanmar–Thai Relations”, in: N. Ganesan (ed.), *Bilateral Legacies in East and Southeast Asia* (Singapore: ISEAS Press, 2015). E-mail: <koko@iuj.ac.jp>

## Introduction

Soon after U Thein Sein had assumed his role as president of the newly elected constitutional government in Myanmar in March 2011, the first foreign dignitary to visit the country was Jia Qinglin, a member of the standing committee of the Political Bureau of the Communist Party of China (CPC) central committee, and chairman of the 11th national committee of the Chinese People's Political Consultative Conference. On 4 April 2011, Jia Qinglin met President U Thein Sein, Vice-President Tin Aung Myint Oo, and Thura Shwe Mann and Khin Aung Myint, the speakers of the two houses of Pyidaungsu Hluttaw (Union Assembly). During his meeting with Jia Qinglin, U Thein Sein explained among other things, about the “evolution of bilateral relations to strategic Paukphaw kinsfolk] relations,” and praised China’s “good neighbourly cooperation in the stability, tranquillity and development of Myanmar” (*New Light of Myanmar* 2011a). They also talked about cooperation in the energy, oil and gas, transportation – road and railway – and power generation sectors. When Khin Aung Myint met Jia Qinglin, he reiterated that “the friendship between the two countries has reached that of strategic relations.” During the meeting between Jia Qinglin and Tin Aung Myint Oo, they signed an agreement on economic and technical cooperation between the two countries, and the Myanmar government secured a 30 billion RMB (Renminbi) credit facility from the Export-Import Bank of China (EXIM Bank of China). Other signed agreements included a production sharing contract for copper mines, and the construction of a refinery and petrol stations (*New Light of Myanmar* 2011a). On the very same day, Tin Aung Myint Oo also received a China National Petroleum Corporation (CNPC) delegation led by its president. Three weeks later, on 27 April, Tin Aung Myint Oo witnessed the signing of a memorandum of understanding (MOU) between the Myanmar government and the China Railway Engineering Corporation on the Muse-Pyaukphyu railway project (*New Light of Myanmar* 2011b).

On the military side, the vice-chairman of the Central Military Commission (CMC), General Xu Caihou, arrived in Myanmar on 12 May 2011, and held discussions with both President U Thein Sein and Commander-in-Chief General Min Aung Hlaing (*New Light of Myanmar* 2011c). Meanwhile, the Chinese ambassador in Myanmar was busy greeting ministers. In mid-May 2011, President U Thein Sein attended the Association of Southeast Asian Nations (ASEAN) summit in Jakarta, and then a few days later on 26 May, he made his first foreign visit to China. Chinese President Hu Jintao welcomed U Thein Sein to Beijing, and they held discussions. Chinese Premier Wen Jiabao also met the Myanmar

president. Chinese leaders promised U Thein Sein that they would help Myanmar with the 2013 South East Asian Games and the 24th ASEAN summit. U Thein Sein and Hu Jintao praised Sino–Myanmar bilateral relations, and the former called it a “multi-strategic cooperation partnership,” while the latter stated that it had reached the level of a “comprehensive strategic cooperative partnership” (*New Light of Myanmar* 2011d). A joint statement on the establishment of a “comprehensive strategic cooperative partnership” was finally issued on 27 May 2011. Myanmar was the last among new ASEAN members to sign such an agreement with China, following Vietnam (June 2008), Laos (September 2009), and Cambodia (December 2010).<sup>1</sup> The partnership agreement included cooperation on a wide range of areas. In a similar context, General Min Aung Hlaing travelled to Beijing where he was received on 29 November 2011 by Vice-President Xi Jinping, also a vice-chairman of the CMC, and the People’s Liberation Army (PLA) chief, General Chen Bingde. They signed a MOU on defence cooperation between the two militaries. On the whole, China–Myanmar relations in the first few months of the Union Solidarity and Development Party (USDP) government in Naypyitaw appeared to be smooth, stable and setting the stage for a stronger strategic cooperative relationship. However, by late 2011, the China–Myanmar relationship had entered a turbulent phase. How and why did this happen? The Myanmar government had taken a different approach in its relations with China from that of the past.

Why did the Myanmar government realign its China policy? What have been the determinants and directions of Myanmar’s China policy since 2011? This paper will look at factors that contributed towards this realignment. This paper argues that a key factor in Myanmar’s new approach towards China since 2011 has been the government’s desire and decision to reintegrate Myanmar within the international community, dependent on the rapprochement with the United States, which in turn requires both domestic political reforms and foreign policy realignment – a need to reduce Myanmar’s dependence on China, particularly in the context of US–China strategic competition in the Indo-Pacific region. In the context of China–Myanmar relations, the factors that have influenced Myanmar’s China policy since 2011 are growing anti-China sentiment in Myanmar, growing concern with China’s interference in Myanmar affairs, and the rapprochement with the United States.

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1 Indonesia (October 2013) has a “comprehensive strategic partnership” with China. Malaysia (May 2004), the Philippines (January 2007), and Thailand (May 2007) maintain a “strategic cooperation” with China. Brunei and Singapore do not have any strategic partnership with China.

## A New Foreign Policy Goal under the USDP Government

U Thein Sein came to power, running for elections on the platform of the USDP. In his inaugural speech at the Pyidaungsu Hluttaw (Union Assembly) on 30 March 2011, he outlined his government's foreign policy as follows:

From the post-independence period to date, successive governments have practised different political and economic policies and concepts. But, regarding the foreign affairs policy, they all exercised a non-aligned, independent and active foreign affairs policy and dealt with other countries in line with the Five Principles of Peaceful Coexistence. In addition, they never permitted any foreign troops to deploy within the borders of the Union. They never launched aggression against and interfered in the internal affairs of any other country. And they never posted threats to international and regional peace and security. These points are the pride of Myanmar's foreign affairs policy.

Our government will also adhere to this honourable foreign policy and continue relations with all the countries. Moreover, *our country will stand firm as a respected member of the global community* while actively participating in international organisations, including the UN, ASEAN, BIMSTEC and other regional organisations. This is why I invite and urge some nations wishing to see democracy flourish and the people's socioeconomic lives grow in Myanmar to cooperate with our new government that emerged in line with the constitution by accepting and recognising Myanmar's objective conditions and ending their various forms of pressure, assistance and encouragement to the anti-government groups and economic manipulations. [...] We need to convince some nations with negative attitude towards our democratisation process that Myanmar has been committed to shaping a democratic system correctly and effectively (Italics are mine) (*New Light of Myanmar* 2011e).

In addition, the USDP government declared that,

our vision for Myanmar is to become a modern developed nation that meets the aspirations of its people for a better life and *to achieve greater integration within the international community* by 2020.<sup>2</sup>

In his address to the Pyidaungsu Hluttaw on 22 August 2011, U Thein Sein said,

Our government has inherited a traditional foreign policy which has never been harmful to international and regional stability and security and it is maintaining friendly relations with global nations. *What's more, we are trying to stand tall as a dutiful member of the global family in international and regional organisations* (Italics are mine) (*New Light of Myanmar* 2011f).

Similarly, a year later, at the United Nations (UN) General Assembly on 27 September 2012, President U Thein Sein told the international community,

Myanmar is now ushering in a new era. As a member of the family of nations, Myanmar will be participating more actively in the activities of the United Nations in various fields. *Standing as a responsible and respectable nation on the world stage, we will take the challenges of the 21st century in a bold and resolute manner* (Italics are mine) (*New Light of Myanmar* 2012).

In his State of the Union address on 1 January 2015, President U Thein Sein has proudly stated:

Over the past year [2014], we have continued in carrying out our objective of [Myanmar] becoming a respectable, dutiful and responsible country of the family of nations by breaking out from international sanctions and isolation. We have managed to start casting an international network essential for our country. We are walking on our own path of possessing a foreign policy of active and friendly-with-all in the world communities. By building strongest possible relations with all countries in the world, and [particularly] with all great powers, we can bring best benefit for our fellow country people (Thein Sein 2015).

It was obvious that the reintegration of Myanmar within international community is a key policy message of the new USPD government. The Myanmar government clearly understands that in order to become “a

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2 Statement made in presentations by senior government officials. The writer received this statement from the Ministry of National Planning and Economic Development.



respectable member of the international community”, both domestic political reforms and foreign policy realignment are necessary. Throughout much of the time of the military rule, from 1988 to 2010, Myanmar suffered international isolation imposed by the west, most notably by the United States, and it depended for its security and development on the support of the Chinese government, both politically and economically. However, the military regime, known at different times as the State Law and Order Restoration Council (SLORC) and the State Peace and Development Council (SPDC), had realised that Myanmar had become a pariah state, and was increasingly concerned and uncomfortable with falling under China’s shadow and the presumed growing Chinese influence in the country. Since at least the early 2000s, the SPDC government has tried to address the issue of dependence on China.

In other words, when U Thein Sein came to power, the USDP government had already embarked on a foreign policy realignment, which necessarily involved rapprochement with the United States, and to a certain extent a reduction of Myanmar’s dependence on China.

## China’s Strategic Interests in Myanmar

It is no longer disputed that China is a rising power and one of the world’s most powerful states. China’s absolute size and its potential as a regional great power, together with its intention to play such a role, certainly carry strategic weight in regional affairs. While Beijing has been projecting its self-image as a “peaceful rising power”, most importantly to counter the West’s claim of “China’s threat”, many countries in the region have become rather uncomfortable with China’s increasingly assertive behaviour in recent years. China’s ambition to be a regional maritime power in the Indian Ocean as well as the Pacific Ocean is another important aspect of Chinese strategic interests in the Indo-Pacific region. As a regional economic power, China poses both opportunity and challenges for its Asian neighbours, which are destinations for both Chinese investment and Chinese products. It is in this context that China develops and maintains its strategic interests in Myanmar.

From a geopolitical perspective, Myanmar could be considered as a geopolitical pivot that could dictate the behaviour of a geostrategic player like China.<sup>3</sup> Myanmar is the only country sharing a border with China

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3 According to Brzezinski, “geostrategic players are the states that have the capacity and the national will to exercise power or influence beyond their borders in order to alter the existing geopolitical state of affairs. However, they

that also has access to the eastern Indian Ocean, particularly the Bay of Bengal and the Andaman Sea. Myanmar provides a good location from which China could access and project its power into eastern Indian Ocean. Western security analysts, in particular those from America, have pointed out that Myanmar is part of China's 'string of pearl' strategy in the Indo-Pacific region. It is in the interest of China to keep Myanmar within its strategic orbit. In the context of geopolitical competition, Washington and New Delhi regard the growing Chinese influence and presence in Myanmar as undermining their strategic interests in the Indo-Pacific region. Thus, to offset the Chinese influence, in recent years India has cultivated close ties with the Myanmar government and facilitated the improvement of Myanmar's maritime capabilities; while the US, after several years of neglect, has started a policy of reengagement with Myanmar. In the past, it was difficult for Myanmar to play the role of geopolitical pivot since it depended on China, and there was no other great power willing to pit itself against China. With the rapprochement with the United States, Myanmar could now play the role of geopolitical pivot in the strategic competition between the United States and China, and India and China. Myanmar is also a strategic buffer or security barrier for China. Political stability in Myanmar is necessary for China's security. Any armed conflict on the China–Myanmar border regions is detrimental to China's border security and stability, and it is in Beijing's interest to prevent the escalation and internationalisation of such a conflict.

Economically, China has developed a strong interest in securing Myanmar's abundant natural resources. China invests heavily in the oil and gas sector as well as in mineral extraction. Myanmar's water resources are exploited for electric power generation. Myanmar is a market for poor quality Chinese goods. In fact, Myanmar provides an outlet for

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have the potential and/or the predisposition to be geopolitically volatile." There are not many countries in the world that are considered to be geostrategic players; among them are the United States, Russia, China, and India. "Geopolitical pivots", on the other hand, "are the states whose importance is derived not from their power and motivation but rather from their sensitive location and from the consequences of their potentially vulnerable condition for the behavior of geostrategic players." Brzezinski further explained: "Most often, geopolitical pivots are determined by their geography, which in some cases gives them a special role either in denying access to important areas or in denying resources to a significant player. In some cases, a geopolitical pivot may act as a defensive shield for a vital state or even a region. Sometimes, the very existence of a geopolitical pivot can be said to have very significant political and cultural consequences for a more active neighboring geostrategic player" (Brzezinski 1997: 40–41).

China's less-developed western provinces such as Yunnan. The proposed railway construction between Muse and Kyaukphyu will serve as a corridor for Chinese exports to western markets. China has recently constructed both oil and gas pipelines through Myanmar, connecting the western port city of Kyaukphyu with Kunming in Yunnan province. The pipelines are not only strategic, but also economical in the sense that they bypass the Malacca Strait. The development of a port and a special economic zone in Kyaukphyu will also serve Chinese strategic interests on the Indian Ocean coast as they could represent undeclared Chinese maritime assets. In other words, Myanmar is a source of raw materials and energy supply, and a market for Chinese products.

## Growing Anti-China Sentiment in Myanmar

The Myanmar government has thoroughly exploited the existing anti-China sentiment to its best effect. China has a serious image problem in Myanmar. Anti-China sentiment, or a negative attitude towards China, can be observed at both societal and state levels, and it is particularly strong in the former. For the majority of Myanmar people, China's support for the former military regime prevented any meaningful change in the governance, and a lack of progress towards democracy, serving only to strengthen the repressive measures of the military regime. It was generally assumed that the reason why military rule in Myanmar lasted so long was because of China's support for the SLORC/SPDC government at various international forums. Myanmar people assumed that weapons supplied by China were used in the suppression of anti-regime forces. Myanmar people are also upset about the unethical business practices of Chinese firms and Chinese individuals in Myanmar. China's state-owned companies that invest in Myanmar rarely care about the environmental and social impact of their business practices. They also have a poor record of corporate social responsibility. In many cases, contracts are signed in their favour and the Myanmar side receives very little benefit. Chinese firms in the resource extraction sector have exploited Myanmar natural resources without any proper consultation process with the local people, or their consent. In the case of Chinese business ventures with Myanmar's state-owned or military-owned companies, local people receive little or no compensation for their properties. This triggers stronger anti-China sentiment among Myanmar people.

In addition, when the Myanmar government bought China-made machinery or factories, they were usually of poor quality or used outdat-

ed technology.<sup>4</sup> Myanmar people have a bad impression of Chinese products. Some people make fun of Chinese equipment as being “*tayoke-set tayet-soke*” (“Chinese machine; broken in a day”). Food products imported from China are considered to be of a poor standard of hygiene. The Myanmar media commonly reports about the poor quality of Chinese products and unhealthy Chinese foods, fake medicines, harmful milk powder, inedible cooking oil and snacks, and so on. There is much resentment towards Chinese business firms and Chinese individuals. For example, garment factories operated by Chinese firms are well-known for their lack of proper labour standards. Reports on the inappropriate behaviour of Chinese are not uncommon in the Myanmar media. Myanmar traders complain about the unfair trading practices of Chinese merchants. More importantly, the growing Chinese population in Myanmar, and their wealth, presents a serious issue.

China's investment into joint ventures with Myanmar's state/military-owned companies is a topic of great controversy and dissatisfaction among the people of Myanmar. From about 2008 to 2011, China dramatically increased its investment in Myanmar. During that time, China decided to invest approximately 12 billion USD on large-scale projects. According to official foreign direct investment (FDI) figures, as of 30 November 2005, China had invested only 194.22 million USD on 26 projects in Myanmar. By the end of 2009, this figure had risen to 1,347.44 million USD on 29 projects, which included an investment of 281.22 million USD for power generation in 2006 and 855.996 million USD for mining in July 2008. In June and December of 2009, when Vice-Senior General Maung Aye and Vice-President Xi Jinping visited each other's country, and signed MOUs and contracts for a hydropower plants project on the Ayerwaddy River and an oil and gas pipelines project. Then in June 2010, when Chinese Premier Wen Jiabao visited Myanmar, the two sides signed a 1.1 billion USD contract for copper mining in Letpadaung. These three mega projects – the hydropower dams and plants project on the Ayerwaddy River, the oil and gas pipelines project, and the mining in Letpadaung and Tagaung taung project – have drawn strong criticism from the local people, and have generated anti-China and anti-Chinese animosity among them. Details will be discussed later.

At the state level, there is also dissatisfaction with and distrust towards China. Since 1989, faced with Western sanctions against Myanmar,

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4 For example, a multipurpose diesel engine and related plants in Indagaw were never operational. A paper factory in Tharbaung was of a poor quality, environmentally disastrous, and economically infeasible.

particularly the arms embargo, China has become a major arms supplier for the Tatmadaw (Myanmar Armed Forces); however, the Tatmadaw was unhappy with Chinese-made weapons because of their poor quality and shortage of spare parts and follow-up services. For example, their Y-8 transport aircraft were grounded for about a year due to the lack of spare parts; anti-aircraft missile simulators were found to be faulty; and head-up display (HUD) units were removed from fighter aircraft delivered in the early 1990s. The PLA did not even provide full courses for technical training; thus pilots had to teach themselves supersonic flying when they returned to Myanmar. Many pilots lost their lives in air crashes due to poor quality aircraft. By the early 2000s, the Tatmadaw diversified its sources of weapon procurement, and bought military hardware from Russia, Ukraine and other East European states.<sup>5</sup>

Even at the individual level, many senior officials were unhappy with China. Both Senior General Than Shwe and Vice-Senior General Maung Aye, chairman and vice-chairman of SLORC/SPDC, had served in military commands that had confronted the insurgency of the Burma Communist Party (BCP) backed by the People's Republic of China (PRC). Than Shwe was a commander of No. 88 Light Infantry Division and he dealt with the BCP's military campaigns. Maung Aye was a commander of No. 77 Light Infantry Division, and later Eastern Command Headquarters, and he also experienced the same thing. U Thein Sein served in the North East Command in Lashio when he was a major, and later became a commander of Triangle Region Command. Many senior military commanders had experience in fighting against the PRC-backed communist insurgency. Generally, these commanders held a distrustful attitude towards China. This trend was further confirmed in several memoirs recently published by former military officers.<sup>6</sup> Therefore, the anti-Chinese sentiment and negative attitude towards China has been a major factor in influencing the Myanmar government's China policy since 2011.

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- 5 Some Myanmar military officers have told the present writer that, instead of exploiting the ignorance of the Myanmar military, China should educate them with the best of intentions. For instance, when the Tatmadaw procurement team asked for a discount, instead of explaining what was essential, the Chinese side just reduced the price while at the same time removing some parts from the specification.
  - 6 Memoirs on the Sisiwun-Tarpan battle written by Colonel Hla Myint Swe and Colonel Ko Ko Lay, who later became ministers, are obviously about their encounter with the PRC-backed BCP offensive in 1987.

## Growing Concern with China's Interference in Myanmar Affairs

Chinese influence in Myanmar is also a subject of great debate. Some scholars argue that Myanmar has virtually become a pawn of China, while others claim that this is not so. We will not engage in such debate in this paper. The SLORC/SPDC government has been aware of China's potential to apply its 'influence' as Myanmar attracts China's support at various international forums. At the same time, the military regime has tried its best to maintain its independent and non-aligned policy in foreign affairs. However, the SPDC government was disappointed when it discovered that the international community had projected Myanmar as a nation under China's sphere of influence [or being a China's client state], and urged China to intervene in Myanmar during the 2007 monk-led demonstrations and in 2008 when Cyclone Nargis hit. Thus, the government was seriously concerned, and particularly worried about China's intervention and interference in Myanmar affairs.

In September 2007, monk-led anti-government demonstrations broke out on the streets of Yangon and in a few other towns. It was the biggest confrontation between Buddhist monks and the military regime since 1990. The international media quickly began to refer to this movement as the "Saffron Revolution", following the style of other colour-revolutions. This issue drew international attention when the regime arrested monks and raided monasteries. Unlike in the past, a wide network of anti-regime activists both in and out of the country was at the forefront of denouncing these crackdowns. Thanks to newly available information and communication technology (ICT), images and stories of confrontation between monks and security forces appeared almost in real time on social media. The military regime seemed to be concerned about losing its legitimacy to rule, which was based partly on its claim to be a promoter and defender of the Buddhist religion.

Despite the fact that the regime exhibited a considerable degree of tolerance, at least compared with its own previous record, its crackdown on the demonstration of 26–27 September 2007 drew widespread international condemnation, and called for international intervention. The issue was tabled for a resolution at the United Nations Security Council (UNSC) by the United States and Britain. However, due to the possibility of a veto by both China and Russia, a compromise was reached to issue a non-binding UNSC presidential statement. After nearly a week of negotiations on the details and terms of this document, to be issued by the United States as the rotating president of the UNSC, Beijing eventually

agreed to the final version of the presidential statement, which was duly released on 11 October 2007. During these negotiations, China played a crucial role in facilitating meetings between the Myanmar military regime and the UN. It was during this period that the military regime became increasingly concerned about the perceived growing Chinese influence, and the prominent role played by China in Myanmar's affairs. There were also fears that Myanmar was becoming over-dependent on Beijing. Meanwhile, the SPDC speeded up the National Convention process to draft a constitution and, on 9 February 2008, the government announced a timeline for implementation of what was known as the 'Seven-Step Roadmap', which featured a nationwide referendum to be held in May for the draft constitution, followed by a multi-party general election in 2010.

On 2 May 2008, Cyclone Nargis hit the Myanmar coastline around the Ayerwaddy delta, leaving more than 100,000 people dead and 1.5 million "severely affected", according to the UN. The inadequate and slow response by the government, as well as its reluctance to accept the offers of international agencies and non-governmental organisations (NGOs) to assist in disaster relief operations provoked a global outrage. The international community approached China, urging it to play an important role in convincing the SPDC government to accept international relief aid and to receive Admiral Timothy J. Keating, commander of the U.S. Pacific Fleet Command, in Yangon to coordinate the delivery of relief aid. Following the intervention of China and ASEAN, the Myanmar government allowed relief operations by the international community, including many local and international NGOs.

Although China continued its political support after these two events, it began to criticise the Myanmar government, which made the SPDC uncomfortable. The regime leadership became increasingly aware of China's international obligations, and its desire to project and maintain a positive image in the eyes of the international community. This was by no means risk-free for Naypyitaw. Moreover, Naypyitaw was uneasy with Beijing's increasing contacts with anti-government activists and organisations at the expense of the Myanmar government. The SPDC was aware that Chinese authorities, mostly from Yunnan, held a series of meetings with Myanmar dissidents in Maesot, Chiang Mai and Ruili. Some of the dissidents were invited to tour Kunming and Beijing. When Xi Jinping met Maung Aye in Beijing in June 2009, he told him that China would uphold the "fair interests of Myanmar", perhaps signalling to his Myanmar counterpart that Beijing's support was conditional (*New Light of Myanmar* 2009). In summary, the growing prominent role of

China in Myanmar affairs following the 2007 monk-led anti-government demonstrations and as a result of the 2008 Cyclone Nargis gave a wake-up call to the military regime to address the issue of growing Chinese influence and its possible intervention or interference in Myanmar's affairs.

## Myanmar's Rapprochement with the United States

The sanction-based foreign policy of the US government towards Myanmar, which has been in place since the early 1990s, had done considerable damage to ASEAN-US relations. The US government failed to attend several important meetings hosted by ASEAN during the latter part of the Bush administration in the mid-2000s. At a time when the United States shifted its pivot towards the Asia-Pacific region, it was necessary for the US to review its Myanmar policy, and it saw that it was time to readjust its policy so that there would be a meaningful cooperation between ASEAN and the US. As it has become increasingly concerned with the rise of China and its growing assertiveness in the region, the United States needs to cultivate good relations with other countries in the region. At the same time, the US government needed to reassess its sanctions policy towards Myanmar. If the objective of US sanctions was to make the military regime collapse from within, or to make people revolt against the regime, then it is safe to conclude that they missed the target. The regime change was not happening easily; nor was there an 'Arab Spring'-like revolution in Myanmar. However, just to admit the failure of sanctions, and to normalise diplomatic and economic relations with the Myanmar military regime, could draw criticism from anti-regime activists and supporters of the Myanmar democracy movement, particularly in the US congress. Unless there could be significant changes in terms of governance, and subsequent endorsement by the icon of democracy, Daw Aung San Suu Kyi, the US government could not go very far in its re-engagement with Myanmar.

The SPDC government appeared to understand the limitations of American re-engagement with Myanmar, and it was by then more or less prepared to find an acceptable compromise. During the visit of Secretary of State Hillary Clinton to Japan and Indonesia in February 2009, she announced a Burma policy review. Subsequently, the review was carried out and it was released in September. Meanwhile in March 2009, Stephen Blake, the director of the Office for Mainland Southeast Asia at the US State Department, visited Myanmar as part of a tour of five countries in



the region, and he met Myanmar Foreign Minister Nyan Win and other senior government officials in Naypyitaw.

A more important American political figure, Senator Jim Webb from Virginia, came to Myanmar in August 2009 as part of his five country tour. Jim Webb was considered a close ally of President Obama. He held discussions with Thein Sein on 14 August, and then met with SPDC Chairman Than Shwe and Aung San Suu Kyi the following day. While details were not released, these meetings did pave the way for further contact between Myanmar and the US government. About a month later, during his stay in New York for the UN General Assembly, Foreign Minister Nyan Win met Senator Jim Webb and members of the US-ASEAN Economic Council in Washington DC on 21 September 2009. Just two days later, on 23 September, the State Department announced a new strategy towards Myanmar, which would keep sanctions in place while entering into high-level engagement with the military regime. Hillary Clinton said that the United States would move “in the direction of both engagement and continued sanctions.” Speaking to foreign ministers at a Friends of Burma meeting, Hillary Clinton said,

Engagement versus sanctions is a false choice in our opinion. So we will be employing both of those tools [...] to help achieve democratic reform we will be engaging directly with Burmese authorities (Clinton 2009).

Moreover, she said that the sanctions imposed by the European Union (EU) and the US would be eased if the junta moved towards significant reform (Clinton 2009).

Then, on 28 September, Jim Webb met Prime Minister Thein Sein in New York during the UN General Assembly. On the very next day, 29 September, a US team led by the assistant secretary of state for East Asian and Pacific affairs, Kurt Campbell, met with a Myanmar team led by Science and Technology Minister U Thaug, former Myanmar ambassador in Washington DC. Kurt Campbell came to Myanmar in May 2010, and met with several ministers on 9 May in Naypyitaw, and with Aung San Suu Kyi in Yangon the next day. Just a month after the nationwide elections in Myanmar, on 7 December 2010, Deputy Assistant Secretary of State Joseph Yun came to Myanmar and met with Foreign Minister Nyan Win, the Director General of Police, Brigadier General Khin Yi, and Aung San Suu Kyi. He appeared to urge Myanmar authorities to

improve their human rights records, release all political prisoners immediately and unconditionally and begin genuine dialogue with

Aung San Suu Kyi and pro-democracy and ethnic leaders to work towards national reconciliation (Yun 2010).

These intense discussions and negotiations finally led to the appointment of Derek Mitchell as the first US special representative and policy coordinator for Burma, with the rank of ambassador,<sup>7</sup> on 14 April 2011, setting the stage for full diplomatic normalisation and the restoration of ambassador-status representation. By then, the newly elected government in Myanmar had committed to initiate a major reform process.

Derek Mitchell appeared to do a good job in dealing with the newly constituted Myanmar government under the leadership of President Thein Sein towards a meaningful political transition. At the same time, he facilitated further communication between Naypyitaw and Washington. Joseph Yun came to Myanmar again in May 2011 with the stated purpose of “finding a common ground” and “furthering ongoing efforts to engage directly with the government” (Yadana Htun and Ko Ko Gyi 2011). He held discussions with the new Myanmar foreign minister, Wunna Maung Lwin. He also met Aung San Suu Kyi and representatives of other political parties, NGOs, ethnic groups and the business community (Yadana Htun and Ko Ko Gyi 2011). A statement issued by the US embassy in Yangon during the visit announced that Joseph Yun has

reiterated the US's willingness to improve bilateral relations through principled engagement, while maintaining that progress would depend on the government taking meaningful, concrete steps toward democratic governance, respect for human rights, and the release of all political prisoners in line with the aspirations of the people and the international community (Yadana Htun and Ko Ko Gyi 2011).

A month later, in June 2011, Senator John McCain paid a visit to Naypyitaw. On his departure, in his press release on 3 June 2011, he said,

It was clear from my meetings in Naypyitaw that the new government wants a better relationship with the United States, and I was equally clear that this is an aspiration that I and my government share (Aung Hla Tun 2011).

Hillary Clinton visited Myanmar in early December 2011. She was the first secretary of state to visit Burma since John Foster Dulles in 1955. President Thein Sein hailed the visit as a new chapter in US–Myanmar relations. Thein Sein told Clinton that Myanmar will undertake to make

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7 Derek Mitchell was not the US ambassador at that time but his position was equivalent to the rank of an ambassador.

political reforms and to re-engage with the international community. The Myanmar government took further steps in the reform process, and to improve its relations with the US. As a result, on 13 January 2012, Secretary of State Hillary Clinton announced that “at the direction of President Obama, we [the United States] will start the process of exchanging ambassadors with Burma” (Clinton 2012). Then, on 17 May 2012, President Obama officially nominated Derek Mitchell as the first US ambassador to Myanmar for more than 20 years, and the senate duly confirmed his appointment on 29 June 2012, paving the way for the full normalisation of diplomatic relations between the two countries.

The relations have been growing steadily ever since. In September 2012, Thein Sein went to New York to attend the annual UN General Assembly and delivered a speech. During the visit, on 26 September 2012, he met with the secretary of state, and thanked her for opening a new chapter in US-Myanmar relations (*New Light of Myanmar* 2012). As a result, on 19 November 2012, President Obama made a landmark visit to Myanmar during his Asian tour. He was the first ever US president to visit the country. Although it was just a six-hour stay, there was no doubt that the visit was politically significant. In a speech he made at the convocation hall of Yangon University, to an audience coming from all walks of life, Obama stated,

When I took office as president, I sent a message to those governments who ruled by fear: We will extend a hand if you are willing to unclench your fist. So today I've come to keep my promise and extend the hand of friendship (Beech 2012; Obama 2012).

For his part, Thein Sein, during his bilateral talks with Obama, praised the fact that

for the first 20 years, there were some difficulties and obstacles in our bilateral relations. But, however, when President Obama took office in the United States, and because of the visions, re-engagement policies of the president [...] our bilateral relations have been progressing steadily (Beech 2012).

President Obama again visited Naypyitaw in November 2014 to attend ASEAN meetings, and he met with Thein Sein and other important political figures. What was interesting here is that exactly a week before the president's visit, on 6 November 2014, Aung San Suu Kyi gave a rare press conference and told the media,

We do think that there have been times when the US government has been too optimistic about the reform process started by the

present government, but if they really studied the situation in this country they will know that this reform process started stalling early last year. [...] In fact, I'd like to challenge those who talk so much about the reform process, and ask what significant reform steps have been taken in the last 24 months (Kyaw Phyو Tha 2014).

Despite this strong message from Aung San Suu Kyi, in a joint press conference with Thein Sein on 13 November, Obama praised the fact that “in part because of President Thein Sein’s leadership, the democratisation process in Myanmar is real.” Despite some strong criticism from so-called democracy activists and from Washington political circles, particularly in the senate, the Obama administration has continued to hold a cautiously optimistic view and maintained its support for the Myanmar government.

## Issues in China–Myanmar Bilateral Relations since 2011

There have been two types of issue in China–Myanmar bilateral relations since 2011. The first type is related to China’s mega-projects investment in Myanmar. The second is about the management of border security. Between 2008 and 2011, China decided to invest heavily in the resource extraction sector of the Myanmar economy, and has supported three mega-projects: the Myitsone hydropower dam project, the Lapadaung copper mine project, and the Kyaukphyu–Kunming oil and gas pipelines project. All these projects are controversial since none of them helps Myanmar with sustainable development, technology transfer, and long-term employment opportunities, but leaves the country with huge environmental and social impacts. In the case of the management of border security, armed conflicts between the Tatmadaw and ethnic armed groups in Kachin State and the Kokang region are prominent issues since China was involved in these conflicts. Moreover, the alleged supply of arms by China to the United Wa State Army (UWSA), and its heavy-handed intervention in the case of the arrest and trial of Sai Naw Kham, a drug lord in the Golden Triangle, are significant.

Among China’s mega-projects, the first one that stirred up protest against Chinese investment in Myanmar and caused hiccups in Sino–Myanmar relations was the Myitsone hydropower dam project. Just six months after coming into office, in response to mounting public opinion against the project by the Myanmar people, and strong protest over the

construction of the dam, U Thein Sein suspended the project on 30 September 2011. Actually, the project was initiated during the SPDC era in 2009. The MOU for the construction of hydropower dams on the Ayerwaddy River was signed between Myanmar and China when the vice-chairman of the SPDC visited Beijing in June 2009. The plan was to build a total of seven dams and power plants on the upper reaches of the Ayerwaddy River under a multi-billion dollar investment. In fact, Myitsone dam alone will cost about 3.6 billion USD. China Power Investment (CPI) was the major investor in the project. According to the plan, the Myitsone power plant will have an installed capacity of 13,360 megawatts, and 90 percent of its electricity output will be transmitted back to China. The proposed 152 meter-tall Myitsone dam is highly controversial since it will create a massive reservoir the size of Singapore, and will submerge important historical, ecological, and cultural heritages. Dozens of villages will be lost forever, and more than 10,000 villagers will be displaced. The project has drawn attention and criticism from environmental organisations and activists. In addition, the Myanmar people bitterly complain about the large number of Chinese labourers working at the project site who will distort the Myanmar cultural landscape. The Chinese company has already spent a considerable amount of money on the project, and the suspension will mean a great loss for them. Although China has raised the issue of restarting the project from time to time, the Myanmar government does not show any interest in resuming the project.

The scope of the oil and gas pipelines project was to build two pipelines from Myanmar's coastal town of Kyaukphyu to Kunming in China's Yunnan Province. The project plan was finalised in December 2009 during the visit of Chinese Vice-President Xi Jinping to Myanmar. The total cost for the construction was estimated to be 2.54 billion USD. Construction began in 2010, and since that time a number of accusations have been levelled against the CNPC for alleged human rights violations, inadequate compensation for land confiscation, and environmental degradation. Local people were also concerned with the influx of a large number of migrant Chinese workers, approximately 17,000, to work on the project. The contractor has been dealing with local grievances by meeting the concerns of people affected by the construction of the pipelines, and by providing welfare services and infrastructure, including bridges, roads, schools, clinics, power supplies, and so on. Finally, the pipelines were completed, and the oil and gas began to flow in late 2013.

The Letpadaung copper mine project, located on the west bank of the Chindwin River in the Sagaing Region, is a joint venture between

Myanmar Wanbao Mining Copper Limited, a subsidiary of China's military-owned China North Industries Corporation (NORINCO), Myanmar's military-owned Union of Myanmar Economic Holding Limited (UMEHL), and the Ministry of Mines of the government of Myanmar. The agreement was signed during Chinese Premier Wen Jiabao's state visit to Myanmar in June 2010, and it was agreed that Wanbao would invest more than 1.1 billion USD. The mining company has reportedly confiscated more than 8,000 acres of farmland from 1,032 villagers from 26 villages without giving proper compensation. Villagers were upset about the lack of a proper resettlement programme, inadequate compensation, environmental and health hazards, and the forced removal of an important religious site. Wanbao offered villagers 550,000 MMK (kyats) (about 550 USD) for an acre of land when it requisitioned land from them. When the local people protested against the mine, and the government cracked down on the protesters in November 2012, the issue drew international attention and criticism. An investigation commission was formed, headed by Daw Aung San Suu Kyi, which later produced a report with several recommendations. As one of the recommendations of the report, in June 2013, Wanbao agreed to pay additional subsidies of between 700,000 and 1.25 million MMK for an acre (Thiha 2014). The contract was renegotiated giving improved terms for the Myanmar government.

Like Letpadaung, China Non-ferrous Metal Mining (CNMC) signed an exploration agreement and feasibility agreement with Myanmar's state-owned No. 3 Mining Enterprise in July 2004 for the Tagaung Taung nickel mine project. It was estimated to hold 700,000 tons of nickel for production (Yue 2014). Myanmar CNMC Nickel Co., Ltd. was finally established in September 2008. The total investment in the project will exceed 800 million USD, with an annual output of 85,000 tons of ferro-nickel. When the operation began in late 2008, the Myanmar CNMC Nickel Co. Ltd. confiscated 3,086.66 acres of farmland without paying any compensation; it only paid compensation for the crop of that year, roughly 50 USD to 200 USD per acre depending on the type of crop. The Chinese firm did not make any environmental impact assessment, and pollution from the mine badly contaminated the environment (Swe Sit Naing 2015). Local people are protesting against unfair practices by the Chinese firm.

Management of border security is perhaps the most challenging aspect of Sino–Myanmar bilateral relations. The border area between the two countries is notorious for unlawful activities, such as drug trafficking, human trafficking, and other transnational crimes. There is an estab-

lished mechanism for the management of border security. While criminal cases are handled by police forces from both countries, there are some issues related directly to the military of the two countries, the PLA and the Tatmadaw. This measure is necessary because a number of major ethnic armed groups operate along the China–Myanmar border area. These include: the Kachin Independence Army (KIA), the UWSA, the Myanmar National Democratic Alliance Army (MNDA), otherwise known as the Kokang Army, and the National Democratic Alliance Army (NDAA), otherwise known as the Mongla Army. In recent years, armed clashes between government forces and the KIA as well as the MNDA have broken out in Kachin and Shan states. China was concerned with the escalation and internationalisation of the conflicts. The Myanmar government was suspicious of China’s involvement in these issues.

Meanwhile, the Myanmar government has started a ceasefire/peace negotiation process with other ethnic armed groups. The Myanmar government invited international third parties to assist with this process. Most importantly, Japan and some European nations are involved in Myanmar’s peace process. In June 2012, the Japanese government appointed the chairman of the Nippon Foundation (TNF), Yohei Sasakawa, as a “Goodwill Ambassador for the Welfare of the National Races in Myanmar”. It was mainly because President U Thein Sein and the National League for Democracy (NLD) chairperson, Daw Aung San Suu Kyi, asked Sasakawa to support ethnic minorities.<sup>8</sup> The EU and Japan funded the Myanmar Peace Center with initial funds of 700,000 EUR and 1.21 million USD respectively (Myanmar Peace Center 2012). Meanwhile, China showed no interest in the Myanmar peace-making process. China began to get involved in the ceasefire/peace negotiation process only when armed clashes between government forces and the KIA escalated.

In June 2011, after 17 years of implementing the ceasefire agreement, there was a series of armed clashes between the government forces and the KIA. The conflict triggered Internally Displaced Persons (IDPs), which resulted in an international outcry. When the KIA called on China to be the referee in its negotiations with the central government following armed clashes with government forces in late 2012, China simply declined to do so. However, China changed its position when

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8 On 6 January 2014 in Yangon, the Japanese ambassador and the chairman of the TNF announced that Tokyo will spend 96 million USD over the next five years to improve living standards, and to promote peace in ethnic minority areas.

the conflict escalated in December 2012 and early 2013, and began to take more serious steps to intervene in the ceasefire negotiation process between the Myanmar government and the KIA. Beijing sent Vice-Foreign Minister Fu Ying to Naypyitaw. During her meeting with President U Thein Sein on 19 January 2013, she expressed China's concern, and the desire to end the fighting along its border. At the same time, the Chinese deputy chief of staff of the PLA, Lieutenant General Qi Jianguo, arrived in Naypyitaw, officially for the first China–Myanmar strategic security consultation meeting, and delivered the same message to Commander-in-Chief Min Aung Hlaing on 20 January 2013. Min Aung Hlaing told his guest that military operations against the KIA had ceased since 19 January 2013, and he explained the situation in Kachin State (*New Light of Myanmar* 2013). At the meeting with his counterpart, Vice Senior General Soe Win, on 21 January, Qi Jianguo remarked that the

PLA hoped Myanmar may properly settle the issue of the ethnic Kachin group through peaceful means as well as safeguard the tranquillity along the China–Myanmar border area (*Xinhua* 2013).

By that time, China had decided to involve itself in the ceasefire/peace negotiation process between the Myanmar government and the KIA. China appeared to be quite worried that the conflict in Kachin State would become an international issue, and that outside power(s) would involve themselves in the process, as this would certainly affect Chinese national security. Thus, China arranged two rounds of talks in Ruili on 4 February and 11 March, and sent Mr. Luo Zhaohui, the former ambassador, and Mr. Wang Zongying from the Chinese Ministry of Foreign Affairs as observers.

On 11 March 2013, the Chinese Ministry of Foreign Affairs announced the appointment of Ambassador Wang Yingfan as a “special envoy for Asian affairs”. This was to further strengthen China's policy coordination and deeper involvement, and Mr. Wang's top priority was to engage with Myanmar and to deal with China–Myanmar Affairs (*China Daily online* 2013). An interesting point here is that this coincided with the time the Myanmar government was holding ceasefire talks with the KIA in Ruili, a town on the Chinese side of the border. Just two days later, after observing the peace negotiation in Ruili, Wang Yingfan appeared in Naypyitaw on 13 March, and the next day he met Vice-President Nyan Tun, with whom he discussed matters relating to the comprehensive strategic cooperation partnership and the peace process. He also held a series of meetings with the two speakers of Myanmar's Hluttaw, the deputy commander-in-chief of the Tatmadaw, and Deputy Foreign Min-



ister Thant Kyaw. In Yangon, Wang held roundtable discussions with representatives from political parties, including the National Democratic Front (NDF) and the NLD, think tanks, NGOs and the media “to collect ideas and suggestions from Myanmar societies on promoting bilateral relations and the Myanmar peace process” (Embassy of PRCh M 2013).

China continued to involve itself in ceasefire/peace negotiations. In a desperate attempt to prevent the Kachin conflict becoming an international issue, at the March round of talks between the government and the KIA, Wang Yingfan reportedly forced the participants to drop an article in the agreement that would allow inviting an international third party. The government and the KIA were both upset by this. In a clear display of displeasure, they refused to hold any subsequent talks on China’s soil and, thus, another round of talks was held in Myitkyina on 27 May 2013 without informing China; even so the Chinese embassy managed to send its political counsellor. As a compromise, China accepted the UN’s participation in the peace talks over the Kachin conflict. Therefore, China and the UN continued to attend peace talks strictly as observers. For example, during another round of peace talks between the government and the KIA on 13 May 2014, Ms. Mariann Hagen from the UN, Wang Yingfan, and some other ethnic armed groups attended as observers. When the draft nationwide ceasefire agreement was signed between the Union Peace-Making Work Committee (UPWC) and the Nationwide Ceasefire Coordination Team (NCCT) on 31 March 2015, Wang and the UN special envoy Vijay Nambiar’s secretary witnessed the signing of the document (*Xinhua* 2015a).<sup>9</sup> Yet Naypyitaw is frustrated that Yunnan authorities are suspiciously involved in supporting the KIA by way of providing financial support in exchange for illegal logging and mining in Kachin State.<sup>10</sup>

The origin of the 2015 Kokang conflict can be traced back to 2009. In 2009, the SPDC government urged all ethnic armed groups that entered into ceasefire agreements with the government to transform into Border Guard Forces (BGFs) under the nominal command of the Tatmadaw. The Kokang ceasefire group, like some other groups, was

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9 Neither Sasakawa, nor a Japanese government representative, was invited to the ceremony reportedly because of China’s displeasure; obviously the Japanese were unhappy about it. Therefore, a 12-member delegation, led by three ministers and a deputy attorney general, travelled to Tokyo in mid-April to make representations to the TNF and the Prime Minister’s Office.

10 In January 2015, over 100 Chinese (illegal) loggers were arrested by the Myanmar army in Kachin State.

against the government's policy of transforming it into a BGF, and resisted this move. Meanwhile, acting on information they received from Chinese authorities, the Tatmadaw attempted to search a facility believed to be an illegal arms factory, and launched an attack on the Kokang group in August 2009. This incident left an unknown number of dead and other casualties on both sides, and triggered an outflow of about 37,000 Kokang refugees into China. Some 700 Kokang troops loyal to Pheung Kya-Shin crossed into China, while 300 others joined a splinter group led by Bai Xuoqian. The Pheung loyalists were immediately disarmed by the Chinese authorities, and eventually disappeared. Pheung himself went into hiding. After the incident took place, China issued an unusual public statement, calling on the Myanmar government to "properly handle domestic problems and maintain stability in China–Myanmar border region and to protect the security and legal rights of Chinese citizens in Myanmar."

Five years later, Pheung Kya-Shin returned to the Kokang region with his fully-armed and freshly-regrouped troops. In an interview with the *Global Times*, a CPC-owned newspaper, on 20 December 2014, Pheung said that he and his son would lead a 1000-strong army to reclaim the Kokang region and its capital, Laukkai, and that they had support from other ethnic armed groups (Berger 2015: 2). Apparently a failure by their intelligence networks, the Tatmadaw troops in the Kokang region were unprepared, and they suffered heavy casualties. After the initial setback, the Tatmadaw assembled a massive display of firepower, including helicopter gunships, multirole fighter aircraft, and heavy artillery. China urged the Myanmar government and the Kokang rebels to resolve the dispute peacefully, yet the Tatmadaw was determined, and said that it "will not give in and is prepared to fight" (Aung Zaw 2015). On 21 February, Lieutenant General Mya Tun Oo told the press that "since this is an attack on part of our territory, the army will not yield to such an attempt" (Khin Maung Win 2015). While there was neither an accusation levelled against China in the Kokang conflict by the Myanmar government or the Tatmadaw, nor any indication of Chinese involvement, the Myanmar authorities were aware that Kokang troops occasionally stayed on Chinese soil. The authorities were also confused by Beijing's motivation to allow such a serious conflict to develop and escalate in the border area, given the following facts: Beijing was worried about any armed conflict near its border; it was believed to exercise considerable influence on the ethnic armed groups along the China–Myanmar border; and it did not want any armed conflict that could negatively affect its border security. Nevertheless, drawing on the

anti-China sentiment among the Myanmar people, the Tatmadaw received both support and sympathy across Myanmar.

There were a few occasions when stray bombs from Myanmar military aircraft and artillery shells landed on the Chinese side of the border, killing some villagers and cattle. At one stage, in April 2015, the Myanmar government sent its foreign minister, Wunna Maung Lwin, and Lieutenant General Aung Than Htut to Beijing to deliver an official apology to the PLA over a Myanmar warplane bombing that killed five Chinese citizens on 13 March 2015. Amid this tension, the PLA conducted a live firing military exercise near the conflict zone. During a sideline meeting with U Thein Sein at the ASEAN summit in Jakarta on 22 April 2015, Xi Jinping stressed that

China supports the efforts in politically solving the issue in northern Myanmar through peace talks, and hopes to see new progress in Myanmar's peace process as early as possible (Embassy of PRCh S 2015).

In his response, U Thein Sein said that

the Myanmar government is devoted to safeguarding peace and stability in northern Myanmar as well as the safety of people there, and will accelerate the reconstruction in northern Myanmar while pushing forward political dialogue (Embassy of PRCh S 2015).

The Kokang armed clash also exposed the deficiencies of Chinese weapons. It was also discovered that drones, or Unmanned Aerial Vehicles (UAVs), bought from China could not be operated in the border areas since firmware in the drones is programmed and locked in such a way that they cannot fly near the Chinese border. Meanwhile, there was a report that a Chinese major general allegedly helped the Kokang group with military strategy. According to the *South China Morning Post* (SCMP), Major General Huang Xing was allegedly involved in the Kokang incident, and was subsequently ousted by the Chinese government. The Chinese government had to deal with a delicate situation and faced a diplomatic challenge as there was a certain degree of support among Chinese nationals for the Kokang troops and their causes. On 16 February 2015, a few days after the incident, an editorial in the CPC's *Global Times* stated that

speculation that China will alter its policy toward Myanmar is a misinterpretation, which will mislead the citizens of Myanmar and China. The intimacy and sympathy that Chinese society holds toward the Kokang people are not decisive elements determining

Beijing's policy. A subversive change is unlikely to take place in Beijing's attitude toward Myanmar (*Global Times* 2015).

The Myanmar government and the Tatmadaw are suspicious of China's involvement in and support for the UWSA. It has been reported in the international media that the UWSA received Chinese arms and military hardware. Many in the Myanmar military suspect that weapons in the UWSA's arsenal are supplied by China. In its parades, the UWSA openly displays armoured carriers procured from China. The Myanmar government is disappointed by the lack of cooperation between the two governments on this issue. As a result, the Myanmar government perceives that China wants to keep supporting the UWSA to use as leverage against the government in Naypyitaw. When the Myanmar military learnt that Chinese border police had captured two truck-loads of weapons – carrying 661 assault rifles with 126,000 rounds of bullets, and about 300 40 mm rocket launchers and 1,000 rockets – just three miles from the Myanmar border on 15 December 2014, it asked the Chinese military attaché's office in Yangon for an explanation, but was only told that the matter was under investigation (*Myanma Alin* 2015).

Another issue in the management of border security was the arrest and prosecution of drug trafficker Sai Naw Kham in 2012. Sai Naw Kham and his drug trafficking gang – numbered in hundreds – operated in the Golden Triangle area, between Myanmar, Thailand, and Laos. In the early morning of 3 October 2011, Naw Kham and his gang hijacked two Chinese ships, killing all 13 crew members, and dumped their bodies in the Mekong River. The hijacking reportedly occurred in Myanmar waters. In late April 2012, Lao security forces captured Naw Kham and, despite the fact that he was a Shan native and Myanmar national, and that the crime had taken place in Myanmar waters, he was extradited to China in May. China put pressure on the Laotian government, who only allowed him brief informal consular access to Myanmar embassy staff in Vientiane during the night-time. Naw Kham was later sentenced to death, and the sentence was promptly carried out. This episode shows the Chinese government's assertiveness in border security issues.

## China's Response towards Myanmar's Policy

In response to Myanmar's new approach towards China, the Chinese government has taken a number of measures. Throughout the time of the SLORC/SPDC rule (1988–2010), the Chinese government avoided meeting and establishing contacts with political parties and opposition politicians. Although the Chinese ambassador in Yangon was the first

foreign diplomat to congratulate the NLD on its landslide victory in the May 1990 elections, once China realised that the NLD was not going to take power, it did not take any further steps to associate with the NLD and its leaders, and steadfastly stood by its policy of supporting the military government. This policy came to an end soon after the newly-elected USDP government led by U Thein Sein came to power in 2011. Since the by-elections of 2012 in particular, China has followed a policy of dual-track diplomacy, and has engaged with political parties, civil society organisations, and so on. Moreover, the Chinese government has also engaged on a charm offensive of public diplomacy in Myanmar.

The dual-track diplomacy is not new for China. In fact, China has practised it towards Myanmar in the past. Throughout the Cold War era, China maintained government-to-government relations with the Myanmar government. At the same time, in the name of the CPC, it supported the Burma Communist Party, an unlawful organisation fighting a war against the authorities in Yangon, on the basis of party-to-party relations. However, since the late 1980s China abandoned its dual-track diplomacy towards Myanmar and anchored its diplomacy firmly on its relations with the government in Yangon, and now in Naypyitaw. Yet, the government-to-government relations between the two countries have steadily deteriorated since late 2011, especially after the suspension of the Myitsone dam project, the renegotiation of the Letpadaung copper mine project, and more importantly the cross-border spillover of armed conflict in the Kokang region in 2015.

On 22 May 2012, during the visit of a USDP delegation led by its secretary general, U Htay Oo, then Vice-President Xi Jinping told his guests that the CPC was interested in developing a stronger tie with the USDP. As the USDP was the ruling party, China did not need to be uncomfortable with the party-to-party relations. However, China was by now prepared to extend contact beyond that with the ruling party. Since early 2013, maybe earlier, China has carefully initiated party-to-party relations or dual-track diplomacy with other non-ruling parties in Myanmar. In April 2013, a delegation comprising 12 senior members from the All Mon Regional Democracy Party (AMRDP), the National Unity Party (NUP), the NDF, the Shan Nationality Democracy Party (SNDP) and the Rakhine Nationality Democracy Party (RNDP) visited China. Then, at the invitation of the CPC, a 12-member NLD delegation travelled to China for a ten-day visit on 8 May 2013, visiting Kunming, Dehong, Fuzhou and Beijing. The NLD's patron, U Tin Oo, told the press that the NLD delegation's visit to China would enhance the party-to-party relationship as well as people-to-people understanding, and that it would

also foster the development of Myanmar–China friendly relations, and exchanges between the two sides. The visit was significant since it was the first high profile visit by a major opposition party from Myanmar. Then in December, Htay Oo led a USDP delegation to China, and was received by a senior CPC official, Wang Qishan, on 6 December 2013. About the same time, at the invitation of the Chinese People's Institute of Foreign Affairs, Nyan Win, secretary of the central executive committee of the NLD, led a delegation to China.

China once again raised the idea of party-to-party relations between the CPC and parties in Myanmar, particularly with the USDP, when Thura Shwe Mann, speaker of Pyithu Hluttaw,<sup>11</sup> visited China in April 2014.<sup>12</sup> During their meeting on 11 April 2014, Xi Jinping reportedly told Shwe Mann that the

CPC is willing to enhance exchanges with the USDP to deepen exchanges on the experience of party administration and governance, to promote cooperation in training cadres, and to improve respective governing capability of the two parties (*Xinhua* 2014).

A year later, this idea was brought to fruition as the CPC invited Shwe Mann to be the chairman of the USDP.

There could be several reasons why China wanted to revive party-to-party relations or dual-track diplomacy with Myanmar, and particularly with the USDP. Firstly, by starting a party-to-party relationship with the USDP, it opened up a way for the CPC to establish similar relationships with other political parties in Myanmar, especially with the NLD led by Daw Aung San Suu Kyi. The party-to-party relationship with the NLD is particularly important since the party and its leader hold strong support among the Myanmar people (as well as from the international community) as indicated by the 2012 by-election results. Secondly, China might have sensed the tension between two figures in the USDP who are both presidential candidates in the 2015 elections – Shwe Mann representing the legislature and Thein Sein representing the government. Confining only to the government-to-government relations makes reaching out to important political figures within the USDP difficult. Thirdly, the party-to-party relations, even in the context of its relations with the USDP, allows China to maintain alternative channels of communication and influence outside the Myanmar government. Finally, the establish-

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11 Pyithu Hluttaw (People's Assembly) – Lower House (Pyidaungsu Hluttaw is composed of Pyithu Hluttaw and Amyotha Hluttaw (Nationalities Assembly)).

12 It should be noted that in October 2013 and January 2014, the Chinese ambassador in Yangon had already hinted about inviting Aung San Suu Kyi to China.

ment of party-to-party relations with Myanmar appears to indicate that China is making an effort to correct miscalculations and mistakes in its previous relations with Myanmar.

Thura Shwe Mann, chairman of the USDP was invited by the CPC to visit China in April 2015. This represented the first high profile visit to China on the basis of party-to-party relations. Chinese President Xi Jinping received Shwe Mann on 27 April 2015, and he reportedly vowed “to facilitate stronger cooperation between the two countries and ruling parties” (*Xinhua* 2015b). Xi Jinping told Shwe Mann that both countries need “to treat China-Myanmar relations from a strategic and long-term perspective, maintain border peace and do more to help development and people’s well-being.” Moreover, “the Communist Party of China treasures its relations with the USDP,” Xi Jinping said, and urged, “both parties to maintain high-level contacts and personnel exchanges and share governance experience.”

The most important milestone in the dual-track diplomacy or party-to-party relations between Myanmar and China was the visit of Daw Aung San Suu Kyi in June 2015. In his interview with the *Global Times* on 21 October 2013, China’s ambassador to Myanmar, Yang Houlan, said that China would like to arrange a visit for Daw Aung San Suu Kyi to China at a convenient time for both sides (*Global Times* 2013). Then in January 2014, Yang Houlan stated that inviting Daw Aung San Suu Kyi to Beijing was just a matter of time due to her high-profile status. The Chinese ambassador was following the correct protocol. On 4 November, the NLD officially announced that Daw Aung San Suu Kyi would visit China in December 2014. Yet, the visit did not take place until June 2015, about six months later. The CPC announced its official invitation to her on 6 May 2015, and she and her delegation journeyed to China for a five-day trip from 10 to 14 June. Daw Aung San Suu Kyi was received in Beijing by Chinese dignitaries, including President Xi Jinping and Premier Li Keqiang. In his role as secretary general of the CPC, Xi Jinping received Daw Aung San Suu Kyi on 11 June in the Great Hall of the People in Beijing. Xi called on Daw Aung San Suu Kyi and the NLD

to play a constructive role in guiding the Myanmar people regarding their view on China-Myanmar cooperation in an unbiased and rational way, and to instil more positive energy into the bilateral ties (*Xinhua* 2015c).

Perhaps, Xi believed that NLD supporters were among those protesting against Chinese strategic interests in Myanmar. In addition, Xi reportedly said that “China and Myanmar have become a community of common interests and a common destiny, sharing weal and woe” (*Xinhua* 2015c).

A key message in Xi's conversation with Suu Kyi was that "China always treats the China-Myanmar relationship from a strategic and long-term perspective." Xi has referred to a "strategic partnership" whenever he has met Myanmar leaders lately, yet he realises that the partnership has not met Chinese expectations.

Anyway, the visit is testimony to the fact that both Daw Aung San Suu Kyi, representing the NLD, and the Chinese government are pragmatic and willing to deepen mutual understanding. Beijing appears to view Daw Aung San Suu Kyi as a key figure in realising its strategic partnership with Myanmar, particularly in the context of changing its domestic political landscape. Beijing's reliance on the Thein Sein government to protect and advance its strategic interests no longer points to a desirable outcome. The Chinese leadership might be worried about further loss of its influence in Myanmar, and Daw Aung San Suu Kyi may provide the key for China to reclaim it. Besides, Beijing is aware that Daw Aung San Suu Kyi is instrumental in China's geopolitical competition with the United States, especially if the NLD becomes a governing party. It seems that China has carefully crafted its dual-track diplomacy (or party-to-party relations) so that it does not undermine or jeopardise its relations with the military-backed government or other state institutions that have strong stakes in the Myanmar political process while, at the same time, Beijing needs to make sure that it has other avenues to protect and advance its strategic interest in the country.

China understands that it seriously needs the charm offensive in Myanmar in order to cope with the changing domestic political climate and foreign policy orientation of the government. Knowing that there is strong anti-China sentiment growing among local people, China should engage in public diplomacy. At the official level, the Chinese government, through its embassy in Yangon, interacts with local people, including NGOs and the media. Ambassador Yang Houlan, who arrived in Yangon on 20 March 2013, has been very active in public diplomacy. The embassy maintains a website and a Facebook page, which are regularly updated. Interaction through social media is especially important. The ambassador gives press interviews from time to time, and meets representatives of NGOs, political parties, and activist groups. The Chinese embassy in Yangon even donated 1 million MMK (about 1,000 USD) to the NLD National Health Network on 6 April 2013.

Chinese business firms have also begun to pay more attention to corporate social responsibility (CSR) and to engage in public relations exercises. The CNPC also established a Pipeline Friendship Association in Myanmar to deal with local grievances, and to address issues concern-



ing the oil and gas pipeline. In some cases, Chinese enterprises have agreed to pay additional compensation for the loss of property to the local people. They carry out social welfare activities and do philanthropic works. They have built schools and dispensaries for villages. However, these public relations exercises are just a small token given the fact that there are many more Chinese firms and individuals creating negative images of China and Chinese business activities, such as illegal logging in Kachin State, unfair and unethical commercial practices, and so on. The distrust and negative attitude towards China and the Chinese persists among the Myanmar people.

## Conclusion

When the newly elected constitutional government led by President Thein Sein came to power in March 2011, China appeared to have made a “strategic misjudgment” in relation to Myanmar, and it “was not prepared for the major political shift in Myanmar” (Sun 2012a: 58). The Myanmar policy circle (resp. people responsible for China’s Myanmar policy) in China did not believe that the USDP government would make fundamental changes in domestic politics, and China underestimated the willingness of Myanmar leaders to embrace the fact that a democratic momentum existed in the country (Sun 2012b: 74). For Beijing, the new Myanmar government was simply old wine in a new bottle, and nothing would be substantially different from the previous military regime. The Chinese government hoped that it could continue to exercise its ‘presumed’ influence over the new government. However, when Thein Sein announced that his government had decided to suspend construction of the controversial Myitsone dam in response to and in accordance with the wishes of the Myanmar people, the Chinese government was shocked in disbelief. China also failed to read signals from the Myanmar government that it was quite prepared to go ahead with the rapprochement with the United States in order to reintegrate Myanmar into international community. The new government is desperate to break free of prolonged international isolation and over-dependence on China, and to reduce China’s presumed influence and interference in Myanmar affairs. It also seriously wants to develop the country and to make Myanmar acceptable to the international community. Obviously, Myanmar’s new approach towards China is a policy challenge for China, and poses a dilemma on the issue of how to maintain its leverage on Myanmar.

The Myanmar government appears to understand that, even if it wants to distance itself from Beijing and reintegrate with the internation-

al community, without Washington's acceptance it will be difficult or even impossible to realise that dream. At the same time, it also understands that the rapprochement with the United States requires political reforms at home and foreign policy realignment, particularly in the context of the US-China strategic competition in the Indo-Pacific region, and specifically over Myanmar. During his meeting with the US secretary of state on 26 September 2012, Thein Sein assured "his dedication to a democratic transition" in Myanmar, and described "the US's recognition as a shot in the arm for Naypyitaw to continue on its chosen path" (*New Light of Myanmar* 2012a). Therefore, rapprochement with Washington has appeared to be a key determinant in Myanmar's China policy since 2011. Domestic factors, such as growing anti-China sentiment and a growing concern with China's influence or interference in Myanmar, are also equally important in influencing Myanmar's China policy; yet they will only carry more weight when Naypyitaw's relations with Washington improve.

Myanmar's China policy shift, in terms of direction, is by no means to seek to be independent of China, but rather for there to be a mutual interdependence between the two countries. It is in the interest of the Myanmar government not to jeopardise its relations with her northern neighbour. Reintegration within the international community is not necessarily to China's disadvantage. Up until now, there is no indication that the Myanmar government views China as a threat, although it rightly understands that it poses a serious security challenge. Of course, as ever, the Myanmar government (or its leadership) holds a wary and distrustful attitude towards China. The Myanmar government realises that the strategic asymmetry between Myanmar and China is unlikely to disappear, and it is pragmatic for Myanmar to seek security with China rather than go against it. Moreover, from the perception of Myanmar's security, as long as Myanmar does not undermine the fundamental strategic interests of China in Myanmar, it is likely that China will tolerate its foreign policy realignment. As Xi Jinping stressed during his meeting with Thein Sein in Jakarta on 22 April 2015, China would view "China-Myanmar relations from a strategic and long-term perspective" (Embassy of PRCh S 2015). Without doubt, a "comprehensive strategic cooperative partnership" between the two countries will remain on the agenda. There are mutual interests in this partnership. Both countries have an interest in maintaining security and stability along the border. Both are commercially linked. Therefore, both Beijing and Naypyitaw need to carefully cultivate and nurture their bilateral relations so that their partnership is mutually beneficial.

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# The United States and Myanmar: From Antagonists to Security Partners?

Jürgen Haacke

**Abstract:** This article provides an overview both of the considerable makeover that relations between the United States and Myanmar have undergone since Naypyidaw ushered in a programme of wide-ranging reforms, and of the main policy areas in relation to which Washington remains keen to induce further change. The article also aims to explain why, notwithstanding the significant improvement in bilateral relations and the Obama administration's interest in also pursuing military engagement, progress in this field has remained rather limited. Focusing on the politics of US policymaking on Burma, the article argues that while the Obama administration was able to take the initiative on recalibrating US Burma policy, congressional resistance in particular, amid wider concerns shared by non-governmental organisations, has so far constrained the administration *vis-à-vis* US–Myanmar military-to-military relations.

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**Keywords:** US–Myanmar relations, US Burma policy, military engagement, congressional foreign policy entrepreneurship

**Dr. Jürgen Haacke** is an associate professor of International Relations at the London School of Economics and Political Science. His research interests focus in general on the international politics of Southeast Asia and more particularly on Myanmar's politics and foreign policy.

E-mail: <J.Haacke@lse.ac.uk>

# 1 Introduction

Few would disagree that in the 1990s and first decade of the 2000s the United States' Burma policy was essentially driven by a combination of major human rights concerns and Washington's support for the restoration of democracy. Even in 2008, the administration of George W. Bush, like its predecessors and many members of Congress on both sides of the aisle, still sought regime change in Myanmar. Officials and activists alike, but also many academics, had by then been denying for two decades that the United States had strategic interests in the country, and they had overwhelmingly dismissed the odd suggestion that there was a geopolitical rationale for engaging Myanmar's military regime (for exceptions, see Badgley 2004; Ott 1998). That said, under President Obama US Burma policy has been revamped as a focus on engagement replaced years of efforts to isolate and shame the country's political-military leadership. While much of the administration's declaratory policy and practical focus regarding Myanmar has been on helping the country with its political transition, it is the understanding of various observers (e.g. Lintner 2011; *The Economist* 2011) that Obama's Burma policy – in the context of the US rebalance to the Asia-Pacific – has been driven by concerns about geopolitical change in East Asia, specifically the rise of China.<sup>1</sup> This raises the question of to what extent US–Myanmar relations may follow the path of other bilateral relationships Washington enjoys with other Southeast Asian states, particularly as regards security and defence dialogues and military cooperation. How far have US–Myanmar relations advanced? Is there a security partnership in the offing between Washington and Naypyidaw following the many years of antagonism? To address in particular this last question, the article will examine the politics of US foreign policy making towards Myanmar. Specifically, it asks how the interplay between the US administration and Congress has impacted the policymaking *vis-à-vis* “Burma” on military engagement.

The article builds on a number of very basic insights into foreign policy making in Washington. The first concerns the relationship between the executive and Congress in relation to foreign policy. The administration may often initiate and take the lead on foreign policy issues, but it is also accepted that while the president may be central to policy-making, he is not always at the centre of policymaking (Scott 1996: 12). Congress has numerous tools at its disposal, not least the power of the purse, and though some argue that it has been deferential in its dealings

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1 For the argument that a sense of US–China competition over Myanmar is primarily tied to Chinese perceptions and analysis, see Sun 2014.



with the executive (e.g. Weissman 1995), the two branches of government have a history of conflict and struggle over foreign policy (Briggs 1994). Second, individual congressional foreign policy entrepreneurs play a major role in shaping US foreign policy towards particular countries (Carter and Scott 2009). This is true not least as regards human rights and democracy – issues that tend to attract bipartisan support. Third, neither the foreign policy executive nor the US Congress operates in a vacuum. Both take into account the views and positions of interest groups, think tanks as well as domestic and transnational non-governmental organisations (NGOs), including ethnic solidarity organisations. To be sure, conflict lines do not necessarily lie only between the executive branch and Congress – instead, they may involve competing clusters that consist of voices from the executive, Congress and non-governmental entities (Hersman 2000).

Bearing these points in mind, the article will first offer an overview of how the Obama administration has sought to develop US–Myanmar relations and how it aims to further influence Burmese national politics. In a further step, the article will then focus on how the politics surrounding the making of US Burma policy in Washington shape the nature of US–Myanmar ties. The main conclusions are that particularly during the first term of the Obama administration, the State Department became a key incubator and vehicle for change in US Burma policy, whereas congressional voices remained largely subdued. However, as Myanmar’s political reforms failed to advance beyond the key concessions offered by 2012, Burma has again become more of a point of open controversy between the administration and Congress. As we shall see, members of Congress, having lost influence over the making of policy towards Naypyidaw with the arrival of the Obama administration, have reasserted themselves, especially on the issue of civil–military relations. The immediate outlook is that existing congressional resistance to more substantial military-to-military relations is likely to place a ceiling on a further deepening of bilateral ties, at least until the expected formation of a new government in Naypyidaw in early 2016.

## 2 Beyond Sanctions and Ostracisation

Not least given the brutal suppression of the political upheaval that brought forth the end of the Burma Socialist Programme Party, the onset of renewed direct military rule, the government of Myanmar’s violent campaigns against anti-regime groups and the refusal of the military to heed the results of the 1990 elections, US Burma policy after 1988 came

to be centred on regime change (Steinberg 1999, 2007). Sanctions quickly advanced as the primary instrument to achieve this foreign policy objective. Over the years, legislation passed by Congress and various executive orders nearly brought economic exchange between the United States and Myanmar to a halt except for the limited American exports absorbed by the latter. Notably, the Bush administration even invested diplomatic resources into placing the “situation in Myanmar” on the UN Security Council’s agenda, as the State Peace and Development Council (SPDC) failed to respond to the admonishments and concerns of Western governments while the country was gripped by armed conflict, political stasis, fear and significant human suffering (Fink 2001; Skidmore 2004; Larkin 2010). In the event, however, international and regional support for America’s moral vilification of Myanmar remained limited. This was true as regards both sanctions against Myanmar and Western assessments of the country constituting a threat to regional security, which were also mostly repudiated. In January 2007, Russia and China vetoed the “non-punitive” UNSC resolution on Myanmar that the United States, alongside the United Kingdom, had pursued. Outrage in Washington over the SPDC continued of course, especially as the military regime ultimately used force to confront monk-led protest marches in September 2007, quickly dubbed the “Saffron Revolution”, and was at least at the outset unwilling to allow outside humanitarian relief to reach the Irrawaddy Delta, which had been devastated by Cyclone Nargis in early May 2008 (Haacke 2009; ASEAN Secretariat 2011).

While Myanmar’s generals were the targets of vilification by American policymakers, the SPDC leadership did not approach relations with the United States with equal loathing. To be sure, US government support for pro-democracy groups and related rhetoric engendered suspicion, frustration and even anxiety. Some accounts (Selth 2008) suggest that Myanmar’s military leaders on more than one occasion took seriously the possibility of US intervention. However, the evidence also suggests that the SPDC would have preferred a better relationship with the United States, including with the George W. Bush administration. This was just not possible, though, given the unbridgeable divide between Washington’s persistent demands and the leadership’s perceived political-security imperative, which led the military to disparage and crush its internal political opposition while positioning itself as the only institution that could defend the country against threats to sovereignty and/or national unity (e.g. Tin Maung Maung Than 1998; Selth 2002; Pedersen 2008).

Two developments have been crucial to the improvement of US–Myanmar relations: the 2009 adoption by Washington of pragmatic engagement as the outcome of the Burma policy review conducted by the incoming Obama administration, and the comprehensive reforms in Myanmar, ushered in from mid-2011 by President U Thein Sein. We shall look at both developments in turn.

## 2.1 The Practice of Pragmatic Engagement

The embrace in September 2009 of a policy of “pragmatic engagement” – later re-termed “principled” engagement – towards Burma was portrayed by the State Department as a response to the failure of the two main approaches adopted towards Myanmar under SPDC rule: Washington’s sanctions-heavy approach that had been in the making since the late 1980s and ASEAN’s “constructive engagement”. The key idea underlying “pragmatic engagement” was that the Obama administration should aim to influence developments in Myanmar on the basis of a political dialogue at a senior level. Notably, embarking on a direct dialogue did not imply for the administration (Clinton 2009, also see Campbell 2010) an abandonment of the main goals that had thus far characterized US Burma policy: to foster real political change (“credible democratic reform”), to improve human rights (“immediate, unconditional release of political prisoners”) and to promote national reconciliation (“serious dialogue with the opposition and minority ethnic groups”). But it did imply moving beyond the strong reliance on the instrument of sanctions. How keen the administration was to move forward with a new approach towards Myanmar becomes clear when considering that the policy review was not abandoned even when the SPDC leadership decided in May 2009 to charge and then, in August, sentence Daw Aung San Suu Kyi for harbouring US national John Yettaw after the latter unexpectedly gained access to her property in an apparent attempt to warn her about dangers to her life. Finally announced in September 2009, “pragmatic engagement” did not immediately lead to political change in Myanmar, however. Indeed, for almost two years the shuttle diplomacy undertaken by Assistant Secretary of State Kurt Campbell and colleagues paid few if any dividends as regards progress towards democracy in Myanmar. Even in 2010, the SPDC failed to initiate a political dialogue with Aung San Suu Kyi and it refused to make any concessions related to the 2010 elections, which in the United States were therefore described as a “sham”. Indeed, as congressional testimony makes clear, scepticism about political change in Myanmar still prevailed in Washington for some months after the Thein Sein-led government took office, and was expressed at least as late

as June 2011 (see Yun 2011). For Naypyidaw, however, the administration's non-abandonment of "pragmatic engagement" seems to have served as a major confidence-building measure.

## 2.2 Naypyidaw's Initial Reform Steps

President U Thein Sein's inaugural speech already indicated a commitment to comprehensive reforms, but it was apparently not before August 2011 that the foundation for subsequent events and developments was established. Then, an encounter between the president and Daw Aung San Suu Kyi in Naypyidaw, followed up by an invitation by U Thein Sein for her to visit him at his residence, laid the groundwork for a rapport that led the leader of the National League for Democracy (NLD) to say that she trusted U Thein Sein to undertake political reforms and would support these for the benefit of their country (Kyaw Yin Hlaing 2014a: 218–221). Thereafter, Myanmar's president took several bold decisions, without which the US government would not have begun the process of normalizing diplomatic relations or easing sanctions. These pertained to the significant lifting of media censorship; changes to the political-party registration law considered essential by the NLD; the release of political prisoners long called for; as well as a roadmap for peace between Naypyidaw and the ethnic nationalities that would begin with a series of new ceasefire arrangements. Notably, U Thein Sein's decision to allow Suu Kyi and the NLD to participate in free and fair 2012 by-elections paved the way for the latter to advance as the main opposition in Parliament.

President U Thein Sein's initial reforms led President Obama (2011) to comment positively on Myanmar's "flickers of progress" and to ask Secretary Clinton "to explore whether the United States can empower a positive transition in Burma". The reforms were perceived by the Obama administration as the first and possibly only opportunity for years to come to engender meaningful political change. Officials also estimated that for the reforms to continue, and for bilateral relations to improve, it would be necessary for Washington to respond constructively to Naypyidaw's reform steps. Undertaking her groundbreaking visit to Myanmar in late 2011, Secretary Clinton thus made clear that the United States would reciprocate under the formula of "action-for-action" (Department of State 2011). This wording spoke to the notion that while Myanmar's reforms were "real and significant", the reform process was also "fragile and reversible" (Yun 2012). In other words, the administration saw US rewards as being dependent on continued, successive reform measures. For this calibrated response to Myanmar's reforms to be

seen as legitimate, Daw Aung San Suu Kyi's endorsement was vital. The administration thus continued to closely consult with her as the Thein Sein government moved forward with reforms. Ultimately, the substantive steps taken by Washington in response in 2012 proved possible only because Daw Aung San Suu Kyi agreed with the Obama administration that the time for a new approach had come.<sup>2</sup>

## 2.3 Meeting "Action with Action"

Following Myanmar's release in January 2012 of approximately 650 political prisoners, including some high-profile activists, Washington announced its intention of moving towards exchanging ambassadors in line with Secretary Clinton's "action-for-action" approach. This initial implementation of the calibrated US approach also took account of Myanmar's further positive moves, not least its decision to allow the International Committee of the Red Cross access to conflict areas, its early announcement of the date for the 2012 by-elections, and the constructive interaction between the government and ethnic groups (especially the ceasefire with the Karen National Union (KNU)).

The mostly unproblematic organisation of the 1 April 2012 by-election, comprehensively won by the NLD, proved another milestone for bilateral ties. In response, Secretary Clinton outlined several action steps, which would involve sending an accredited ambassador; re-establishing an in-country USAID mission (to strengthen democracy, human rights and the rule of law, and to advance peace and reconciliation and meet humanitarian needs); creating the framework for private organisations based in the United States to commit to non-profit activity designed to assist the population at large; and facilitating travel to the United States for select government officials and parliamentarians. Secretary Clinton (2012) also suggested Washington would begin easing financial and investment sanctions, although sanctions and prohibitions would continue to apply in cases where institutions or individuals remained on the "wrong side of [Burma's] historic reforms". Following up these moves, the Obama administration announced the nomination of Derek Mitchell as US ambassador to Burma when Myanmar's foreign minister, U Wunna Maung Lwin, visited Washington in May 2012. Regarding the limitations and requirements of US investment activity in Myanmar, the US administration decided that the licence authorizing new investment would rule out investment agreements with the Ministry of Defence,

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2 This argument is based on numerous discussions the author has had in Washington, DC.

state or non-state armed groups and entities owned by the above or a person blocked under the current sanctions programme.<sup>3</sup> Moreover, reporting requirements were introduced in connection with cases where new investment by US companies exceeds 500,000 USD, in part to encourage responsible investment by US companies, not least in the oil and gas sector. According to the State Department (2014), by mid-2014, US companies, presumably including their regional subsidiaries, had apparently committed 612 million USD to investments in Myanmar.

In September 2012, on the sidelines of the UNGA meetings in New York, Secretary Clinton announced that the United States would begin easing restrictions on imports of Burmese goods. Following consultations with Congress, a relevant waiver by the State Department and a general licence by the US Treasury were issued in mid-November. The waiver was badly sought by Naypyidaw, as it was designed to help Myanmar begin to establish a viable manufacturing sector. The administration justified the step with reference to Naypyidaw's continued reform efforts, including the removal of pre-publication censorship, the passing of new laws on labour and foreign investments, and the country's efforts to join the Extractive Industries Transparency Initiative (EITI) as well as its moves to promote ethnic reconciliation.

In November 2012, President Obama visited Yangon while *en route* to the ASEAN–US Leaders' Meeting in Phnom Penh. The visit sought to lock in the Burmese government's various reform measures but it was also designed to boost the legitimacy of Myanmar's reformers given the perceived possibility of political backsliding. President Obama (2012) suggested that if the Myanmar leadership followed the United States in promoting core freedoms judged fundamental to democracy, Naypyidaw would have "in the United States of America a partner on that long journey". As President U Thein Sein committed his country to a range of

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3 President Obama also signed a new executive order that allows, for instance, the imposition of sanctions against those determined to "have engaged in acts that directly or indirectly threaten the peace, security, or stability of Burma, such as actions that have the purpose or effect of undermining or obstructing the political reform process or the peace process with ethnic minorities in Burma"; those "responsible [for] or complicit in, or responsible for ordering, controlling, or otherwise directing, or [those found] to have participated in, the commission of human rights abuses in Burma"; and those who "have, directly or indirectly, imported, exported, re-exported, sold, or supplied arms or related material from North Korea or the Government of North Korea to Burma or the Government of Burma".

reforms,<sup>4</sup> the administration announced 171 million USD in development assistance during the Obama visit. For some (e.g. Martin 2013), the change in US rhetoric regarding a partnership for democracy, peace and prosperity reflected the shift of the Obama administration from a relatively cautious approach towards Naypyidaw focusing on “action-for-action”, to a position where Washington aims to play a major supporting role in helping to deliver Myanmar’s political, economic and social reforms.

Washington has certainly sought to assist Myanmar’s reforms in many ways. These include offering policy recommendations and technical advice on new legislation, providing training and financing assistance programmes. More specifically, Washington has, for instance, made available considerable funds to promote health<sup>5</sup> and also encouraged the Burmese government to quadruple its own health budget (Morrison et al. 2014). The Obama administration has, moreover, made available funding to foster economic opportunity, increase food security and meet other basic human needs to enable the population to contribute to and sustain reforms. It has also aimed to enhance human rights and civil liberties, promote the rule of law and even showcase the advantages of the US political system. USAID has put significant emphasis on political education and support measures designed to ensure free, fair and credible elections in 2015 (including political-party development and general voter education). To this end, USAID announced a three-year, multi-million dollar programme in March 2013.

When President U Thein Sein visited Washington in May 2013, the first such visit by a Burmese head-of-state since Ne Win’s trip in 1966, the two governments would also sign a Trade and Investment Framework Agreement, reflecting the interest of both countries in achieving expanded trade of products and services and an improved investment climate in Myanmar.<sup>6</sup> Some sanctions remain, however. Notably, while the import ban contained in the Burmese Freedom and Democracy Act of 2003 expired in 2013, President Obama issued Executive Order 13651,

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4 For instance, Naypyidaw reaffirmed its commitment to UNSC Resolution 1874, signed the International Atomic Energy Agency’s additional protocol, started a process on so-called “prisoners of concern”, signed a joint anti-trafficking plan, embraced an International Labour Organization action plan on forced labour and vowed to pursue a durable ceasefire in Kachin State as well as to prevent communal violence in Rakhine (Arakan) State.

5 In FY 2013, the US made available nearly 21 million USD for health programmes; the estimate for FY 2014 was 31 million USD.

6 Two-way trade in goods amounted to 176 million USD in 2013, with Myanmar exports to the US reaching 30 million USD.

which continued the prohibition on the importation of jadeite and rubies into the United States as well as articles of jewellery containing them, as originally mandated by the 2008 JADE Act.

Bilateral cooperation has extended to non-traditional security issues. In this regard, Secretary Clinton's 2011 visit to Myanmar is credited with achieving the resumption of counter-narcotics cooperation between the two countries. In 2013 Myanmar and the United States undertook the first opium-yield survey since 2004. The United States has also sponsored training for Myanmar counter-narcotics officials in Thailand.

## 2.4 The US Commitment to Making a Difference in Burma

The Obama administration has also aimed to play a constructive role in relation to the most sensitive topics: the peace process, inter-communal violence and civil–military relations.

### 2.4.1 Supporting the Peace Process

Washington has consistently supported national reconciliation between Naypyidaw and the ethnic nationalities in the context of Naypyidaw's efforts to bring about a national ceasefire and given both the continued disaffection of many ethnic nationalities with the 2008 Constitution and the distrust between these groups and the Tatmadaw (for an overview, see Smith 2015; on different meanings of national reconciliation, see Kyaw Yin Hlaing 2014b). As Obama has said (quoted in *The Irrawaddy* 12 November 2014), “the United States is engaging all parties to encourage a transparent, inclusive and legitimate peace process”. In view of the fighting in the wake of the 2011 collapse of the 1994 ceasefire between the government and the Kachin Independence Organization (KIO)/Kachin Independence Army (KIA), the United States has focused its attention in particular on the situation in Kachin State. For instance, Ambassador Mitchell, following a visit to Kachin State, registered strong concerns about the Tatmadaw's decision to escalate military operations in late 2012 by bombarding positions near the KIO's headquarters in Laiza involving the use of fighter planes and helicopters (*The Irrawaddy* 2013).<sup>7</sup> In the absence of an active role played by the United States in subsequent peace negotiations, Gen. Gun Maw, formally the KIA's dep-

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7 This use of airpower was considered “extremely troubling”. As Ambassador Mitchell declared, “Both sides have to recognize that there is no military solution to this question, and that an eye for an eye will leave everyone blind.”



uty chief of staff, visited Washington in April 2014 and outlined before a wide range of administration officials his concerns about Naypyidaw's demands and negotiation strategy in order to buttress his request for greater US involvement in the process. The symbolic significance of Obama administration officials receiving a military leader of an armed ethnic grouping in Washington should not be underestimated; but the administration seems to understand its possible contribution to the peace process as dependent upon a request or approval from both the ethnic groups and the government (Michaels 2014). For its part, the Burmese government seems content to let the United States talk to the KIO/KIA; Ambassador Mitchell thus was able to also meet with KIO leaders and peace negotiators in advance of Obama's 2014 visit to Myanmar (Nyein Nyein 2014). However, Myanmar's presidential spokesperson U Ye Htut has characterized the government's conflict with non-state armed ethnic groups as a domestic issue.

#### *2.4.2 Exhorting the Government to Improve Intercommunal Relations*

With the Obama administration committed to preventing mass atrocities and to assisting other countries in exercising their responsibility to protect vulnerable populations, it is no surprise that the United States has also reacted with concern to the violence that erupted in Rakhine State in June 2012 and again in October 2012 (Human Rights Watch 2013; ICG 2013) – violence that targeted different Muslim communities, but especially the self-identifying Rohingya – as well as to the rise of violent Buddhist nationalism or chauvinism in Myanmar more generally, as witnessed in places such as Meikhtila, Lashio and Mandalay. This violence has occurred in the context of widely shared perceptions among Burmese that Buddhism is under threat by Muslims and that the Buddhist community needs defending (Walton and Hayward 2014; Kyaw San Wai 2014). In Rakhine State, the Buddhist–Muslim divide is further complicated by Buddhist Rakhine nationalists who are resentful of their community's perceived marginalisation and take offence at the Rohingya's identity claims and political goals (Leider 2014; ICG 2014).

Notwithstanding the sensitivity of the matter, the United States has sought to promote better inter-communal relations in Myanmar and in Rakhine State in particular. Washington has warned that if political as well as religious and civil society leaders do not actively oppose the violence targeting Muslim communities, the country's broader reform process could be threatened. The 2014 US human rights report indeed describes the humanitarian and human rights crisis in Rakhine State as “the

most troubling exception and threat to the country's progress" (US State Department 2013: 1). General goals formulated by US officials for Rakhine State include achieving lasting peace and stability, rebuilding trust between the communities, allowing access for humanitarian assistance and offering the Rohingya greater freedom of movement. The United States also seeks a longer-term solution that will include addressing citizenship issues. But getting the main Burmese political actors to recognize the "Rohingya" has proved a major challenge. The government has maintained that the "Rohingya" are not one of Myanmar's indigenous national races and refers to them as "Bengalis", many of whom, it is suggested, have been crossing into Myanmar illegally for decades. Even Daw Aung San Suu Kyi, against the backdrop of tens of thousands trying to make their way from Rakhine State to other parts of Southeast Asia by boat, has been reluctant to support US exhortations and has remained relatively silent on the issue, driven apparently by electoral calculations; indeed, when the NLD leader commented on the 1982 citizenship law, which is seen by critics to unfairly deny citizenship to the Rohingya, she asked only for a review so that it meets "international standards" (Pasricha 2012).<sup>8</sup>

Given allegations that have surfaced concerning a massacre in Ducheeratan middle village in early 2014 that prompted local protests directed at the UN and international NGOs, the human rights situation in Rakhine State has continued to feature strongly in Washington's bilateral diplomacy. After all, President Obama had referred to the plight of the Muslim Rohingya during his inaugural trip to Yangon. Though the Burmese government has picked up some ideas to prevent a renewed outbreak of mass violence, it has focused on the perceived advantages of segregation and – in the longer term – economic development. In the meantime, the circumstances of self-identifying Rohingya in Rakhine State remain dire while Rakhine nationalists have confronted UN workers and international NGOs. Assistant Secretary of State Daniel Russel raised the issues relating to the situation in Rakhine State again during his visit to Myanmar in April 2014 and the concern expressed was also reinforced by the US ambassador to the UN, Samantha Power, when the UNSC was informally briefed on developments in Rakhine State. Even President Obama himself, speaking in Malaysia shortly thereafter,

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8 In October 2013, Daw Aung San Suu Kyi fell afoul of some media commentators when she rejected flatly that what was happening in Rakhine State amounted to ethnic cleansing and also seemed to explain the use of violence by Buddhists against Muslims with reference to a "perception of global Muslim power". See, for instance, Perlez 2014.

warned somewhat obliquely that if the rights of Myanmar's Muslim population were not protected, Myanmar would not succeed. Not least the central message about Myanmar's responsibility to protect was also repeated before and during Obama's second visit to Myanmar for the 2014 East Asia Summit. In May 2015, in the context of the trafficking and deaths involved in the "boat people" crisis, US Deputy Secretary of State Antony Blinken personally appealed to President U Thein Sein to offer humanitarian assistance to migrants found adrift at sea – many of whom have claimed to be Rohingya – and to address the root causes in Rakhine State (State Department 2015) that are considered to have prompted their accelerating exodus by boat.

### 2.4.3 *Civil–Military Relations*

The Obama administration has also been keen to foster democracy and to promote major constitutional change in Myanmar. President Obama (2012) himself unambiguously emphasized the importance of freedoms and extolled the virtues of the US political system in a speech at Rangoon University in November 2012. In line with the belief that a democratic system requires civilian control over the military, the administration has indeed consistently argued that Myanmar's military should also withdraw from politics. For now, based on the 2008 Constitution, the Myanmar Defence Services currently still have a guaranteed role in the exercise of national political leadership (Art. 6f) and remain institutionally autonomous. Moreover, the commander-in-chief nominates key ministerial appointments (defence, home affairs, border affairs: see Art. 232 (b) ii). Also, the Tatmadaw maintains one-quarter representation in the Lower House (Pyithu Hluttaw) and in the Upper House (Amyotha Hluttaw), as well as one-third representation in the state and regional parliaments. This representation also gives the military a blocking minority over certain proposed constitutional changes, not least regarding the eligibility for the offices of president and vice-president. This is significant because current constitutional provisions seem to rule out Daw Aung San Suu Kyi being able to assume the presidency even if the NLD won the 2015 election. And, notably, U Thein Sein has signalled his opposition to amendments that would reduce the constitutionally sanctioned role and autonomy of the military (Gearan 2013). The commander-in-chief, Senior General Min Aung Hlaing, has similarly taken the position that it is for the Tatmadaw to protect the 2008 Constitution (Lawi Weng 2013). To be sure, even the senior general apparently believes that the participation of the Tatmadaw in Myanmar's politics will be reduced over time. However, it seems he does not yet consider the

country's political players and civilian institutions sufficiently "mature" for the military to possibly step back early.<sup>9</sup>

Given such resistance on the part of the post-SPDC regime to submit the Tatmadaw to civilian control, Washington has directly appealed to the self-interest of military leaders. During a visit to the Myanmar National Defence College in June 2014, for instance, the deputy commander of the United States Pacific Command (PACOM), Lt. Gen. Crutchfield, suggested that the Tatmadaw leadership would only be able to build trust between itself and society if it bowed to civilian control in line with the American model. He, moreover, pointed to the importance of strict adherence to ethical conduct and respect for human rights and also described the epitome of military professionalism as being about the armed forces' submission to civilian government. As Crutchfield (2014) put it following his intervention, "What I tried to do, and you can see in the speech, is to portray an alternate future for the Myanmar military based on the US military experience with US citizens."

The Obama administration has tied revamped civil–military relations to the prospect of a significant improvement in the bilateral relationship between Naypyidaw and Washington. As early as June 2012, then-Defence Secretary Leon Panetta suggested that Washington would strengthen military ties with Naypyidaw if political and human rights reforms continued (Baldor 2012). Following this up, PACOM commander Lt. Gen. Francis Wiercinski and Deputy Assistant Secretary of Defence for South and Southeast Asia Vikram Singh travelled to Myanmar in November 2012 as part of a larger delegation to discuss Myanmar's human rights situation. This led to dialogue and some training – particularly in the areas of humanitarian issues, human rights and greater military professionalisation – provided by the Defense Institute for International Legal Studies (DIILS). However, progress towards civilian control of the military has remained elusive to date. The question for the administration has thus been how this lack of progress should influence military-to-military relations: On the one hand, there has been increasing support for military engagement and some movement in this direction has occurred; on the other hand, there remains considerable support for the view that substantive military engagement is premature.

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9 Analysts (e.g. Bünte, forthcoming) have for this and other reasons theorized Myanmar's recent political change as a protracted rather than pacted transition.

### 2.4.4 Steps to Engage the Tatmadaw

Even in the absence of change in Myanmar's civil–military relations, the Obama administration has shown interest in developing contacts with the Tatmadaw. At the bilateral level, beyond exchanges mentioned already, Myanmar naval officers received a tour of the USS Bonhomme in November 2012. The two sides have also been working on POW/MIA issues, as approximately 730 Americans who fought in Burma during World War II remain unaccounted for. There is also, for instance, a track-II dialogue on proliferation-related issues. Some engagement has also occurred in multilateral settings. For example, the Obama administration “agreed” to Thailand's request to allow a small contingent of Tatmadaw officers to observe certain parts (e.g. humanitarian assistance/disaster response) of the 2013 and 2014 multilateral Cobra Gold exercises, the largest Asia-based military exercise in which the United States participates. The two sides, involving then Defence Secretary Chuck Hagel and his counterpart, Lt. Gen. Wai Lwin, also met on the sidelines of the ASEAN Defence Ministers' meeting (ADMM-Plus) in Brunei in August 2013. Here the US side seemingly voiced support for Myanmar's defence-related efforts that Naypyidaw was to organize during its ASEAN chairmanship in 2014. Moreover, Myanmar has been represented at ADMM exercises (in relation to rescue, recovery and disaster-relief missions), which the United States has studiously encouraged and supported. Myanmar's defence minister also joined his ASEAN counterparts in Hawaii in 2014 for an informal (inaugural) US–ASEAN defence ministers' meeting.

Along with some think tanks and numerous analysts,<sup>10</sup> the Obama administration has publicly recognized the value of military engagement. Not surprisingly, within the administration there have been proponents of Myanmar once again becoming a recipient of US security assistance. This can take three forms: International Military Education Training (IMET), Foreign Military Financing (FMF) (essentially, grants for the acquisition of US military equipment, services and training), and Section 1206 of the National Defence Authorization Act (NDAA), which involves the use of DOD funds to build up the military capacity of another

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10 Analysts from the Center for Strategic and International Studies, for instance, have posited that “the United States has [only] a narrow window of opportunity to establish a strategic foothold in Myanmar. Increasing military engagement with Myanmar will give US policymakers a more informed view of the military, its commander-in-chief and his closest advisers, and who is likely to succeed them” (Hiebert and Phuong Nguyen 2013).

state in order for that country to participate in or support military or stability operations in which US Armed Forces are a participant. Not least because IMET proved useful and also popular with Myanmar's military in the past,<sup>11</sup> the administration has in particular been contemplating the benefits that could be derived from restoring the IMET programme. However, rather than seeking the full restoration of IMET, officials from both the Department of State (Chefkin 2013) and the Department of Defence (Singh 2013) by the end of 2013 opted to merely suggest the adoption of an expanded IMET, or "E-IMET", that would focus on education and training in areas such as the civilian control of the military, international human rights law, international humanitarian law, as well as the management of defence resources, and cooperation on counter-narcotics.

Along these lines, the State Department included in its budget request for FY2015 the sum of 250,000 USD for an IMET programme for Myanmar. Compared to funds that have been made available for Washington's other IMET recipients in Southeast Asia, this sum was very modest. The amount was also significantly less than the State Department's budget request for Burma in the areas of (1) international narcotics control and law enforcement (3 million USD) in order to deal with the legacy of the ethnic conflict and the challenges the country faces given its again-increasing cultivation of opium poppies and the corresponding uptick in narcotics trafficking, and (2) non-proliferation, anti-terrorism, demining and related programmes (2 million USD). In other words, even by the administration's designs, Washington's military engagement of Naypyidaw was to remain rudimentary. It would pale in comparison to the levels of military engagement the United States has achieved with the majority of Southeast Asian countries or even the defence ties that Myanmar has enjoyed with some neighbouring countries. In the event, the administration did not pursue even the proposed E-IMET, as in the current political context, resistance to US military engagement has been considerable and even intense.

### 3 The Politics of US Burma Policy

As noted earlier, Congress can significantly shape the making of US foreign policy. In relation to US Burma policy, for two decades beginning in 1988 Congress often played a leadership role. Not surprisingly, in its bid to promote democracy and human rights, a bipartisan Congress

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11 For a discussion of past IMET programmes, see Riley and Balaram 2013.

has generally favoured increasing pressure on Myanmar's military government in the wake of the latter's actions against the political opposition even when parts of the executive branch sought policy flexibility. To account for not only progress achieved in US–Myanmar relations since 2009, but also the very limited nature of US–Myanmar security interactions to date, it is helpful to briefly explore the more recent politics underlying the making of US Burma policy. In what follows, the article will initially focus on the shifting balance of influence between Congress and the Obama administration *vis-à-vis* the United States' Burma policy. The remainder of the article aims to show that congressional resistance is important to understanding why military engagement is such a limited aspect of the Obama administration's Burma policy.

### 3.1 Making Burma Policy: The Executive or Congress?

Before the Obama administration took power, notwithstanding the personal interest that George W. Bush and the First Lady, Laura Bush, took in developments in Myanmar, US Burma policy was to a large extent shaped by members of Congress in both the House of Representatives and the Senate, as attested, for instance, by legislation and resolutions passed as well as the number of congressional hearings organized. The literature has highlighted the role of Senator Mitch McConnell in this regard, but there were in fact numerous congressional foreign policy entrepreneurs promoting policy change *vis-à-vis* Burma. Two factors seem especially relevant to account for Burma policy as made by Congress: First, most members of Congress could be easily galvanized to support a policy aiming to ostracize and pressure Myanmar's military junta in the 1990s and 2000s, as naturally they had little if any sympathy for a regime that did not transfer power to the winner of that country's 1990 election. Second, most were also aghast at the information received about Burma from human rights groups and solidarity organisations, not least as related to the treatment meted out by Myanmar's military regime to Aung San Suu Kyi. As such, there was nothing to gain politically from defending Myanmar's military junta, and everything to gain from supporting a Nobel Peace Prize laureate standing up to an "evil regime". Significantly, Aung San Suu Kyi actually enjoyed so much support in Congress that some analysts (e.g. Steinberg 2010) felt obliged to conclude that her views were key in shaping US Burma policy.

However, by the second half of the first decade of the 2000s, both the main congressional actors as well as the solidarity and human rights advocacy groups concerned with Myanmar increasingly found themselves on the defensive for a number of reasons: First, their preferred

approach involving ever-tighter sanctions against the military regime had failed – as underscored by the ultimately uncompromising SPDC response to the so-called “Saffron Revolution”. Second, the need to address the growing humanitarian crisis in Myanmar had also become more apparent to officials and policymakers in Washington, and the momentum to re-engage Myanmar received a critical boost when Naypyidaw finally allowed international aid workers into the country to deal with the consequences of Cyclone Nargis. Third, well-respected country experts (see Clapp 2010) favoured revisiting aspects of US Burma policy, in part to take advantage of the expected leadership transition to come. Against this backdrop, Secretary Clinton early on requested that former colleagues in Congress give time and space to the incoming administration to conduct and implement a Burma policy review.

By agreeing to this, established congressional heavyweights on US Burma policy in effect ceded leadership on Burma policy to those favouring dialogue and engagement both at State and even within Congress, such as Senator Jim Webb, the incoming chair of the Senate’s Foreign Relations subcommittee on East Asia and the Pacific.

While having to contend with the difficulties in extracting political concessions from Myanmar under Senior General Than Shwe until March 2011, the Obama administration stood ready to take a firmer grasp of the leadership on Burma policy following the August 2011 meeting between U Thein Sein and Daw Aung San Suu Kyi, illustrated in part by the number of executive waivers signed over the ensuing months. Indeed, compared to the administration’s application of waivers to recalibrate US Burma policy, Congress played a considerably more circumscribed role in easing sanctions. To be sure, in September 2012, Congress passed legislation that allowed US representatives to international financial institutions to vote in favour of assistance for Myanmar (H.R. 6431, 112th Congress, Pub.L.112-92). In other words, during the early period of Myanmar’s reforms it was the executive branch – notably the State Department, with support from the White House, and on a day-to-day basis above all the resident US ambassador – that played the lead role in giving form to a calibrated approach. While Congress on the whole temporarily took a back seat on shaping US Burma policy, divisions between the Obama administration and the legislative branch have been quite evident at least since 2012.

For the administration, Myanmar’s reform process has evinced model function. In advance of the 2012 Obama visit to Myanmar, the administration suggested that other authoritarian countries could learn important lessons from Myanmar’s preparedness to embrace compre-



hensive change. As Assistant Secretary Daniel Russel (2013) later put it, “Burma remains important to US interests as a demonstration of the benefits that can accrue to a nation that pursues a progressive path to change.” Moreover, President Obama has also suggested that the role the United States has played in initiating Myanmar’s political transition highlights successful American leadership in the world.<sup>12</sup> While acknowledging that some crucial reforms have not yet been undertaken, support for continued engagement has remained strong. To be sure, further major improvements in bilateral ties are linked to the regime’s preparedness to move forward with political reforms. As Assistant Secretary of State for Democracy, Human Rights, and Labour Tom Malinowski, who assumed his post in April 2014, articulated the conditionality,

There is the potential for a deeper partnership, even a full partnership in the future, but we can only move in that direction as the military moves towards greater civilian control, respect for rule of law, all of the different issues that we have raised (Malinowski 2014).

Significantly, the assessments of Myanmar’s transition on Capitol Hill have in the main tended to be much more critical; indeed, the Obama administration has come under significant pressure given the limited nature of Myanmar’s political reforms and the continued human rights violations. Senator Marco Rubio (FL-Rep), for instance, then the ranking member of the Senate Subcommittee on East Asian and Pacific Affairs, noted as early as 2013 Myanmar’s “significant backsliding” and insisted that Washington should not “continue to reward Burma for pledges it has not implemented” (Rubio 2013). Concerns not only centre around unlikely constitutional amendments – some Congressmen have also explicitly focused on the situation in Rakhine State. In May 2014, for instance, the House agreed to a simple resolution (H.Res.418, 7 May 2014) that calls on the Burmese government to end all forms of persecution and discrimination of the Rohingya people, to recognize the Rohingya as an ethnic group indigenous to Myanmar and to work with the Rohingya to resolve their citizenship status. The chair of the Senate Foreign Relations Committee at that time, Bob Menendez, followed this up with a publicly released letter sent to President U Thein Sein. While only form-

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12 As the president (Obama 2014) said, “We’re now supporting reform and badly needed national reconciliation through assistance and investment, through coaxing and, at times, public criticism. And progress there could be reversed, but if Burma succeeds we will have gained a new partner without having fired a shot. American leadership.”

ing a minority within the Senate and the House, these outspoken congressional critics have powerfully paralleled and reinforced the condemnation of Myanmar's ruling political-military elite that has been articulated within the Washington beltway. In this regard, beyond the obvious advocacy groups that have castigated in particular the Tatmadaw's continued influence and actions, mainstream nonpartisan think tanks, too, have arrived at very mixed conclusions concerning Myanmar's reforms in advance of the 2015 elections (Morrison et al. 2014).

The administration, despite being in command of US Burma policy, has duly noted congressional and wider civil society concerns and responded to these by accommodating opposing policy preferences. Relevant illustrations include the administration's compromise that allowed responsible new investment and the decision to apply sanctions against specially designated persons seen as hindering Myanmar's reform process. Nevertheless, the Obama administration stands accused of surrendering too early the significant leverage it enjoyed over the Thein Sein government by deciding in 2012 to ease most of the many sanctions imposed over the years to extract concessions from the previous military regime (Drennan 2014). Particularly unpalatable to Congress, however, has been the possibility that the administration might pursue military engagement that would allow the Tatmadaw to benefit whilst remaining unreformed, despite the risk of greater abuses being committed against the ethnic populations. It is on this issue that congressional opinion has to date perhaps most clearly prevailed over that of the administration.

### 3.2 Congress and the Struggle over Military-to-Military Ties

As noted, the Obama administration has favoured engaging Myanmar's military, while recognizing that any pay-off might only be long term. Congressional critics of Myanmar have resolutely opposed this position. Towards the very end of 2013, Senator Menendez introduced legislation (S.Res. 1885; 20 December 2013) to prevent Department of Defence (DOD) funds earmarked for security assistance to Burma without the Secretary of State first confirming that Naypyidaw was taking concrete steps in a number of areas, such as civilian oversight of the armed forces, constitutional amendments and greater Tatmadaw restraint, as well as improvements in behaviour.<sup>13</sup> Consultation and training on human rights

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13 The Burma Human Rights and Democracy Act of 2013 allows for basic training on human rights and disaster relief.

and disaster relief would be permissible, but neither was to enhance the Tatmadaw's capabilities against ethnic minorities. A substantively identical bill in the context of the Burma Human Rights and Democracy Act 2014 (H.Res. 3889; 15 January 2014) was introduced soon thereafter in the House by Representative Joseph Crowley, a long-time critical voice on Burma, and Representative Steve Chabot, the chairman of the House Subcommittee on Asia and the Pacific at the time; subsequently, a revised version (H.Res. 4377; 2 April 2014) further clarifying the extent of the security assistance to be denied (military assistance, military education and training, and peacekeeping as per Part II of the Foreign Assistance Act of 1961) was also referred to the House Committee on Foreign Affairs. None of this draft legislation was enacted.

Nevertheless, the view held by Congress has prevailed. The State, Foreign Operations, and Related Programmes Appropriations Act for 2015 stipulated that none of the funds appropriated under IMET and FMF may be made available to Myanmar, and State Department funds would be focused instead on Washington's democracy and human-rights strategy. Also, the Carl Levin and Howard P. "Buck" McKeon National Defence Authorization Act for Fiscal Year 2015 further prescribes and delimits the scope of what the DOD can do in or with Myanmar. Essentially, engagement is limited to consultation, education and training in relation to human rights, the laws of armed conflict, civilian control of the military, the English language and disaster relief. The legislation only allows the DOD to organize courses and workshops on defence-institution reform, to grant observer status to bilateral or multilateral humanitarian assistance and disaster-relief exercises and to offer related support. In short, Congress for now does not appear to be allowing the administration to use DOD funding to do much, if anything, that has not been done already. The legislation also comes with specific reporting requirements to multiple congressional committees, touching not only on the future development of military-to-military cooperation, but also on how such engagement, for instance, supports US national security strategy and promotes Myanmar's reforms. Not surprisingly, this legislation has led some to maintain (Lohman 2014) that Congress has retaken the driver's seat on Burma policy.

That it has come to this is not a surprise. The Tatmadaw's historical record on human rights and freedoms has been most problematic, and the fighting in Kachin State entered a new phase in late 2014. Many members of Congress continue to revile the Burmese military. Put differently, the pragmatism of the Obama administration seems to jar with the principled position still held by members of the legislature. Inform-

ing the political struggle over Myanmar is also a sense of frustration *vis-à-vis* the administration. The Senate Foreign Relations Committee, for instance, had become increasingly concerned about the administration's long-standing failure to spell out its objectives in relation to the Tatmadaw. In addition, members of Congress noted that in November 2014, Aung San Suu Kyi pointedly asked President Obama not to broaden military engagement (Pennington 2014). In the absence of the major reforms members of Congress have wanted to see implemented, the idea of military engagement has had its wings clipped. Incoming PACOM commander Harry Harris, who has supported Ambassador Mitchell's approach of limited and calibrated engagement, has thus argued that "the time is not right to expand or elevate military-to-military activities" (Harris 2014).

This should not obscure the interest that continues to exist in some quarters as regards greater US military engagement in the future. It is likely that American officials and policymakers will re-evaluate their position on the matter following Myanmar's parliamentary elections currently scheduled for November 2015 and the formation of a new government. Yet a number of preconditions will in all probability need to be met for deeper and sustained military engagement to happen, including free and fair elections, public endorsement from Aung San Suu Kyi, and a comprehensive ceasefire between the Tatmadaw and ethnic armed organisations.

## 4 Conclusion

This paper has examined changes in relations between the United States and Myanmar primarily from the angle of US policymaking towards "Burma". The Obama administration's first term saw a major remoulding of America's ties with Naypyidaw. Breaking with the fixation of previous administrations on bringing about regime change, the Obama administration has backed Myanmar's top-down reform project. As this article has demonstrated, the administration has sought and arguably also secured a major role for itself in Myanmar's socio-economic and political transition, which has translated into an expanding US presence in the country. That said, US bilateral military engagement has not extended beyond symbolic gestures and visits, initial low-level training related to political reforms, and an emerging high-level dialogue with the Tatmadaw leadership. Crucially, thus, while the United States and Myanmar are no longer antagonists, they also fall short of being veritable security partners for the time being.

Congress was initially supportive of the administration's policy shift, but in the absence of key reforms in relation to Myanmar's future civil-military relations, poor inter-communal relations and continued military attacks and abuses by the military, controversy over US Burma policy has intensified since 2012. Congressional critics, supported by ethnic-solidarity and rights organisations, firmly believe that the balance of US Burma policy should continue to favour human rights and democracy and have therefore been quite prescriptive about the limits of any military engagement by the administration. Notwithstanding its pursuit of engagement, the Obama administration's Burma policy has been hobbled accordingly. To be sure, the future direction of US Burma policy will be very much influenced by events on the ground: Myanmar's political process in the run-up to the 2015 elections, the organisation and outcome of those elections, along with the reforms undertaken by the post-2015 government. Depending on these developments, some of the existing concerns put forward by members of Congress might be attenuated, while more realpolitik considerations might be more highly valued in the making of US Burma policy. Over the longer term, in principle, at least a more wide-ranging security partnership remains in the cards.

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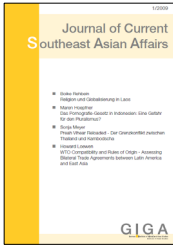
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## The European Union's Myanmar Policy: Focused or Directionless?

Jörn Dosch and Jatswan S. Sidhu

**Abstract:** What is the European Union (EU) trying to achieve in Myanmar? Is the EU speaking with one voice and acting collectively (and does it really matter)? Were the sanctions lifted too early? These are some of the key questions surrounding the current role of the EU in relation to Myanmar. A close analysis of the EU's Myanmar policy demonstrates that, while clearly driven by normative convictions, the EU's approach and posture vis-à-vis Myanmar since 1988 has been more reactive than carefully planned and strategised. Whereas in the period from 1988 until early 2011 the EU's Myanmar policy frequently fluctuated between a "carrot" and a "stick" approach, depending on the circumstances, since 2011 the emphasis has been on carrots, which signifies an important shift in the application of normative power. The EU has generously provided large amounts of aid intended mainly to assist Myanmar in its transition. This approach does not seem to factor in the possibility of backward steps and is based on a scenario of ongoing, linear political and economic reforms. This optimism is shared by both the European Commission and most EU member states. However, the similar perceptions and compatible normative foundations on which their policies are based have so far not translated into well-coordinated and coherent strategies and development cooperation programmes.

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**Keywords:** Myanmar, European Union, sanctions

**Dr. Jörn Dosch** is a professor and chair of international politics and development cooperation at the Institute of Politics and Administrative Sciences, University of Rostock, Germany. His current research focuses on ASEAN and relations between Europe and Asia. His recent publications include James Chin and Joern Dosch (eds), *Malaysia Post Mahathir. A Decade of Change*, Singapore: Marshall Cavendish (2015). Personal website: <[www.wiwi.uni-rostock.de/en/ipv/intpol/mitarbeiter/prof-dr-joern-dosch/](http://www.wiwi.uni-rostock.de/en/ipv/intpol/mitarbeiter/prof-dr-joern-dosch/)>

E-mail: <[joern.dosch@uni-rostock.de](mailto:joern.dosch@uni-rostock.de)>

**Dr. Jatswan S. Sidhu** is associate professor in the Department of International and Strategic Studies, University of Malaya, Kuala Lumpur, Malaysia. His current research focuses on Southeast Asia with special emphasis on Brunei and Myanmar. Some of his recent publications include *Historical Dictionary of Brunei Darussalam* (Lanham: Scarecrow Press, 2010); “Quo Vadis Myanmar?: Military Rule, the 2010 Election and Beyond,” in: *Journal of International Studies*, 7, (2011), 17–32; and “Reforms in Myanmar (Burma): By Chance or Design?,” in: *Journal of Diplomacy and Foreign Relations*, 14, 1, (2014), 19–32. Personal website: <<http://umexpert.um.edu.my/jatswanh>>  
E-mail: <[jatswan@hotmail.com](mailto:jatswan@hotmail.com)>

# 1 Introduction

What is the European Union (EU) trying to achieve in Myanmar? Is the EU speaking with one voice and acting collectively (and does it really matter)? The organisation's current approach is based on enthusiasm and great optimism, but are the risks related to Myanmar's reform process factored into the strategy? Were the sanctions lifted too early? These are some of the key questions surrounding the current role of the EU in relation to Myanmar. Ever since "role theory" emerged in the 1970s (see Holsti 1970) to describe and explain the regular behavioural patterns of clusters of states in the international structure of the Cold War order – for example, "non-aligned", "allies", "satellites", etc. – Europe has taken centre stage as an empirical case.<sup>1</sup> Roles "are social positions (as well as a socially recognised category of actors) that are constituted by ego and alter expectations regarding the purpose of an actor in an organized group" (Harnisch 2011: 8). Role conceptions and role expectations apply as much to individuals as they do to states, groups of states, international organisations, and other actors in international relations.

In this context the EU is widely considered – by itself and others – to be a distinctly different type of international actor (for a detailed discussion see Tocci 2007). It has been labelled

- a "civilian power", based on the idea that it pursues the domestication or "normalisation" of international relations by tackling international problems within the sphere of contractual politics (Dûchene 1973; Maull 1990, 2005);
- a soft power, which exercises forms of foreign policy influence that rely on co-optation, multilateral cooperation, international institution-building, integration, and the power of attraction (Nye 2004); and
- a normative power, which is a foreign policy actor intent on shaping, instilling, and diffusing – and thus "normalising" – rules and values in international affairs through non-coercive means (Manners 2002).

It is particularly this last characterisation of the EU as a normative power that has captured the scholarly imagination. Before Manner's 2002 article provided the decisive input to the debate, Richard Rosecrance paved the ground when he wrote,

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1 For one of the most comprehensive discussions and applications of role theory, see Harnisch, Frank, and Maull 2011.

Europe's attainment is normative rather than empirical. It is perhaps a paradox to note that the continent which once ruled the world through the physical imposition of imperialism is now coming to set world standards in normative terms (Rosecrance 1998: 22).

Two decades earlier, Johan Galtung (1973: 33) had already described normative power in international relations as the "the power of ideas".

Norms are collective expectations of appropriate behaviour (Jepperson, Wendt, and Katzenstein 1996: 54). In this sense, they are guidelines for action, and the members of a society generally abide by them. Norms "are not behaviour itself but what people think behaviour ought to be" (Cancian 1975: 6). Two forms of norms can be distinguished: constitutive and regulative. Within the international system, constitutive norms "create" actors (e.g. sovereign states or international organisations) and contribute to the formation of their identity, while regulative norms define forms of behaviour in certain circumstances. In the case of the EU, constitutive and regulative norms are closely intertwined. The very norms that form the normative pillars of the EU and indeed the European integration process define the endogenous and exogenous perceptions of how the EU should act in its external relations. For example, the Lisbon Treaty states that in international affairs the EU is guided by – and seeks to promote – the values on which the Union is founded, including democracy, human rights, fundamental freedoms, and the rule of law (Article III-193(1), Article I-2 and I-3). Bengtsson and Elgström (2011: 116) even go as far as to describe the EU as a "normative great power" – that is, an "actor that influences the thinking of other actors in the international system, rather than acting through coercive means to achieve its goals". The authors also introduce the useful category of a "meta-role" in international relations. Applied to the EU, this entails "expectations of consistent role behaviour across issue areas and/or over time" (Bengtsson and Elgström 2011: 15).

Consistent role behaviour requires the existence of coherent and comprehensive strategies, a point frequently neglected by role theorists. It is not sufficient to explain how the roles of international actors are socially constructed; it is equally important to analyse how roles manifest themselves as specific policy actions. Role concepts and expectations are not shaped by the existence of certain norms and values alone but are fundamentally rooted in the ability of actors to walk the talk in a consequent and continuous manner. This requires long-term strategic thinking. Myanmar both before and since 2011 provides an interesting empirical case with which to study the EU's strategic capacity to establish itself as



a normative power based on concise and coherent approaches. Hence, the article does not try to conclusively establish whether and to what extent European normative power has effectively contributed to change in Myanmar (for a discussion of this question, see Portela 2010 and 2014); rather, it discusses the ability of the EU to demonstrate consistent role behaviour in its relations with Myanmar. We argue that while the EU, both before and after 2011, has embedded its Myanmar policy with strong normative convictions, its approach has lacked clear benchmarks and deadlines. Overall, the EU has been more reactive than strategically proactive in its relations with Myanmar.

It is important to distinguish between the EU as a collective actor – meaning the European Commission (EC), and in particular the European External Action Service (EEAS), which was formerly the Directorate General for External Relations, and the Directorate General for Development and Cooperation (EuropeAid), which steers and implements the Union's development cooperation programme with Asia – and the EU member states, because the specific normative orientations of the two actor groups are not necessarily identical and in some cases even conflict with each other. In the following we discuss the EU's approach to Myanmar both before 2011 and since the beginning of the national reform process. This discussion includes an analysis of relations at the bilateral level and within the context and broader setting of EU–Asia/ASEAN interactions.

## 2 EU–Myanmar Relations before the Watershed

### 2.1 The Bilateral Dimension

In the late 1980s, most Western European states severed aid links with Myanmar. These countries included West Germany, which had been giving Myanmar aid worth approximately USD 35.14 million per year in technical grants and capital goods imports. However, almost the entire spectrum of EU actors started to rethink their approach towards Myanmar in the wake of the violent crackdown on pro-democracy protesters in August 1988. Most member states issued strong protest notes to the Myanmar junta in 1988 over the deaths of a large number of protestors. On 28 September 1988 and in a speech before the United Nations General Assembly (UNGA), the British foreign secretary, Sir Geoffrey Howe, denounced the killings in Myanmar. Even prior to the adoption of the EU's Common Foreign and Security Policy in 1996, the EC and individ-

ual member states coordinated their positions on Myanmar and, on several occasions, expressed deep concern over the deteriorating human rights situation in the country. In a number of declarations, the EC called on the Myanmar junta to improve its human rights record and initiate political reform. The European Parliament, which had awarded Daw Aung San Suu Kyi the Sakharov Prize for human rights in July 1991, made similar calls. Also in 1991 the EU implemented several measures in response to human rights violations in Myanmar. These included the suspension of defence cooperation, a visa ban for top officials of the State Law and Order Restoration Council (SLORC) and their family members, the expulsion of Myanmar's military personnel from the embassies of EU member states, the suspension of high-level bilateral government visits to Myanmar, and the suspension of all bilateral and multi-lateral non-humanitarian aid and assistance (ALSEAN-Burma 2003: 24; *Burma Affairs* 1991: 8).

As of 1996, the EU policy on Myanmar was guided by the "Common Position on Burma". The Common Position consisted of a series of restrictive measures that had been strengthened, reinforced, and extended over the years, mainly due to the failure of Myanmar's junta to make significant progress on political reforms and human rights improvements. These measures included an arms embargo, an export ban from the EU for any equipment that might be used for internal repression, a visa ban and a freeze on funds held abroad for regime members and their families, a prohibition on investment in Myanmar's state-owned enterprises for EU companies, and the suspension of high-level government visits to Myanmar (*The Irrawaddy* 1998a: 9). In December 1996, the EU suspended Myanmar's trade privileges under the General System of Preferences (GSP) for industrial products. This measure was further expanded in April 1997, when the EU suspended Myanmar's GSP privileges for industrial and agricultural products. The decision was based on evidence from the International Labour Organization (ILO) that demonstrated the ruling junta's use of forced labour. These benefits had provided Myanmar with 2 per cent to 5 per cent discounts on EU import tariffs, which saved the country approximately USD 365,000 in 1995 alone (BCUK 2004: 14; Collignon 1997).

In 1998, the EU expanded the scope of its earlier visa ban to include Myanmar's tourism officials, as well as a prohibition on entry and transit visas to all senior State Peace and Development Council (SPDC) officials. In 2000, the EU imposed an export ban on all equipment that could be utilised for internal repression or terrorism. In addition, it published a list of 153 Myanmar people included in the visa ban and pro-

ceeded to freeze their assets (*The Irrawaddy* 2000b: 3; Kenety 2000). Subsequently, in 2002, the EU updated the list of people subject to restrictive measures and issued a statement saying that should Myanmar fail to show progress on key issues pertaining to national reconciliation, the EU would strengthen and broaden the assets freeze, travel ban measures, and arms embargo in October 2002. However, as the Myanmar junta showed little progress in this direction, the EU only waited until June of that year to extend the scope of its visa ban and assets freeze, to strengthen its enforcement of elements of the arms embargo, to suspend all non-humanitarian aid and development programmes, and to withdraw all its military personnel from Myanmar. It also reiterated the expulsion of SPDC military personnel from EU member states (*ALSEAN-Burma* 2003: 24). Due to the military's brutal crackdown during the Saffron Revolution, the Common Position was further strengthened in 2007 to prohibit EU-based companies from investing in the logging, mining, and gemstone industries in Myanmar. This measure also included a ban on the export of these products to the EU (EU 2008).

Overall, the EU – and also US – sanctions impacted Myanmar almost immediately, as foreign investments, mainly from OECD countries, began declining from 1997 onwards (*MyanView* 1998: 5). By then many multinational companies had already withdrawn from Myanmar, with the notable exception of the French oil multinational Total. As these sanctions were not made retroactive, Total enjoyed an exemption from the EU's sanction regime. The withdrawal of the multinationals from Myanmar was attributed mainly to commercial considerations: by staying in the country they risked losing profitable contracts in their home countries as well as in other like-minded states that had imposed sanctions on Myanmar or were planning to do so.

Table 1: Corporate Withdrawals from Myanmar, 1992–2002

Company	Exit from Myanmar	Country of Origin	Sector/Product
Levi Strauss & Co.	June 1992	United States	Clothing
Petro Canada	November 1992	Canada	Oil and gas
Amoco	March 1994	United States	Oil and gas
Liz Claiborne	November 1994	United States	Clothing
Eddie Bauer	February 1995	United States	Clothing
Macy's Department Store	April 1995	United States	Clothing
Bank of Nova Scotia	September 1995	Canada	Banking
Columbia Sports-wear	April 1996	United States	Clothing

Company	Exit from Myanmar	Country of Origin	Sector/Product
OshKosh B'gosh Inc.	May 1996	United States	Clothing
Carlsberg	June 1996	Denmark	Beer
Heineken	June 1996	Netherlands	Beer
Interbrew (Labatt)	October 1996	Belgium	Beer
London Fog Industries	October 1996	United Kingdom	Clothing
Hewlett Packard	November 1996	United States	Computer
Motorola	November 1996	United States	Telecommunications
Phillips	November 1996	Netherlands	Electronics
Wente Vineyards	November 1996	United States	Wine
Pepsi-Cola Products	January 1997	United States	Beverage
Peregrine Capital	January 1997	Hong Kong	Banking
Eastman Kodak	January 1997	United States	Film
J. Crew	January 1997	United States	Clothing
Compaq	February 1997	United States	Computer
Anheuser-Busch International Inc.	April 1997	United States	Beer
Seagram Co. Ltd.	April 1997	Canada	Spirits
Burton Menswear	July 1997	United Kingdom	Clothing
Polo Ralph Lauren Co.	July 1997	United States	Clothing
British High Street	July 1997	United Kingdom	Clothing
Texaco	September 1997	United States	Oil and gas
Atlantic Richfield Co. (ARCO)	August 1998	United States	Oil and gas
Ericson	September 1998	Sweden	Telecommunications
Baker Hughes Inc.	March 2000	United States	Oil and gas
Ajinomoto Co.	May 2000	Japan	Food
Toyota Motor Corp.	May 2000	Japan	Automobiles
Best Western Hotel	June 2000	United States	Hotel
Jansport	August 2000	United States	Clothing/ Backpacks
Kenneth Cole	August 2000	United States	Shoes/Clothing
Premier Oil	September 2002	United Kingdom	Oil

Sources: *The Asian Wall Street Journal* 1995; *The Economist* 1995; *The Irrawaddy* 2003b, 2002, 2000d, 1997a, 1997b, 1997c; *Burma Debate* 1996; *Burma Alert* 1997a, 1997b; *Burma: Rangoon Suspense* 2002.

In the United States, where there is a large Myanmar expatriate community and many dissidents, who at that time totalled some 100,000 people,

a number of organisations were actively involved in lobbying for democracy in Myanmar (Luxner 2008; Steinberg 1992: 222). In Europe, similarly, a number of organisations existed for this end, including Actions Birmanie (Belgium), Association Suisse Birmanie and Birma Club (Switzerland), Burma Action Ireland, Den Norske Burmakomiteé (Norway Burma Council), Info-Birmanie (France), Burma Campaign United Kingdom (BCUK), Danish Burma Committee, Burma Centrum (Netherlands), and the Burma Centre Sweden. In addition to lobbying and sending petitions to Myanmar's military junta and relevant parties outside the country, these transnational advocacy networks (TANs) effectively utilised the Internet, even in its early days, as a tool to disseminate information on human rights violations in Myanmar. One of the first efforts in this direction was in the early 1990s, when some Myanmar exiles and students began communicating via e-mail. This "cyber war" escalated in 1996 (Than and Than 1998: 207). In 2000 alone, Myanmar-related cyber-activism was being carried out in approximately 28 countries worldwide (Zarni 2007: 71; Holmes 2007; Fink 1997). According to Liddell, the formation of pressure groups, especially in Europe, was the result of an international campaign on Myanmar launched by Amnesty International, which "successfully introduced many people, most of whom had never heard of 'Burma/Myanmar', to the human rights situation there" (Liddell 2001: 165).

There can be little doubt that the campaigns, censures, and sanctions pushed for by state and non-state actors in the EU, the United States and other like-minded states such as Canada, did impact the Myanmar junta. As the regime attempted to gain legitimacy through development, the sanctions frustrated it to some extent. In addition, sanctions and other international actions started to erode its legitimacy, both internally and externally. It is noteworthy that in addition to trying to improve its international image and relations through diplomacy, the junta tasked three public relations firms – Bain & Associates, Jefferson Waterman International, and DCI Associates – to convince the US government to lift its sanctions against Myanmar (ALSEAN-Burma 2002: 33–34). For instance, Jefferson Waterman International, through its newsletter the *Myanmar Monitor*, frequently labelled the US sanctions as "short-sighted" and called for them to be lifted. At the same time, it also stated that Myanmar's leaders were "feeling sorry for U.S. companies, which will lose out on future returns from investments" (Silverstein 1998: 22). Interestingly, the *Myanmar Monitor* also repeatedly stated that the sanctions were not hurting Myanmar but should nevertheless be lifted (*Information Sheet* 1997). While no such public relations efforts were specifically tar-

geted at the EU, the junta's move demonstrated that sanctions were, in general, taking their toll on the country.

In view of some tactical concessions made by the Myanmar junta, a group of states met to discuss the possibility of providing it with some "carrots" as a strategy to induce further concessions (*MyanView* 1999: 4). A "secret" meeting, also known as Chilston 1, was held on 12 and 13 October 1998 in Chilston Park, a small town in Kent, in the south-east of England. It was attended by 40 foreign diplomats and five Yangon-based diplomats. The foreign diplomats included representatives of Australia, Japan, the Philippines, Thailand, the United Kingdom, and the United States, as well as officials from the UN and the World Bank (WB). It was reported that in addition to trying to induce the Myanmar junta to make more political concessions, the new approach was adopted because the participants in the meeting had "detected a sense of desperation on the part of the Burmese government in coping with the growing economic difficulties inside Burma" (*The Irrawaddy* 1998b: 10; Yoon 1998). One of the major items discussed at the meeting was that the UN and the WB would resume offering humanitarian aid – to the tune of USD 1 billion – to Myanmar based on some preconditions (*The Irrawaddy* 1999: 19). The latter included a dialogue between the junta and the National League for Democracy (NLD), the unconditional release of all political prisoners, and free movement for Daw Aung San Suu Kyi and the NLD within the country (Crampton 1998). In return, the NLD was asked to cease its call for the convening of parliament. However, when the ensuing discussions became deadlocked due to a clear divide between those countries proposing tougher policies and those that preferred increased engagement with the junta, both sides eventually agreed to employ both "carrot" and "stick" approaches. The subsequent discussions again led to an impasse, and the proposal was simply rejected by the junta on the grounds that it had insulted the country (*The Irrawaddy* 1998b: 10).

The second meeting, Chilston 2, took place in Seoul on 5 and 6 March 2000 and was attended by delegates from 14 countries, the UN, and the WB, as well as two American academics.<sup>2</sup> Once again, there was a clear split between those who advocated a tough pro-sanctions policy aimed at isolating Myanmar and those who proposed engagement with the junta. On the one hand, diplomats from Britain, the United States, Canada, Norway, Portugal, and Sweden called for tougher measures against the junta, while on the other, diplomats from Japan, South Korea,

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2 The two American academics who attended the meeting were David I. Steinberg and Mary Callahan.

Australia, Thailand, France, Germany, Malaysia, and the Philippines advocated a more conciliatory approach (Mitton 2000: 31; *The Irrawaddy* 2000a: 6, 2000b: 3). While it may appear that these meetings, though futile, indicated a degree of like-mindedness amongst the participating states, it must be remembered that those states which had previously introduced sanctions – namely, the United States, Canada, and some European states – remained firm on tougher measures. However, it is also worth mentioning that although the Myanmar junta did at one point in time even ridicule the aid offer, it was nevertheless willing to accept aid with strings attached – an indication that the junta was, in fact, in dire need of aid.

Yet despite the sanctions and other international actions pushed for by state and non-state actors in the EU and elsewhere, the Myanmar junta was not totally isolated within the international community. In particular, the country's admission to the Association of Southeast Asian Nations (ASEAN) in 1997 had provided it with some international leverage and legitimacy. The ASEAN membership softened Myanmar's global stigmatisation as it was, at least, no longer isolated from its South-east Asian peers (Radtke 2015: 90). For their part, these neighbours believed that through its acceptance into ASEAN, "Myanmar would be forced to socialise and abandon its isolationist foreign policy" (Maier-Knapp 2012: 18).

## 2.2 The Multilateral Dimension

In institutional terms, Europe's multilateral relations with Asia are based on two main pillars: the multilevel group-to-group dialogue with ASEAN, which has its roots in 1972, and the Asia Europe Meeting (ASEM), which was inaugurated in Bangkok in 1996. Conflictual topics such as human rights, sustainable development, and good governance had been a frequent disturbing factor in intraregional relations throughout the 1990s but ASEAN's 1997 initiative to admit Myanmar as a new member represented a major setback. In fact, Myanmar's ASEAN membership was strongly opposed by the EU – in concert with the United States (Renshaw 2013: 38). In the period 1996–1997, the EU changed its earlier policy of "critical dialogue" with Myanmar, suspended all ministerial contacts, and withdrew tariff preferences granted to industrial and agricultural goods under the GSP, as outlined above (Bridges 1999: 89). The conflict between the two groups over Myanmar's participation in the 1999 ASEAN–EU Ministerial Meeting (AEMM), planned to take place in Berlin, led to an overall low in interregional relations. The meeting was cancelled because neither side could present a solution accepta-

ble to the other. At a meeting in Luxembourg in April 2000, EU foreign ministers – led by Great Britain and Denmark – tightened sanctions against Myanmar and extended an earlier ban on Myanmar government officials visiting EU countries to attend the EU–ASEAN meetings (*Reuters* 2000).

Yet not all EU member states subscribed to the idea of pushing too hard for sanctions and confrontation, and some suggested adopting a policy of engagement. In 2000, “some EU officials suggested in private that to keep the EU–ASEAN process from becoming totally irrelevant, the EU must drop its insistence on a human rights clause [...]” (Lim 1999: 11). This, however, was hardly negotiable at a time when human rights began to emerge as the most visible element in the EU’s forcefully presented quest for normative power in international relations. After many years of hard diplomatic lobbying, in 2000, the EU finally succeeded in including human rights on the agenda of its official EU–Asia diplomacy. The Chairman’s Statement of the third ASEM summit, which took place in Seoul in October 2000, stressed,

Leaders committed themselves to promote and protect all human rights, including the right to development, and fundamental freedoms, bearing in mind their universal, indivisible and independent character as expressed at the World Conference on Human Rights in Vienna (ASEM 2000).

Conflicting views of the concept of human and civil rights had been the most serious intervening variable in Europe–Asia relations since 1991, when the EU decided to make human rights clauses compulsory elements of its international treaties. The inclusion of formally taboo core issues such as human rights, rule of law, and good governance on the Asia–Europe agenda represented a new component in intraregional relations. The new commitments made in 2000 in these fields were significant and have steered the ASEM process ever since. It has not been possible to back away from these commitments, as Michael Reiterer correctly predicted shortly after the Seoul summit (Reiterer 2001: 17).

Against this backdrop and even before the decisive Seoul summit, it was hardly possible that the EU could soften its common approach towards Myanmar while at the same time insisting on respect for human rights and other key liberal norms as the *sine qua non* for cooperation with it. A few months prior to the Berlin AEMM, which was scheduled for March 1999 and later cancelled, voices close to the organising German Foreign Office hinted that Germany was determined to press for Myanmar’s participation in order to keep the dialogue process going. Eventually, however, the German foreign policy elite presented itself as



the driving force behind Myanmar's exclusion from the meeting. Driven by economic interests, France was considered a "robust pro-engagement advocate" at the time and favoured Myanmar's inclusion. This position was backed by Portugal. On the other hand, the UK, Sweden and Denmark (strongly supported by non-EU members such as the United States, Canada, and Norway) held on to their preference for a strong sanctions policy against Myanmar (Mitton 2000: 31). The latter view continued to dominate the EU's official Myanmar approach and resulted in the Luxembourg statement mentioned above. It was only in 2002 that Myanmar's deputy foreign minister, Khin Maung Win, was allowed to participate in an EU–ASEAN meeting. This was considered a "diplomatic coup" by one source (*The Irrawaddy* 2003a: 7). In fact, the same source reported that "Burma's generals are working overtime to shed their image as an international pariah and befriend their erstwhile critics" (*The Irrawaddy* 2003a: 7).

Two years later, however, the entire ASEM process was under threat for several months prior to the fifth ASEM summit, in 2004 in Hanoi, when a compromise on the participation of Myanmar seemed to be out of reach. Prior to Hanoi, the EU's 15 original members and ASEAN's six original members, as well as China, Japan, and South Korea, had attended the summit. While the European side wanted the 10 new EU member states, which had been admitted to the Union earlier that year, to join ASEM, ASEAN insisted on including its three newest members, Cambodia, Laos, and Myanmar. However, the EU demanded that Myanmar be left out because of the regime's anti-democratic record and the continued house arrest of pro-democracy leader Daw Aung San Suu Kyi. ASEAN made it clear that it was prepared to veto the accession of the new EU member states to ASEM if the EU rejected Myanmar's participation. In August 2004, both sides finally agreed on a compromise. Myanmar was allowed to join ASEM along with Cambodia, Laos, and the 10 new EU member states. However, to be admitted into the forum, the EU set the condition "that the participation of the Burmese government at the ASEM Summit will be lower than at Head of State/Government level" (European Union 2004). Eventually, Tin Win, a minister to the Burmese prime minister's office, attended the meeting. The compromise was considered a victory for ASEAN, and particularly Myanmar. An editorial in the *Bangkok Post* suggested,

undeservedly, Burma is probably the biggest winner. Without lifting a finger – while other Asians and Europeans fretted over its record and eligibility – it has been inducted into another respecta-

ble club, 7 years after joining the Association of Southeast Asian Nations (Manibhandu 2004).

Based on interviews with both ASEAN and EU officials, Maier-Knapp (2012: 18–19) suggests that – following their realisation that ASEAN’s socialisation strategy had been less successful than hoped – Southeast Asian governments did not disagree with the EU’s position on Myanmar but simply preferred a less confrontational approach.

Regardless of what was thought and said in Brussels, Jakarta, and elsewhere, the controversy did not end in Hanoi. In September 2005, ASEAN ministers decided not to attend an ASEM economic ministers’ meeting in Rotterdam when the Dutch host refused to grant visas to the delegate from Myanmar. The meeting went ahead at the senior officials’ level, but the episode demonstrated the dilemma of the quid-pro-quo compromise on ASEM’s enlargement. A solution was only found in April 2006 on the occasion of the seventh ASEM Finance Ministers’ Meeting in Vienna, Austria. This time a visa was issued to Myanmar’s minister under the condition that the country’s political development and international actions would be discussed as part of the meeting’s official agenda. This became the *modus vivendi* for Myanmar’s participation in all subsequent ASEM gatherings: the critical evaluation of the junta’s self-proclaimed commitment to reform (which it first articulated in 2003), Myanmar’s human rights situation, and the country’s involvement in money laundering and human trafficking were considered default agenda items to be addressed in return for the regime’s high-level representation. This indicates that the EU enlargement in 2004 shifted the balance between those EU member states who favoured the international isolation of the regime and those who supported a critical dialogue with Myanmar towards the latter standpoint. However, beyond the compromise on the visa ban, significant concessions on the part of the EU did not come until October 2009, when Brussels announced the expansion of its aid programme to Myanmar. The EU pledged some EUR 35 million for a programme known as the Livelihoods and Food Security Trust Fund (LIFT). The move was in stark contrast to the EU’s decision of August 2009 to reinforce its sanctions policy towards Myanmar due to the sentencing of Daw Aung San Suu Kyi to 18 months under house arrest (Johnston 2009).

This apparent contradiction was driven by the simultaneous advancement of two different norms. While the EU continued to press for political reform and the junta’s adherence to human rights, the application of the Responsibility to Protect (R2P) norm required Brussels to increase humanitarian assistance. The decisive turning point was Cyclone

Nargis, which killed over 140,000 people and affected 2.4 million people in May 2008. This disaster prompted not only a new approach towards Myanmar but also a policy shift

in the way Western donor assistance flows to humanitarian programmes. "International donors had to review and redesign humanitarian funding after Nargis to direct money for smaller programmes run by local community groups," admitted a European diplomat. [...]

The European Union (EU), which gave 51.8 million U.S. dollars for relief efforts, is among those reflecting this shift in donor assistance. Money for smaller humanitarian programs that cost 10,000 euros (about 13,300 U.S. dollars) was given in addition to the usual flow of funds for larger initiatives by bigger, more established NGOs, which amounted to 500,000 euros (664,980 dollars) from the EU.

The bulk of the funding till this policy change was directed towards the 13 United Nations agencies and the estimated 54 international humanitarian agencies and international NGOs (INGOs) operating in Burma. The INGO budget in 2009 was 128 million dollars, up from 48.7 million dollars in 2008 before the cyclone struck (Macan-Markar 2010).

While Nargis can be taken as a major catalyst and important stepping stone towards the end of military rule in Myanmar, the reform process only began in March 2011, when U Thein Sein, a former general who was prime minister in the military junta, became president. Since then his nominally civilian government has taken several important steps towards democratic reform in the country, resulting first in the gradual easing and eventually the termination of EU sanctions (Bünthe and Portela 2012). In sum, it can be argued that, in the years leading up to 2011, the EU did make its voice count in relations with Myanmar and exerted normative power. However, this normative power emerged primarily out of the largely – but not always – converging normative convictions and interests of a patchwork of European actors, including, among others, the European Commission, the key member states, and civil society organisations, as well as like-minded non-European states. In most cases the EU acted in response to new developments and changes, and it sometimes even compromised its own normative positions (as in the case of Myanmar's ASEM membership), but it did not formulate and implement a coherent and concise strategy. Overall, its approach did not fit the description of a "normative great power".

### 3 The EU's Myanmar Policy since 2011

After almost five decades of military rule, Myanmar began undertaking a series of reforms in March 2011, when a new, nominally civilian government came to power – though only after a heavily rigged election in December 2010. The new government, led by the Union Solidarity and Development Party (USDP) under U Thein Sein, began implementing a number of reforms, including, among others, greater freedom of the press, association and assembly; the release of political prisoners; and the opening-up of the political sphere – though in a limited fashion. More importantly, these reforms enabled Myanmar to mend its damaged relations with the West, particularly the United States and the EU. It was against this backdrop that the EU suspended its sanctions on Myanmar in 2012 and finally lifted them (with the exception of the arms embargo) on 22 April 2013. While it congratulated the Myanmar government on the series of reforms that had been initiated, the EU also noted that it was “conscious that there are still significant challenges to be addressed” (Council of the European Union 2013a).

Since the middle of 2013, the EU's Myanmar policy has been guided by the Comprehensive Framework, which was adopted by the EU's Foreign Affairs Council on 22 July 2013. This three-year action plan was basically initiated as a response to criticisms that arose following the EU's lifting of sanctions on Myanmar. The framework focuses on four main areas – namely, peace, democracy, development, and trade – as well as Myanmar's engagement with the international community. It states that it aims to respond to Myanmar's needs by entering into a partnership with the government and other stakeholders to address a legacy of conflict, poverty, oppression, and weak institutions in the country. In the preamble of the framework, it is stated that “the European Union – which has, over the years, called for change and imposed sanctions – has a responsibility to help” (Council of the European Union 2013b: 1).

As the EU views peace as a prerequisite for the consolidation of democracy, the promotion of development, and the protection of human rights, the framework attempts to address the issue of both regional and communal violence, stating that the EU will “urge and encourage the [Myanmar] government to act.” To address the issue of regional peace or ethnic conflict, the EU will “encourage” an immediate end to all hostilities across the country (especially in Kachin State), support inclusive political negotiations, build the capacity of all stakeholders, press the Myanmar government for uninterrupted access to humanitarian assistance, and undertake rehabilitation and development in ethnic minority areas plagued with insurgencies (Council of the European Union 2013b:

2). To deal with communal violence, the EU will support the development of an accountable and responsible police force in Myanmar; press the government to ensure the accountability of all offenders; encourage all stakeholders to increase their advocacy of non-violent means; urge the Myanmar government to pursue and implement durable solutions to the conflict in Rakhine State; and urge the government to address the status of the stateless Rohingya minority (Council of the European Union 2013b: 2). Nevertheless, the insurgency in Kachin State is still ongoing, the issue of the stateless Rohingyas has yet to be settled, and there are still sporadic outbreaks of communal violence between Buddhists and Muslims. Although it can be argued that President U Thein Sein is probably trying hard to bring peace to Myanmar, especially when it comes to putting an end to the ethnic insurgencies that have plagued the country for more than 50 years, the country's army remains beyond his control (Wade 2012). The ongoing battles between the army and the Kachin ethnic groups at the same time that the government at the centre is trying to make peace demonstrate this (see Beech 2014).

In the area of democracy, the thrust of EU efforts is ostensibly directed towards creating a functioning democracy with an overarching respect for human rights and fundamental freedoms. These efforts include the EU "supporting, advising and assisting" Myanmar in areas such as a constitutional review; the strengthening of the parliament as an institution; working towards a credible, transparent, and inclusive election in 2015; the unconditional release of all political prisoners; the strengthening of human rights; Myanmar's swift ratification and implementation of core international human rights conventions; the creation of an independent National Human Rights Commission; the establishment of an independent, impartial and efficient judiciary; and the enlistment of local as well as foreign NGOs to support interactions between the government and the civil society sector (Council of the European Union 2013b: 3).

It can be argued that the above democracy-related aims are rather lofty. In fact, the EU has not worked towards achieving the most obvious objective – that is, securing a short-term commitment from the Myanmar government that it will ensure that the 2015 election is free, fair, and inclusive. With Myanmar's Election Commission still under the tight control of the government of the day, it is questionable that this can be achieved. All the more so when we take into account the fierce resistance from the USDP and the Tatmadaw (army) to any form of constitutional reform in the country (Strangio 2014). On another note, although President U Thein Sein had agreed to release all political prisoners in the

country by the end of 2013, as of May 2015 the Assistance Association for Political Prisoners (AAPP), based in Burma, reported that there were still approximately 158 political prisoners languishing in prisons around the country (AAPP 2015).

In the area of trade and development, the EU has committed to “help” Myanmar to, among other things, rebuild state institutions and reform the civil service; lay the foundation for inclusive economic development; focus on transparency in the extractive industries; eliminate all forms of forced labour; improve rural livelihoods and food security; rebuild the education system; provide support for the health sector; promote the development of sustainable tourism; and promote transparency and environmental protection (Council of the European Union 2013b: 4). As far as the reform of the state civil service is concerned, the major obstacle relates to the fact that much of the country’s bureaucracy is headed by former military men while the civilian bureaucrats are subservient to the whole system. On the state of Myanmar’s bureaucracy, the *Economist* noted that

beneath a thin veneer of expertise and dedication at the very top, much of the bureaucracy consists of former military officers who have been provided with sinecures. They constitute what is known as the “green ceiling”, which means that getting anything done can take a long time (*The Economist* 2013).

The issue of rural poverty is so acute that one in four people live below the national poverty line, while two in five children below the age of five are under-nourished. The underlying cause of this is the mismanagement of national resources. It is worth mentioning that Myanmar’s rural population accounts for approximately 70 per cent of its total population and that poverty is simply endemic in these areas.

For the purpose of Myanmar’s engagement with the international community, the EU will

work to enhance the country’s emergency response and early warning capability; support Myanmar’s participation in regional integration; and promote Myanmar’s adherence to and implementation of all relevant international agreements in the area of non-proliferation and disarmament (Council of the European Union 2013b: 5).

While some have argued that the framework is at best overtly ambitious and without a clear focus, others have asserted that the EU entered into a partnership too hastily, as the benchmarks it set prior to the removal of sanctions had not yet been met. Mark Farmaner, the director of the

BCUK, noted that “none of these [the benchmarks] has been met” and added that “they [the EU] are ignoring their own conditions and proceeding with lifting the sanctions without any clause that would allow reimposition” (cited in McElroy 2013). He considered the removal of sanctions “an extraordinary and reckless diplomatic move” (Farmaner 2013), stating,

First to be abandoned are the EU's own benchmarks for human rights improvements. These were laid out clearly in last year's Council Conclusions: all political prisoners should be released unconditionally (they haven't been); there should be an end to conflict (fighting has actually increased in Kachin State); there should be substantially improved humanitarian access (there hasn't been and lives have been lost as a result); and there should be improvements in the welfare and status of the Rohingya (the situation has deteriorated so badly that the Rohingya have been subjected to ethnic cleansing and crimes against humanity, with government forces allegedly complicit) (Farmaner 2013).

However, it should be added that the 2012 Council conclusions on Burma/Myanmar, which Farmaner refers to, did not explicitly mention conditions in a strict and watertight sense. Neither did Council Regulations No 817/2006 and No 94/2008, the two key documents which established “benchmarks” that had to be met before sanctions could be lifted. Regardless of whether or not conditions or benchmarks were ever clearly spelled out,

the objectives for which the sanctions were originally imposed back from 1990 to 2010 have been met: there has been a handover of power to a civilian government, and progress has been made towards respect for human rights and ‘national reconciliation’ (Portella 2014: 13).

Yet the question of whether the EU should have been more decisive in backing up and supporting its attempts to exert normative power with clearly stated specific – and enforceable – targets, and whether its approach has been too soft overall, remains.

As part of its strategy of mainly employing a “carrot” approach, the EU announced the establishment an EU–Myanmar Task Force – the fourth such EU task force and the first in Asia – during President U Thein Sein's visit to Brussels in April 2013.<sup>3</sup> The Task Force is intended

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3 The other three task forces are Tunisia (September 2011), Jordan (February 2012), and Egypt (November 2012).

to provide Myanmar with comprehensive support to enable its transition. Its first meeting took place both in Yangon and Naypyidaw from 13 to 15 November 2013 and was attended by leading political, development and economic figures from the government and the opposition as well as civil society groups. In a highly optimistic tone, the EU's high representative, Catherine Ashton, stated,

we are here to celebrate the progress of this wonderful country and in recognition of the journey that Myanmar has decided to undertake. We also come with a sense of expectation; expectation that is matched by the people, by the government, by civil society in Myanmar too. Expectation of what can be and what will be (EEAS, EU 2013).

On 8 December 2014, the EU announced its allocation of EUR 688 million (USD 900 million) to support Myanmar's transition over the period 2014–2020. The areas to be targeted include rural development and agriculture, food and nutrition security, education, governance and the rule of law, and peacebuilding. The breakdown of the funds is as follows: sustainable rural development (EUR 241 million); education (EUR 241 million); support for democratic and institutional reforms (EUR 96 million); and peacebuilding support (EUR 103 million). An interesting point under the support for democratic and institutional reforms states “a key element is our support to the organisation of credible, transparent and inclusive elections in 2015 and beyond” (EEAS, EU 2014).

The sums look impressive, but not all EU actors agree that the current approach is the best and most beneficial one. As a high-ranking European diplomat in Yangon asked, “What exactly happens with this money? It's easy to lose track. Some projects are nice to have but not absolutely essential” (author interview, October 2014). The EU only opened a Delegation in Myanmar in September 2013; it previously coordinated its relations via the Delegation in Bangkok. By contrast, some EU member states established embassies decades ago (for example, the United Kingdom in 1947, France in 1948, Germany in 1954, and Denmark in 1955) and maintained their diplomatic presence throughout the period of the sanctions and the suspension of development cooperation. There is therefore a certain tendency within diplomatic circles in Yangon to see the Commission as a newcomer to Myanmar with little on-the-ground experience. Furthermore, the member states have started to implement sizable cooperation programmes of their own, following objectives similar to those of the EU. These actions underline the EU's ambition of speaking with one voice in international affairs, based on a



coherent normative approach. However, there is lack of strategic alignment and little coordination between the Commission's development cooperation programme and those of the member states. For example, it is unclear how the UK's approach of supporting the "reform of key administrative institutions such as the civil service and local government/townships" and "building the Burmese government's capacity to manage public money" (Foreign & Commonwealth Office 2014) feeds into the EU's priority area of supporting democratic and institutional reforms.

Whereas some questions about the complementarity and mutually reinforcing nature of the individual approaches of different EU actors remain, the EU appears to be successful in promoting its normative viewpoints within the multilateral framework of its cooperation with ASEAN. Not only has the reform process in Myanmar removed the persistent stumbling blocks in EU–ASEAN relations of the 1990s and the first decade of this century, but ASEAN's – at least rhetorical – liberal turn, which materialised in the group's formal commitment to democracy, the rule of law, good governance, and human rights in the ASEAN Charter (2007) and the ASEAN Human Rights Declaration (2012), has also paved the way for a cooperative approach towards Myanmar. To this effect, the Co-Chairs' Statement of the 20th EU–ASEAN Ministerial Meeting, which took place in Brussels in July 2014, includes a mention of the situation in Myanmar:

The Ministers welcomed the ongoing process of democratic transition which is taking place in Myanmar [...] Ministers will continue to encourage Myanmar to address remaining challenges, including those related to national peace, human rights and reconciliation (European Union 2014).

The mention does not constitute a strong basis for joint action on the part of the EU and ASEAN. Yet it nevertheless has to be seen as a significant improvement over the years when Myanmar was a constant thorn in the side of EU–ASEAN relations. Maier-Knapp (2012: 29) rightly points out that "the EU's chance of increasing visibility and normative impact depends on the successful ideational internationalization by the counterpart." The internationalisation of democracy, good governance, and human rights as core norms promoted by the EU has progressed in both Myanmar and ASEAN, but the process is far from complete.

## 4 Conclusion and Outlook

A close analysis of the EU's Myanmar policy demonstrates that, while clearly driven by normative convictions, the EU's approach and posture vis-à-vis Myanmar since 1988 has been more reactive than carefully planned and strategised. Whereas in the period from 1988 until early 2011 the EU's Myanmar policy frequently fluctuated between a "carrot" and a "stick" approach, depending on the circumstances, since 2011 the emphasis has been on carrots, which signifies an important shift in the application of normative power. The EU has generously provided large amounts of aid intended mainly to assist Myanmar in its transition. The EU's official documents (especially since 2011) reflect a strong optimism about the reform process. More often than not these official documents have emphasised how Myanmar has made "remarkable" progress since 2011.

However, without clear benchmarks the current policy is unlikely to produce the anticipated results and thus does not put the EU in the position of a "normative great power" able to walk the talk and thereby induce change. A recent report by the UN suggests that Myanmar has begun backtracking on its reforms. This was revealed by the United Nations special rapporteur, Yanghee Lee, who noted that there has been an increase in the number of human rights abuses, particularly the harassment, intimidation, and prosecution of journalists, civil society activists, and protestors, while Rakhine State remains in a state of crisis due to hostilities between Buddhists and Muslims. She also raised concerns over the government's intention to introduce a package of four "race and religion" bills – namely, the Population Healthcare Control Bill, the Bill Relating to the Practice of Monogamy, the Bill on Religious Conversion, and the Myanmar Buddhist Women's Special Marriage Bill – as these "will legitimize discrimination, in particular against religious and ethnic minorities, and ingrain patriarchal attitudes towards women" (OHCHR 2015). Lee noted that "valuable gains made in the area of freedom of expression and assembly risk being lost" and "there are signs that since my last visit, restrictions and harassment on civil society and the media may have worsened" (OHCHR 2015). The EU's approach towards Myanmar does not seem to factor in the possibility of backward steps and is based on a scenario of ongoing, linear political and economic reforms. This optimism is shared by both the European Commission and most EU member states. However, the similar perceptions and compatible normative foundations on which their policies are based have so far not translated into well-coordinated and coherent strategies and development cooperation programmes.

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# Japan's Development Ambitions for Myanmar: The Problem of "Economics before Politics"

Donald M. Seekins

**Abstract:** Myanmar and Japan have had an important shared history since the Pacific War, when Japan occupied the British colony of Burma and established the country's first postcolonial state and army. The period from 1941 to 1945 also witnessed the "militarization" of Myanmar as the country was turned into a battlefield by the Japanese, the Allies and indigenous insurgents. After independence from Britain in 1948, the Union of Burma continued to suffer insurgency and became a deeply conflicted society, especially under the isolationist socialist regime of General Ne Win (1962–1988). However, Japan played a major role in Myanmar's economic development through its allocation of war reparations and official development assistance (ODA), especially yen loans.

During the period of martial law from 1988 to 2011, Tokyo exercised some self-restraint in giving aid due to pressure from its major ally, the United States, with its human rights agenda. However, with the transition from junta rule to constitutional government in 2011 came a dramatic increase in Japanese ODA, as Tokyo forgave large amounts of debt and invested in ambitious new special economic zones (SEZ). Japan will no doubt benefit from Myanmar as close ties are expanded: Not only will Japanese companies profit, but Japan will have access to Myanmar's raw materials and gain ability to compete more effectively with an economically expansive China. On Myanmar's side, though, it is unlikely that anyone other than the military and crony capitalist elites will benefit from the flood of new yen loans and infrastructure projects. This paper argues that without a political resolution of Myanmar's many conflicts, including the establishment of genuinely open political institutions, the aid of Japan (and other countries) is likely to make these deep-rooted social and ethnic conflicts even worse.

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**Donald M. Seekins**, Ph.D., is Emeritus Professor of Southeast Asian Studies in the College of International Studies of Meio University in Okinawa, Japan. He has done extensive research and fieldwork on historical and contemporary Myanmar (Burma), and his publications include *The Historical Dictionary of Burma (Myanmar)* (Scarecrow Press, 2006), *Burma and Japan since 1940: From “Co-Prosperity” to “Quiet Dialogue”* (NIAS, 2007) and *State and Society in Modern Rangoon* (Routledge, 2011).  
E-mail: <dmseekins@gmail.com>

## Introduction

With the dissolution of the State Peace and Development Council (SPDC) military junta in March 2011, a political transition began in Myanmar that foreign leaders have often misunderstood, in part due to wishful thinking and in part to perhaps wilful ambiguity on the part of President U Thein Sein and the other retired military officers who still rule the country. Frequently, they claim that Myanmar is set firmly on the road to “democracy” and its political system is becoming steadily more open.<sup>1</sup> However, politics as defined in the 2008 Constitution (which was approved in a highly irregular popular referendum in that year and went into effect in 2011 with the dissolution of the SPDC) is hedged in by key articles in the basic law that leave the Tatmadaw (the Myanmar armed forces) firmly in control.<sup>2</sup> The inclusion of Daw Aung San Suu Kyi and her National League for Democracy (NLD) party in the political process, the surprisingly active role taken by herself and other civilian members of the Pyidaungsu Hluttaw (the bicameral Union Parliament) in policy-making, the comprehensive ceasefire being negotiated with ethnic-

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1 For example, President Thein Sein said to US President Barack Obama when they met in Washington, DC, in May 2013, “I am also very pleased to have this opportunity to discuss about the democratization process and reform process undertaken by my country. [...] Now that our country, Myanmar, has started to practise democratic system, so that we can say that we have [...] similar political system in our two countries. [...] As you know [...], our democratic government is just two years old. And we have, within the short period of two years, our government has carried out political and economic reforms in our country. Because we are in a very nascent stage of democratic – a democratic stage, we still need a lot of democratic experience and practices to be learned” (The White House 2013).

2 Most prominently, the Constitution (Articles 109b, 141b, and 161d) allocates 25 per cent of the seats in the Union Parliament (Pyidaungsu Hluttaw) and regional and state legislatures to active-duty military personnel, chosen by the commander-in-chief of the Tatmadaw. The ministers of Defence, Home Affairs and Border Areas are also chosen from among active-duty officers by the commander-in-chief (Article 232b(ii)), and because the assent of at least 75 per cent of the members of the Union Parliament are required to amend the basic law, the military legislators (or the commander-in-chief) have veto power over the amendment process (Article 436a). Should conditions require – in the military’s eyes – a declaration of a state of emergency, the commander-in-chief has the “right” to take over government powers. Unlike the case in other constitutions, the president of the Union (presently U Thein Sein) is *not* commander-in-chief, a separate office currently held by General Min Aung Hlaing. For a discussion of how the 2008 Constitution protects the autonomy of the Tatmadaw, see Taylor 2015: 1–5, especially fn. 5, 7.

minority armed groups and the relaxation of state controls over the media, labour unions and student activism have, with some backward steps, been encouraging developments. However, the Tatmadaw continues to define the boundaries of “national politics” and could easily intervene in politics – as it has in the past – whenever it believes events are going in a direction contrary to “consolidation and perpetuation of sovereignty”, one of the fundamental goals of the military-dominated state.<sup>3</sup>

In the wake of the transition, which included the election of Daw Suu Kyi and 42 of her NLD colleagues to the Pyidaungsu Hluttaw in a by-election on 1 April 2012, Western countries have dropped their harshest sanctions and pursued normalization of ties with Myanmar. The United States government not only allowed the severe sanctions imposed by the 2003 Burmese Freedom and Democracy Act to lapse in 2013, but also appointed an ambassador to the country for the first time since the late 1980s.<sup>4</sup> However, no country has responded more enthusiastically to Myanmar’s political transition than Japan, which has forgiven an unprecedentedly high percentage of Myanmar’s debt and allocated new large-scale official development assistance (ODA), including the first yen loans to Myanmar in a quarter of a century. In collaboration with the new post-junta regime, Tokyo has sketched out ambitious development projects for Myanmar that, if carried out, would be a major factor in transforming not only the economy but also society and inter-ethnic relations within Southeast Asia’s second-largest country (Slowdkowski 2012: 1–7).

Both the large size of Japan’s post-2011 ODA intervention in Myanmar and its emphasis on ambitious infrastructure projects, especially special economic zones (SEZ), draw attention to an important though often ignored question in the usual debates on “development”: Can modernizing and transforming an “undeveloped” economy and society solve deep and long-standing *political* conflicts, or is it likely that technology-driven economic development, by concentrating power more thoroughly in the hands of recipient country elites, will only succeed in making the political system more authoritarian? This question is especially

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3 Taylor 2015: 3, fn. 5. In the Tatmadaw conceptualization, while “party politics” concerns the interests of parties and sections of Myanmar’s population, “national politics”, the preservation of national unity and independence, is the major responsibility of the armed forces and takes priority over party interests (Taylor 2015: 8).

4 The Burmese Freedom and Democracy Act was passed by the US Congress after the violent attack on Aung San Suu Kyi and her supporters by pro-junta thugs near Depayin in central Burma on 30 May 2003 (often known as the “Black Friday” incident).

relevant for countries like Myanmar that have experienced deep conflict over the years – in other words, conflicts, unresolved for decades, over the basic nature of the national community and its membership.<sup>5</sup>

In this article, I wish to use the example of Japan – the most generous donor of official development assistance to Myanmar – to argue that the inflow of large amounts of ODA is likely to be destabilizing. Indeed, it is likely to make deep-rooted social and ethnic conflicts inside Myanmar even worse than they are now unless, prior to large-scale economic intervention, there is a *political* resolution to the most serious of these conflicts. But a genuine political resolution requires institutional (or constitutional) change and a devolution of power from the military-dominated central government to states and regions, ethnic minorities and local communities, which the retired military officers in Naypyidaw are extremely loath to undertake. In terms of its political interests, throwing money at social problems by building ODA-funded projects such as SEZs and integrated transport networks not only avoids diminution of state power, but in fact enhances it. Thus, recipient regimes are likely to look upon ODA from Japan (and other nations and agencies as well) as a gift that confers benefits in the form of technical and economic power to elites, while non-elites and marginalized groups will benefit minimally – or not at all.

## Unfinished Business: The Roots of Deep Conflict

Understanding Myanmar's deeply conflicted society requires at least a summary discussion of its modern history. A major battlefield during World War II, it experienced some of the war's most intense fighting both in 1942, when the Japanese successfully expelled the British colonialists from all but the most remote parts of the country, and in 1944/1945, when, after the bloody Japanese defeat in the 1944 Imphal campaign in northeast India, the Allies reoccupied the country, recapturing Yangon (Rangoon), the colonial capital, in May 1945. Along with tens of thousands of foreign (Japanese, British Indian, British, East and

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5 Such deep conflicts seem to occur most often in those countries in which there is no consensus on “stateness” – that is, where there is no agreement on which people (and the territories they live in) are part of the national community, and which people/territories are not. Struggles for secession in countries such as the Civil War-era United States, Ireland, Israel/Palestine and Myanmar tend to be not only violent but also protracted.

West African, Chinese, American) troops, indigenous guerrilla fighters and “pocket armies” sprung up around the country, armed with easily obtainable Japanese and Allied weapons. While a British colony, Burma was perennially restless, but the war threw it into chaos and a vicious cycle of score-settling, especially between the Barmars, who generally cooperated with the Japanese occupiers until Aung San’s uprising in March 1945, and many of the ethnic minorities such as the Karens, Chins and Kachins who remained loyal to the British.

The surrender of Japan in August 1945 and the repatriation of Japanese troops did not bring an end to fighting inside Myanmar. In 1948/1949, the newly independent Union of Burma faced “multi-coloured insurgents” who included not only the majority faction of the Communist Party of Burma, known as the White Flag communists, but also ethnic minorities, particularly the Karens, who wanted to carve an independent Karen state (“Kawthoolei”) out of the Union’s territory along the Thai–Myanmar border. During the Ne Win years (1962–1988), as many as thirty insurgent groups operated in the border areas, the most formidable being the China-backed People’s Army of the Communist Party of Burma.<sup>6</sup> Annually, the Tatmadaw launched dry-season offensives against the well-armed communists but was unable to dislodge them from their bases in Shan State along the Myanmar–China border. However, these campaigns caused great suffering among civilians, as did similar campaigns against the Karens and Mons of southeast Myanmar, the Shans and other minorities in central Shan State and the Kachins of northern Myanmar.

Although the post-1988 junta agreed to ceasefires with most of the major ethnic armed groups in the late 1980s and early 1990s (a major exception being the Karen National Union), the split between Barmars and minorities has remained a salient feature of Myanmar’s politics up to the present day. The achievement of a comprehensive and conclusive ceasefire agreement between the post-2011 government and armed groups has continued to be elusive due to mutual lack of trust. Although the communist insurgency broke apart in 1989, one of its present-day successor groups, the United Wa State Army (UWSA), remains the larg-

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6 Cooke (1983: 232–235). Large and small, the insurgencies could be divided into three kinds: (1) the communists; (2) armed groups identified by ethnic affiliation, sometimes but not always seeking independence for their people; and (3) warlord groups, which prospered through the export of opiates and included the Chinese Irregular Forces, Kuomintang units that fled the communist takeover in 1949 in Yunnan and established bases in Shan State east of the Salween River.

est and best-equipped ethnic armed group, and has become a kind of “mini-state” in northern and eastern Shan State, carefully guarding its armed strength and autonomy from the central government while exporting drugs to international markets. Because it is highly unlikely that the Tatmadaw, even with advanced weapons, could subjugate the Wa, their mini-state (which is inside the Chinese sphere of influence rather than being integrated into Myanmar) will be a challenge to Myanmar's national unity for years to come.

Although it signed a ceasefire with the State Law and Order Restoration Council (SLORC) regime in 1994, the Kachin Independence Army (KIA) went back to fighting the Tatmadaw in June 2011, while the Karen National Union (KNU) signed a provisional ceasefire with the government in 2012, though because of animosity between the KNU and the Democratic Karen Buddhist Army (DKBA), a “pro-government” group, tensions remain high in areas where Karens live in large numbers. Most recently, relations with China have been complicated by fighting between the Tatmadaw and a small but strategically placed group known as the Myanmar National Democratic Alliance Army (MNDAA, also known as the Kokang group), mostly composed of drug-dealing Han Chinese guerrillas who operate along the Myanmar–China border. In western Rakhine (Arakan) State, the refusal of the central government to grant citizenship to the Muslim Rohingyas and the hostility of local Buddhists have been motivations for violence against the minority by both the army and Buddhist religious extremists. Communal violence in central Myanmar in 2013 indicates that Buddhist hostility against the Rohingyas has broadened out into hostility against practically all Muslim communities, with extremist monks such as U Wirathu playing a major role in fanning hatred (International Crisis Group 2013: 17–18).

Conflict in Myanmar, however, is not only defined ethnically or religiously. In the central part of the country, inhabited mostly by ethnic-majority Bamar Buddhists, who comprise about two-thirds of the country's total population, the military-dominated state under General Ne Win (1962–1988) had a coercive relationship with urban and rural populations, reflected both in the growth of a huge black market that challenged Ne Win's socialist control of the economy and in occasional uprisings by students and other city dwellers, especially in Yangon, which were sparked by shortages of basic necessities such as rice and/or by abuses of power by Ne Win and his cronies. Social unrest reached crisis proportions in the mid-1970s, but Ne Win was able to remain in power until 1988, when student and popular protests throughout central My-



anmar led to the old dictator's decision to retire and hand power to a younger generation of Tatmadaw officers.

Thus, the bloody confrontations of "Democracy Summer" in 1988 were essentially a family fight among Bamars, with the ethnic-minority insurgents looking on. Once the SLORC junta was in power, both in central Myanmar and the border areas it carried out policies of forced labour and forced relocation that were meant to deprive anti-junta activists of supportive populations and to generate cheap (or free) labour for the junta's economic development projects, including the construction of an entirely new national capital at Naypyidaw in central Myanmar, which was formally established in November 2005. Forced relocation to peripheral squatter zones, especially in Yangon, was designed to undermine the local roots of workers' and middle-class resistance to the state in urban areas after 1988; the junta even decentralized the universities, shutting down old campuses near the city centre and constructing new ones in Yangon's periphery lacking student housing that would have enabled students to live on campus and form activist associations (post-1988 university students were expected to commute from the city, usually a long journey, or take correspondence courses) (Seekins 2011: 163–170). SLORC/SPDC policies were even more oppressive than those of Ne Win for ordinary people, so even in the Buddhist Bamar heartland, despite conditions there being generally more peaceful than in the border areas, the central government enjoys only very limited support or legitimacy.

Since the transition initiated by U Thein Sein and his fellow officers in 2011 has included neither an adoption of a truly federal system of autonomy in ethnic-minority areas nor an attempt to improve relations between the Tatmadaw and civilians through the establishment of a just rule of law (including clearly defined and fairly administered land rights), state–society relations are enforced through material incentives or, when those fail, coercion, which has happened most egregiously when the police tried to remove farmers from their land to allow the expansion of a copper mine at Letpadaung, near Monywa in the Bamar heartland, which is a joint venture between Union of Myanmar Economic Holdings, a military-owned conglomerate, and Wanbao Copper Mining, Ltd., a Chinese company. Flaring up in November 2012, the Letpadaung stand-off has continued up to the present (Zarni Mann 2015). Although the human rights situation in Myanmar overall has generally improved since the Constitution was implemented in 2011 (for example, most political prisoners have been released from jail, though a few new ones have been

arrested), the Tatmadaw has shown no real remorse for past injustices nor a commitment to better government in the future.<sup>7</sup>

## Japan's Economic Interventions in Myanmar, 1954–2010

Despite the authoritarianism of both the Ne Win regime and the SLORC/SPDC, Japan, which since the resumption of bilateral relations in 1954 has on a year-by-year basis usually been the most generous provider of ODA to Myanmar, has rarely if ever criticized the coercive nature of military rule since it was first imposed by Ne Win in 1958.<sup>8</sup> On several occasions, Tokyo called on the junta to improve its treatment of Daw Aung San Suu Kyi after 1988 and requested her release from house arrest in line with the support for the pro-democracy leader given by the United States and other Western countries (Seekins 2007: 106–110). But in aid-planning and implementation, Tokyo has tended to take an attitude of strict non-interference in the recipient nation's politics. Or rather, it has defined its role as primarily economic and technological in an effort to make Myanmar a “developed” country, an objective that would be uncontroversial except for the nature of successive military regimes and social and ethnic conflicts since the late 1940s.

Shorn of its “Greater East Asia” ideology (which before August 1945 preached a “sacred war” by Asians against “white colonialism”) and the capacity to wage offensive war following the 1947 adoption of the American-drafted “Peace Constitution”, Japan's relations with the Southeast Asian nations it occupied during the Pacific War were encouraged by its principal post-war ally, the United States, but only in the economic, technical and commercial spheres. However, the Union of Burma under the government of Prime Minister U Nu refused to sign the 1951 San Francisco Treaty, which restored Japan's independence after the Allied occupation and its membership in the international community. As leaders of non-aligned nations, neither U Nu nor his

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7 The 2008 Constitution specifically precludes criminal proceedings against any of the (military) members of the SLORC or SPDC in Article 445: “No proceedings shall be instituted against the said Councils or any member thereof or any member of the Government, in respect to any act done in the execution of their respective duties” (Constitution 2008: 178).

8 For an 18-month period from 1958 to 1960, Ne Win led the “Caretaker Government”, which exhibited many of the features of the Tatmadaw's coercive, top-down control of the country after his coup d'état on 2 March 1962. Seekins 2011: 88–92.

close friend Jawaharlal Nehru, prime minister of India, approved of the 1951 Japan–US Security Treaty, which allowed Japan to serve as an “unsinkable aircraft carrier” in America’s Cold War strategy to “contain” and roll back the tide of communism in East Asia.<sup>9</sup> Instead, Burma and Japan signed a separate bilateral treaty in November 1954 that not only normalized diplomatic relations but also committed Japan to giving the equivalent of 250 million USD in war reparations to Burma, the first given by Tokyo to any Asian nation. Of the total 250 million USD to be disbursed over a ten-year period, 200 million USD was to be utilized for the purchase of Japanese goods and services for reconstruction purposes and the remaining 50 million USD for technical assistance and Myanmar–Japan joint venture projects (Seekins 2007: 57–61). For certain Japanese companies, war reparations for Myanmar provided a welcome opportunity to make money, since the Korean War boom that had stimulated Japan’s industry from 1950 to 1953 had just ended.

War reparations (supplemented by “quasi-reparations” amounting to 140 million USD after the initial reparations were paid out in the 1960s) constituted the first chapter in Japan’s aid relationship with Myanmar after the war, which by 2015 had a history six decades long. One of the most important reparations projects was the construction of the Baluchaung Hydroelectric Project in Karenni (Kayah) State, which, despite the presence of anti-government guerrillas in this remote and mountainous region, supplied Yangon with a dependable source of electric power until the power plant became ramshackle during the socialist era and caused frequent blackouts. Another key component of the reparations package was the “four industrial projects”, which were designed to stimulate Myanmar’s industrialization by funding assembly plants for the manufacture of light vehicles, heavy vehicles (trucks), agricultural machinery and electrical items; the plants were provided with parts from Japanese companies: Mazda (light vehicles), Hino (trucks), Kubota (farm machinery) and Matsushita (electrical items). Although boxy little Mazda “jeeps” were a familiar sight on Yangon’s streets during the socialist era, the four industrial projects were considered overall a failure by many Japanese observers since made-in-Japan parts were not replaced by parts manufactured inside the country (“domestic content”). However, Tokyo’s support for the four industrial projects in the form of yen loans continued until the late 1980s (Seekins 2007: 60, 61).

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9 The term “unsinkable aircraft carrier” was coined by Japanese prime minister Nakasone Yasuhiro in the 1980s.

Apart from its security relationship with the United States, Japan's ODA has been arguably the most important element in its post-war foreign policy, with most loans and grants going to nearby countries in East and Southeast Asia since the original war reparations were paid out not only to Burma but also to Indonesia, the Philippines, South Vietnam and other countries. For internationally minded members of the Japanese public as well as its leaders, the distinction of becoming the world's most generous donor of bilateral and multilateral ODA to developing countries, achieved in 1989, was a point of great pride, as was the rapid modernization of major recipient countries such as Singapore, Malaysia and Thailand.<sup>10</sup> In Thailand, a classic "success story" for Japanese ODA, periodic military coups d'état did little to hinder the flow of big yen loans for infrastructure projects and, in the private sector, the creation of lucrative partnerships between Japanese trading and manufacturing firms and local Chinese Thai entrepreneurs, who wielded great power within the Bangkok elite, which also included the military high command, top bureaucrats and, of course, members of the Thai royal family.

In Myanmar, however, the situation was very different. The coup d'état of March 1962 led to the establishment of a Revolutionary Council junta comprised mostly of military officers close to its chairman, Ne Win, who combined top-down, authoritarian rule by decree and an iron fist in the suppression of opposition, especially student protests, with the establishment of a rigid state-socialist economic system similar to that of the Soviet Union. Approximately 15,000 enterprises were nationalized, Indian and Chinese businesspeople were persecuted and forced in large numbers to leave the country, and military officers became managers of socialist enterprises, a task which few of them were competent enough to carry out. They also replaced professionally trained civil servants, who had given Myanmar's public administration a measure of competence before the socialist "revolution" of 1962. Many of the socialist military officer-managers used their positions to build up personal economic "mini-empires" which took advantage of the opportunities provided by the illicit black market, especially the notorious Tin Oo, head of Military Intelligence until he was purged and jailed in 1983 (Seekins 2011: 94, 104, 111). In terms of its economy, Burma was one of the most promising Southeast Asian countries in the 1950s. But by 1970, Ne Win's socialist

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10 Nam Pan (n.d.: 1). Japan remained the largest donor of ODA among developed nations until 2001.

revolution had taken it far down the road toward economic stagnation and deep poverty, among the worst of any Southeast Asian nation.<sup>11</sup>

However, Japan continued to disburse generous allotments of ODA to socialist Burma; indeed, the amounts grew most impressively during the 1980s, even when it became clear that promises by Ne Win that the economy would be reformed and liberalized were never realized. Between 1980 and 1988, the Socialist Republic of the Union of Burma (as Myanmar was formally known after Ne Win adopted a constitution in 1974) was always among the top ten of Japan's ODA recipient countries and was allocated the largest-ever amount of aid it had ever received (this remained true until 2012) in the pivotal and chaotic year of 1988, 259.6 million USD (Seekins 2007: 67).

There were several reasons why this was the case:

1. *the character of the socialist regime under Ne Win* – once in power after 1962, Ne Win quickly became a “one-man ruler” who made all important policy decisions by himself rather than delegating them to qualified subordinates. Surrounded by loyal “yes-men”, he regarded politics as a matter of personal relations (despite his apparent commitment to socialist ideology). In addition, because of his wartime and post-war experiences, he remained especially close to Japanese diplomats and war veterans; because of its “Peace Constitution”, Japan also seemed less threatening to the isolationist Ne Win than did other major aid donors, especially the United States;
2. *“request-ism” (special characteristic of Japanese aid)* – “request-ism” (Japanese: *yosei-shugi*) was adopted by the Japanese government as a way of respecting the sovereignty of recipient nations. Instead of aid projects being drawn up by technocrats in the donor nation, the recipient nation initiates the application for loan or grant funds (though often if not usually with the assistance of Japanese consulting firms); thus, Ne Win had a great say in which projects would be implemented;
3. *large infrastructure projects (special characteristic of Japanese aid)* – Japanese ODA in Myanmar and elsewhere tended to focus on public works and large infrastructure projects rather than “grassroots” or small-scale projects; usually, these projects were financed with concessional loans rather than grants in order to promote the recipient country's “self-reliance”;

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11 Steinberg (2001: 12–27). According to Steinberg (2001: 17), “Japan was the major foreign support to all Burmese regimes, and without its assistance in the 1960s they might well have collapsed.”

4. *the “Boomerang Economy”* – because of (3), above, ODA procurement contracts became a profitable source of revenue for major Japanese trading and manufacturing companies, even if projects were not formally tied to Japanese sources; in other words, funds allocated by the Japanese government for aid “boomeranged” back to Japanese companies after being spent on goods and services inside the recipient country; and,
5. *the (Japanese) perception that Myanmar has great potential in terms of its natural resources and labour force* – Myanmar’s abundance of energy, mineral, forest and agricultural resources has attracted attention since the nineteenth century, when the British took over the country. This was a major motive for Japanese occupation of Burma during the Pacific War. Moreover, since 1988 and the end of socialism, Myanmar has become a locale for very cheap labour.

The SLORC power seizure in September 1988 initiated a period of crisis in Myanmar’s internal affairs and its foreign relations that lasted for 23 years (1988–2011), only three years shorter than the socialist period (1962–1988). During this time, the state-socialist system was largely dismantled and the Myanmar economy was “opened” to investments by neighbouring countries, especially the People’s Republic of China, Thailand and Singapore. But despite the initially high expectations of the Japanese business lobby, the Japanese aid presence shrank (because yen loans were no longer extended, see below) and Japanese private investment never took off.

There were various factors involved in the decline of the Japanese economic presence during the junta period:

1. The SLORC/SPDC’s severe human rights violations and its ignoring of the results of the May 1990 general election, which was a landslide victory for the opposition NLD, led Western countries to enact sanctions against the regime and its local business partners (post-1988 “crony capitalists”). American sanctions were the most severe, and since the United States was Japan’s most important ally, Tokyo could not afford to ignore Washington’s human rights agenda by carrying out full engagement with the military regime. There was occasional “Myanmar friction” (Japanese: *myanmaa masatsu*) between Japan and the United States over Japan’s alleged eagerness to engage with the junta; and Japan’s adoption of the 1992 ODA Charter, which recognized democratization as a factor in aid allocations to recipient countries, seemed an attempt on Tokyo’s part to placate Washington – although it is unclear that democratization was ever

actively applied as a criterion in Japan–Myanmar relations, save for the moral support given by the Japanese government to Daw Aung San Suu Kyi.

2. Because of its economic ills, Myanmar could not afford to pay its international debt obligations (most of which were owed to Japan) by 1987, which made it infeasible for Tokyo to continue to provide yen loans.
3. Although Ne Win hoped to exercise influence if not control over the SLORC/SPDC junta after retiring in 1988, he was unable to do so, and as a result Japanese diplomats, businessmen and others did not enjoy the privileged access to the top leadership that they had before 1988; the new generation of military officers who held the top positions in the SLORC/SPDC junta had few if any close ties to Japan, and indeed seemed surprisingly willing to allow the People’s Republic of China to gain a dominant economic position in the country.
4. The end of the Cold War in the late 1980s and early 1990s (including the collapse of the Communist Party of Burma) led to an era in which Myanmar’s neighbours, especially Thailand and other member states of the Association of Southeast Asian Nations (ASEAN), were interested in “turning battlefields into marketplaces” (in the words of a Thai prime minister) and promoting the economic integration of (mainland) Southeast Asia. As a result, Thailand, Singapore, Malaysia and other states made large investments in Myanmar, which provided the junta with non-judgemental alternatives to the West and Japan. Myanmar was invited to become a member of ASEAN in 1997. Aid from Beijing, however, played the most important role in buoying up the post-1988 regime. China has utilized Myanmar as both a source of much-needed natural resources and a market for Chinese manufactured goods, including weapons.

The rise and decline of the Japanese aid presence is clearly reflected in statistics. During the last decade of the socialist period (1978–1988), the average amount of Japanese aid allocated annually was the equivalent of 154.8 million USD; this fell to 86.6 million USD during the period from 1989 to 1995, and still further to 36.7 million USD from 1996 to 2005, most of which was in the form of grants, humanitarian aid and debt-relief grants (Kudo 2007: 7).

The lowest point in relations between Myanmar and Japan came in September 2007 during the “Saffron Revolution”, protests against the SPDC led by Buddhist monks. A Japanese journalist, Nagai Kenji, who was taking pictures of the crowds of demonstrators, was shot dead by a

member of the Tatmadaw on a street in central Yangon. The SPDC claimed that he was killed by a stray bullet, but the incident was videotaped and broadcast around the world. It clearly showed Nagai being shot point blank by the soldier (Schoff 2014: 19, note 14). With the SPDC seemingly clinging tight to its hard line, a favourable resolution of Myanmar's political crisis seemed farther away than ever.

## Myanmar and Japanese Aid after 2011

Even in the post-junta period when it seems that the dead hand of military hardliners has at last been lifted from the country, Myanmar faces problems that sometimes seem insuperable. Decades of civil war, neglect and poor governance under Ne Win and the SLORC/SPDC have left the country in very poor shape. Recent statistics show that despite its relatively low average population density and abundance of natural resources, it is one of the poorest countries among the ten members of ASEAN: Its GDP per capita of 1,126 USD (2012) is only slightly higher than that of Cambodia (944 USD in 2012) and is exceeded by that of Laos (1,369 USD in 2012).<sup>12</sup> According to figures published in the CIA *World Factbook*, 32.7 per cent of Myanmar's population lives below the poverty line, compared to 20 per cent for Cambodia and 22 per cent for Laos.<sup>13</sup> It would seem that renewed flows of aid from Japan can only be good news for the majority of the country's struggling population.

However, the conventional approach to development, seeing it as solely an economic or technical problem while ignoring the political, social and historical contexts, poses the danger of causing more harm than good to local communities while exalting the goal of economic growth as a good in itself. Even in the economically most "successful" Asian states such as Singapore, South Korea and Japan itself, resolving social conflict has been a great challenge for governing elites, even if it has been less crippling internally in those countries than in Myanmar, given the latter's history of war, civil war and social unrest since British colonial times, as described above. This suggests that while the "eco-

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12 United Nations (2014: 49, 50, 81, 82, 96). These figures have not been calculated with Purchasing Power Parity (PPP).

13 US Central Intelligence Agency (2015), online: <[www.cia.gov](http://www.cia.gov)> under the headings "Burma", "Cambodia" and "Laos". According to the *World Factbook*, Myanmar is listed as number 170 out of 230 countries and territories ranked by GDP per capita (4,800 USD at purchasing power parity); the only East or Southeast Asian countries with lower ranks are Cambodia (no. 183, 3,300 USD PPP) and North Korea (no. 208, 1,800 USD PPP).



nomics-before-politics” approach may be (to a limited extent) effective in small or ethnically and culturally homogeneous societies, especially those which idealize formal and hierarchical social structures (as East Asian, Confucian-based societies tend to do), it is of very limited usefulness in societies such as Myanmar’s – with a diverse range of ethnicities and strong religious values that frequently challenge the authority of the state.<sup>14</sup>

Unlike the United States and the European Union countries, Japan did not impose sanctions during the long SLORC/SPDC period. Through the method of “quiet dialogue” (Japanese: *shizuka na taiwa*), the government in Tokyo, especially the Ministry of Foreign Affairs, sought to persuade Myanmar’s generals to soften their approach to political opposition, especially regarding Daw Suu Kyi, and carry out economic reforms. As a Foreign Ministry spokesman described it in 2001, quiet dialogue was

a position which places importance on human rights and democracy as a matter of course, but on the other hand, together with our fellow Asian countries, we prefer not to use sanctions, but to speak as friends. What are the expectations of the international community? What needs to be done for Myanmar to be accepted into the international community? These are things we are in a position to discuss quietly (Seekins 2007: 93).

“Quiet dialogue” made sense, especially when compared to the sanctions used by the United States and (to a lesser extent) other Western countries, which sometimes caused greater hardship to ordinary Myanmar people than to the Tatmadaw elite and their business cronies.<sup>15</sup> Although critics claimed that this non-judgemental approach did little to soften the junta’s authoritarianism, “quiet dialogue” was strategically wise, placing Japan in a good position to take advantage of any favourable political

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14 Myanmar’s traditional political culture can be characterized in terms of an old proverb: “The five things a person must avoid are flood, fire, thieves, our personal enemies and *min* (the king, or state).” In contrast, Confucianism in practice in East Asian states tended (or tends) to assume the benevolence of authority, whether state or parental. Even the supposedly revolutionary regime in China has reconciled itself to Confucianism, establishing “Confucius Institutes” worldwide to promote traditional Chinese culture.

15 For example, the Burmese Freedom and Democracy Act passed by the US Congress in 2003 in the wake of the Black Friday incident embargoed exports from Myanmar and reportedly led to the laying off of thousands of female textile workers, some of whom were so desperate they went into the sex industry (Seekins 2005: 442).

changes that might occur. In addition, Tokyo found other ways to protect its (potential) interests inside of Myanmar, including the activities undertaken by Japanese non-governmental organizations, especially the network of charities connected to the Sasagawa Peace Foundation; Myanmar's inclusion in regional projects funded partially by Japan as well as the more prosperous ASEAN nations, especially the Greater Mekong Subregion scheme; and, the continuation of ODA in the form of grants, humanitarian aid, technical cooperation and debt relief, even though (as mentioned above) total allocations for Myanmar were at significantly reduced levels (Seekins 2007: 154).

These scaled-down or indirect types of engagement and the lack of formal sanctions helped Japan to very quickly restore its presence in the country after President U Thein Sein assumed office in March 2011. As Sean Turnell, an Australian economist with much experience in Myanmar, remarked the following year: "I've been somewhat astonished by the extent of the Japanese involvement and the alacrity with which they've moved" (Fuller 2012).

In the Japanese fiscal year 2012 (beginning on 1 April), Myanmar became the "top" recipient of Japanese ODA "for the first time ever", displacing Vietnam, which had been in the number-one spot since 2009. Japan was Myanmar's largest creditor (approximately 75 per cent of all foreign-debt obligations) and provided not only a bridge loan to resolve these obligations, but also 900 million USD to pay off debt owed by Myanmar to the World Bank and the Asian Development Bank (Nam Pan n.d.: i, 30, 31). This made Myanmar eligible to accept new loans – especially from Japan. However, the 2014 *Annual Report* of the Japan International Cooperation Agency (JICA) noted that in the previous year, 2013, the total value of its ODA (loan and grant) projects in Myanmar amounted to only 23 billion JPY, or 6 per cent of the total for the South-east Asian region.<sup>16</sup> In other words, there is plenty of room for Japan's aid presence to grow.

In FY2013–FY2014, Japan allocated new yen loans for projects inside the country for the first time in a quarter of a century. These were the:

- "Urgent Rehabilitation and Upgrade Project", phase one (goal: improvement of provision of electric power to Yangon; amount: 14.05 billion JPY; date: June 2013);

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16 JICA 2014: 21. By comparison, Vietnam's total of projects by value was 171 billion JPY and Indonesia's 75.7 billion JPY.

- “Regional Development Project for Poverty Reduction”, phase one (goal: provision of vital infrastructure such as roads, electricity and water supply; amount: 17 billion JPY; date: June 2013);
- “Infrastructure Development Project in Thilawa Area”, phase one (goal: development of Thilawa SEZ, southeast of Yangon; amount: 20 billion JPY; date: June 2013);
- “Yangon–Mandalay Railway Improvement Project”, phase one (goal: improvement of rail service between Myanmar’s two largest cities; amount: 20 billion JPY; date: September 2014);
- “Infrastructure Development in Thilawa Area”, phase two (goal: development of roads in Thilawa SEZ; amount: 4.61 billion JPY; date: September 2014);
- “Irrigation Development Project in Western Bago Region” (goal: irrigation and flood control; amount: 14.87 billion JPY; date: September 2014); and
- “Greater Yangon Water Supply Improvement Project” (goal: water supply, sewerage and sanitation; amount: 23.68 billion JPY; date: September 2014) (JICA 2015b; Nam Pan n.d.: 28).

These new loans amounted to 114.22 billion JPY, or approximately 1.04 billion USD at an exchange rate of 110 JPY = 1 USD, a very large sum when compared with total aid allocations (grants, technical cooperation and loans) of 244.1 million USD in FY1986 and 259.6 million USD in FY1988, just before the SLORC junta came to power (Seekins (2007: 62–64, 67).

Tokyo’s liberality in allocating ODA funds to Myanmar reflects changed conditions not only inside Myanmar but also in Japan itself and in relations between Tokyo and Washington. With steadily warming Washington–Naypyidaw ties, actively promoted by President Barack Obama, “Myanmar friction” has become a thing of the past, removing a major barrier to fuller engagement by Tokyo. Moreover, the Liberal Democratic Party’s victory in the Japanese general election of December 2012 brought the right-wing, hawkish Abe Shinzo to power as prime minister. Along with being eager to make Japan a major regional power and commit the country to military operations abroad as an ally of the United States, Abe is son of the late Abe Shintaro and grandson of Prime Minister Kishi Nobusuke, both of whom were prominent members of a “Burma lobby” inside the ruling circles of the Liberal Democratic Party.

## Japanese Aid to Myanmar: A Convergence of Interests

Although official development assistance is often surrounded by an aura of altruism, which donor governments usually promote to enhance their own images domestically and internationally, in actuality it is driven by the convergence of the interests (or self-interests) of diverse parties, in which the goal of benefitting ordinary people in the recipient country frequently plays a subordinate role. Unlike other interested parties, the local people most directly affected by aid projects generally are cut out of the process of planning and implementation, leaving them bystanders to decisions that in many cases will deeply change their lives.

Donor nations use ODA to increase their influence in recipient countries, which in the case of Myanmar has led to efforts by both Japan and the United States since 2011 to offset the major economic influence of China, part of a larger strategy to “contain” Beijing’s influence throughout East and Southeast Asia. During the SLORC/SPDC period, as aid flows from Japan and Western countries declined, the People’s Republic of China became Myanmar’s largest provider of aid and investment, as well as providing arms such as fighter aircraft, tanks and patrol boats to modernize the Tatmadaw (Steinberg 2001: 223–237). Since then, Myanmar has gradually emerged as a pawn in a new “great game” between China on one side and the United States and Japan on the other, causing the partial re-emergence of a “Cold War” power structure in which relations with smaller nations are conditioned by the “strategic” concerns of the bigger powers (Aung Zaw 2013). Should in the future a hardline group of Tatmadaw generals seize power and take the country back to the dark days of the SLORC/SPDC (a development that is plausible given the 2008 Constitution in its original and un-amended form), apprehensions concerning China’s “domination” of Myanmar might be a factor in persuading both Tokyo and Washington to continue providing aid and other forms of engagement even if serious human rights abuses occur – which no doubt would cause Daw Aung San Suu Kyi and her supporters to feel greatly disillusioned.

On the Myanmar side, Japan’s offering of new aid is much welcomed. Even before U Thein Sein became president, there was evidence that certain members of the Tatmadaw elite were uneasy about China’s growing influence inside the country. In 1992, an unsuccessful assassination attempt by lower-ranking officers against Lt. Gen. Khin Nyunt, the powerful and much-feared head of Military Intelligence, was apparently motivated by their perception that Khin Nyunt was making too many

concessions to China in the border areas, which was one of his areas of special responsibility before his ouster in 2004 (Seekins 2006: 253). The popularity of U Thein Sein's 2011 decision to suspend construction of the China-financed Myitsone Dam project at the headwaters of the Ayeyarwady (Irrawaddy) River showed that the Chinese economic presence is widely resented by ordinary as well as elite Myanmar people.<sup>17</sup> Another factor of major importance is the comparative terms of Chinese and Japanese loans: Chinese loans typically have high interest rates (4.5 per cent per annum), while JICA offers concessional loans with as low as 1 per cent interest (*Eleven Myanmar* 2015). In the words of a Malaysia-based researcher, the post-junta government opening up once again to Japanese aid is the result of "not so much an attraction to Japan as [...] a revulsion against the Chinese" (Fuller 2012).

In recent years, visits by Myanmar's and Japan's top leaders have provided opportunities to solidify ties. President U Thein Sein visited Japan in April 2013 and December 2014, while Prime Minister Abe visited Myanmar in May 2013 and November 2014, when he attended the ASEAN Summit in Naypyidaw (Japanese Ministry of Foreign Affairs 2015).

Business interests inside Japan have always been zealous in promoting full engagement with whatever government is in power in Myanmar, and the expansion of aid allocations opens up significant new opportunities for Japanese companies in the "boomerang economy", even if aid is not formally tied to Japanese firms. In Myanmar itself, the local business class, including (former) "crony capitalists" of the SLORC/SPDC, look forward to sharing in the profits provided by new aid projects.

However, the impact of expanded aid on Myanmar's society and people is a matter of great sensitivity, given the country's long history of conflict. In the past, the great majority of Japanese ODA projects were concentrated in central areas of the country where the ethnic-majority Barmars live (Seekins 2007: 69). However, Japanese interest in ethnic-minority areas, especially those where Karen and Mon people live (Karen and Mon States), has grown, and since 2011 Tokyo has expressed its willingness to play a major role in the development of these regions in southeast Myanmar.

One of the "three priority areas" for Japanese aid to Myanmar as defined by the Ministry of Foreign Affairs in 2015 is the "improvement

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17 Among other issues, the large-scale immigration of Chinese citizens into Myanmar after 1988, mostly from neighbouring Yunnan Province, has stoked fears among Myanmar people of a Chinese fifth column. The exact number of Chinese migrants in the country is not known. Seekins 2006: 145.

of people's livelihoods" – "including assistance for ethnic minorities and poverty groups as well as agricultural and rural development" (JICA 2015a). In a 2013 speech in Yangon, the president of the Japan International Cooperation Agency described this as "peace-building" and went on to say:

We believe that the key to internal peace is the regional poverty reduction and shared improvement in living standards. JICA is conducting a "Programme for Ethnic Minorities in Karen and Mon States", a comprehensive approach including social infrastructure, industrial development, development of agriculture, enhancement of the administrative capacity, as well as development of economic infrastructure. If it proves successful, we will consider extending similar efforts to other regions. In addition, JICA expects Myanmar to accelerate sharply its efforts to remove deadly landmines, as their presence hinders development activities (JICA 2013).

## Conclusion: Who Benefits from Japanese Aid?

With the possible exception of parts of Shan State, which became a major site of guerrilla clashes between different armed groups and forced relocation during both the Ne Win and SLORC/SPDC eras, no part of Myanmar has endured so much conflict over more than seven decades than Karen (Kayin) State. During World War II, the mountainous region near the Myanmar–Thailand border witnessed intense fighting between Japanese troops and Karen guerrillas loyal to the British. Following the Karen uprising in 1949 against the government of Prime Minister U Nu, this region came under the control of the Karen National Union (KNU) and its armed force, the Karen National Liberation Army (KNLA). Its commander, the late Saw Bo Mya, refused to sign a ceasefire with the SLORC/SPDC regime and was a stalwart supporter of united fronts among the ethnic armed groups and Bamar dissident students after 1988. The Tatmadaw could not defeat the strong and well-organized KNLA until the Democratic Karen Buddhist Army was established in 1994 and split away from the KNU, alleging that the Christian KNU leadership discriminated against Karen Buddhists. Thanks to the DKBA's fifth-column activity, the well-fortified KNU headquarters of Manerplaw fell to the Myanmar army in January 1995, leaving the remaining KNLA forces in disarray. Karen communities found themselves the intensified targets of not only the Tatmadaw, but also attacks by the KNLA and the DKBA on villages loyal to one or the other of the two armed groups.

The fall of Manerplaw and its aftermath resulted in tens of thousands of new internally displaced people and new refugees in western Thailand. It is against this backdrop that the KNU agreed to an uneasy ceasefire in 2012.

In September 2014, the Karen Peace Support Network (KPSN), a group of nearly 30 Karen civil society organizations, published a paper, “Critique of Japan International Cooperation Agency’s Blueprint for Development in Southeastern Burma/Myanmar”, which warned that an economics-before-politics approach to development in ethnic-minority areas might exacerbate rather than resolve conflict. According to the report, major flaws in JICA’s development plan include working through established administrative institutions rather than recognizing the need to reform them to provide for genuine federal autonomy; failing to investigate the sources of conflict in Karen and Mon States and assuming that poverty rather than politics (or power inequalities) is the major factor in ethnic unrest; and failing to consult with local people, including women, refugees and internally displaced people, on JICA’s blueprint. The KPSN recommended that a moratorium on pilot projects related to the JICA scheme be initiated until this consultation process has been carried out thoroughly (Karen Peace Support Network 2014: 1–3).

Several of Japan’s aid projects for Myanmar display an ambition and scale that exceeds those of earlier infrastructure projects, including not only the development plan for Karen and Mon States but the Dawei (Tavoy) SEZ, a 60 billion USD project – a collaboration of Thai and Japanese public and private sectors located in still another ethnic-minority area (Tanintharyi [Tenasserim] Region) in southern Myanmar – and the Thilawa SEZ, located southeast of Yangon, which is already under construction and can now be considered the flagship of the Japanese aid presence in the country.

According to a 2014 report by the international NGO Physicians for Human Rights (PHR), during phase one of the development of the Thilawa project, which has converted farmland into sites for infrastructure and industry, former residents of the area responded in a survey that they were pressured to leave their land and were resettled in areas that were substandard in terms of access to cropland, water and basic facilities, including healthcare. The report states:

PHR found that the displacement process fell significantly short of meeting international guidelines, most notably because the residents felt threatened by the government with lawsuits and imprisonment if they did not move. Furthermore, the compensation al-

lotted to displaced persons was insufficient for them to maintain their livelihoods.<sup>18</sup>

Their standard of living turned out to be markedly worse after resettlement compared to before.

The report indicates that unless projects such as Thilawa proceed in a manner more cautious *vis-à-vis* the human and natural environment, the economic development of Myanmar will not be free of the old evil of land-grabbing, in this case to generate profits for both foreign and domestic companies.<sup>19</sup>

Apart from their large scale, what these projects have in common is the fact that if they are carried out successfully, the Myanmar government will have at its disposal considerable new resources, capacities and physical infrastructure that will enhance its control of sensitive ethnic-minority areas as well as the Bamar heartland. For example, in each of the three projects mentioned, highways will be constructed both inside Myanmar and linking Myanmar with Thailand. These could easily be used by the Tatmadaw to quell resistance by restive Karens or Mons.

Moreover, the projects rest on the assumption that economic development and rising standards of living will solve political problems, that in a newly industrialized and commercially viable economy, old social fractures will heal of themselves. In fact, experience has shown that the opposite is true: Economic development often brings greater social conflict. Hitherto remote Kachin State has experienced development, mostly in the form of the extraction of natural resources, over many years since the Kachin Independence Army signed a ceasefire with the SLORC in 1994. But fighting has broken out between the KIA and the army over the tensions caused by this development (Karen Peace Support Network 2014: 11, 12). The history of colonial Burma illustrates the same tragic outcome. In the eyes of the British colonialists and investors in London, Glasgow and Calcutta, the old Kingdom of Burma was woefully primitive and underdeveloped despite its treasure trove of natural resources. The British opened up practically every sector of the economy to commercial exploitation – including energy (oil), agriculture and

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18 Physicians for Human Rights and Mekong Watch 2014: 5. During phase one of the project, 68 households were resettled; the number for phase two is planned to be 846 households (Physicians for Human Rights and Mekong Watch 2014: 5).

19 At Thilawa, “the Japanese government and three Japanese companies partnered with the Burmese government and a consortium of Burmese companies to develop phase one of the site” (Physicians for Human Rights and Mekong Watch 2014: 5).



minerals – but social conflict intensified even before Japanese troops breached Burma's borders in early 1942.

Without a *political* resolution to Myanmar's many social conflicts, including the establishment of genuinely open political institutions, the large-scale, "economics-first" aid of Japan and other countries is likely to hinder rather than promote the country's development into a truly democratic and developed country.

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# New Developments in India–Myanmar Bilateral Relations?

Pierre Gottschlich

**Abstract:** The article deals with bilateral relations between India and Myanmar. It argues that the current transformation processes offer a unique opportunity for a major readjustment of India's foreign policy towards Myanmar. In taking on India's perspective, it assesses the history, current state of and prospects for the relationship between New Delhi and Naypyidaw in six policy areas: democratization and stability; security in India's Northeast region and illegal migration; trade and infrastructure; energy security; development cooperation; and the role of China.

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**Keywords:** Myanmar, Burma, China, India, foreign policy

**Dr. Pierre Gottschlich** is an assistant professor in the Department of Political Science at the University of Rostock, Germany. In 2010, he completed his Ph.D. thesis on the Indian diaspora in the United States. His research focuses on government, politics and international relations in South Asia and on the political, socio-economic and cultural effects of transnational migration. He has published two monographs and numerous research articles on various subjects, ranging from nuclear proliferation to election studies.

E-mail: <pierre.gottschlich@uni-rostock.de>

# 1 Introduction

Recent political developments in Myanmar<sup>1</sup> since 2011 have led to cautious hopes for a beginning of democratization and liberalization processes in the country (Bünthe 2014). With a possible political and economic transformation, there might also be room to reconsider Myanmar's foreign policy, particularly regarding its giant neighbours, China and India (Gordon 2014: 193–194). Likewise, international actors may reassess their strategy towards a changing Myanmar (Singh 2012: 26). In such a period of transition, new and unexpected opportunities might open up to either readjust or even drastically alter foreign policy doctrines and traditions. In some cases, a complete fresh start of bilateral relations might occur, ideally to the benefit of both parties involved.

This article<sup>2</sup> deals with the bilateral relationship between India and Myanmar as an example of a possible new beginning in international diplomacy. It argues that a reassessment by India and a shift in the relations between New Delhi and Naypyidaw is not only conceivable but, from an Indian perspective, absolutely necessary. For India, the current situation might present a unique opportunity to rectify some foreign policy failures of the past and overhaul an attitude of obliviousness and neglect towards Myanmar that has marred the relationship for decades. After a short historical overview, this paper assesses the current state of India–Myanmar relations in six different policy areas. It will look at India's role in Myanmar's process of democratization and at its interest in stability in Myanmar. Following that, security in India's Northeast and the issue of illegal migration from Myanmar will be considered. The next three topics the paper looks at are closely interconnected: Trade and infrastructure, access to energy resources and development cooperation are interdependent issues that can hardly be addressed in isolation from each other. Finally, the role of China and its influence on India–Myanmar relations is scrutinized. The concluding section summarizes the findings, describes India's view of Myanmar and offers a glimpse at the road ahead.

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- 1 I am going to use the official name “Myanmar” throughout the study. The English term “Burma” will only be referred to in a historical context, for events before the renaming in 1988, or in direct quotations, following academically accepted patterns (e.g. Renshaw 2013: 30). For the purposes of this article, there is no political connotation in the use of either “Myanmar” or “Burma”.
  - 2 I would like to thank two anonymous reviewers for their very helpful comments and suggestions.

Apart from a review of scholarly studies, policy papers and journal and newspaper articles, this paper is based on a number of interviews with leading experts on India–Myanmar relations from Indian think tanks, research institutions and universities. Here, a glaring limitation of this study becomes obvious. The history, current state of and prospects for the bilateral relationship between New Delhi and Naypyidaw are analysed from an Indian point of view. This somewhat biased perspective of course invites criticism but is also an invitation to complementary research that could shed more light on the Myanmar side of the relationship. The main purpose of this study is to offer an assessment of India’s foreign policy towards Myanmar.

## 2 Historical Overview

Today’s Myanmar was part of the British Empire in South and Southeast Asia. Since its political separation from British India in April 1937, it has been administrated as an independent unit, serving as a strategic buffer safeguarding the Indian heartland in World War II (Egreteau 2003: 19–26; Singh 2012: 27–28). After the war ended, Burma lost this role. Its importance to the British Empire was further diminished when India and Pakistan were given independence in August 1947. Burma itself became independent on 4 January 1948, but in contrast to India, Pakistan and Ceylon did not join the Commonwealth. Immediately after independence, bilateral relations between India and Burma were strong. The shared cultural and religious heritage was intensely emphasized by leaders of both nations. The deep bonds between the countries were reflected in Jawaharlal Nehru’s famous words on the occasion of Burma’s independence:

As in the past, so in the future, the people of India will stand shoulder to shoulder with the people of Burma, and whether we have to share good fortune or ill fortune, we shall share it together. This is a great and solemn day not only for Burma, but for India, and for the whole of Asia (quoted in Routray 2011: 301).

In 1951 India and Burma signed a Treaty of Friendship which, according to Nehru, was intended to last “for ever thereafter” (Lall 2006: 431). After 1954, New Delhi’s relations with Burma, as well as India’s rapprochement with China, were guided by the “Panch Sheel” (the five virtues) of peaceful coexistence: respect for the other nation’s territorial integrity; respect for the other nation’s sovereignty; mutual non-aggression; mutual non-interference in domestic affairs; and equality and ac-

tions towards mutual benefit (Mitra 2011: 187). Throughout the 1950s, bilateral affairs between India and Burma remained stable, partly because of common interests within the Non-Aligned Movement further bolstered by a strong personal relationship between Nehru and Burma's Prime Minister U Nu (Myint-U 2012: 268). In the form of development cooperation, India granted Burma a loan of 46 million USD in 1958. The military coup in Burma in 1962, however, changed the nature of the two nations' political and economic relations. While there was not necessarily an open rift between them in the following decades, a lasting mutual indifference developed that was helped by Burma's self-imposed isolation (EgretEAU 2003: 33–36). The stern repression of the Burmese democracy movement in 1988 led to a further deterioration of relations, resulting in a short diplomatic ice age between New Delhi and newly named Myanmar (Dörffel 2003: 379–380; Singh 2012: 31–32).

The 1990s brought about a substantial new orientation in India's foreign policy (Mitra 2011: 183–196). Following the severe economic crisis of 1991, which almost resulted in a total bankruptcy of India, the government of Prime Minister P. V. Narasimha Rao (1991–1996) recalibrated India's foreign relations in order to foster economic development. New Delhi's so-called “Look East Policy” focused on Asian markets and an extension of Indian trade relations towards Southeast Asia. Under this new framework, a fresh start in India–Myanmar relations was possible (EgretEAU 2003: 102). For New Delhi, economic and strategic interests now trumped democratization and human rights considerations that had previously been widely viewed as crucial to any rapprochement (Haacke 2006: 34). The new policy of “constructive engagement” (EgretEAU 2003: 132) led to the Common Border Trade Agreement of 1994 and a gradual improvement of the bilateral relationship. In 1995 India and Myanmar even conducted a joint military operation against ethnic guerrilla groups (Myint-U 2012: 71). When Indian Prime Minister I. K. Gujral (1997–1998) promulgated the “Good Neighbour Policy”, Myanmar's prospects were further enhanced. Now, India was abandoning the principle of strict reciprocity in its foreign relations within its immediate neighbourhood. Instead, New Delhi announced that it was willing to invest considerably more while at the same time assuring its respect for the “Panch Sheel”, particularly with regard to the sovereignty and territorial integrity of neighbouring countries. Regional economic cooperation became a cornerstone of India's foreign policy. For Myanmar, this development



resulted in its integration into the organization BIMST-EC<sup>3</sup> (Bangladesh, India, Myanmar, Sri Lanka, Thailand – Economic Cooperation), which aimed to establish more effective collaboration in the Bay of Bengal region (Wagner 2005: 281).

Prime Minister Atal Bihari Vajpayee (1998–2004) and the government of the Bharatiya Janata Party (BJP) brought a “real shift in India–Myanmar relations” and a much more pragmatic approach to, for instance, military-to-military contacts and economic ties (Lall 2006: 432). In 2000 both nations became founding members of the Mekong–Ganga Cooperation (MGC) group. Two years later, India and Myanmar reopened diplomatic representations and consular offices. Under the subsequent government of Prime Minister Manmohan Singh (2004–2014), bilateral economic relations between India and Myanmar were cautiously further improved without, however, resulting in a significant political rapprochement. A rare foreign visit of General Than Shwe to New Delhi in July 2010 led to the signing of many economic agreements, yet fell short of truly bringing the relations to a new level (Myint-U 2012: 221, 270–271). When Myanmar’s new president, U Thein Sein, hosted Prime Minister Singh for a state visit in Naypyidaw in May 2012, it marked the first visit of an Indian prime minister to Myanmar in 25 years and was widely regarded as “a historic milestone” (Singh 2012: 26). While once again many memorandums and agreements were signed, it seems that the visit was just a hint of the greater shifts to come.

Given the change of government in India in 2014, there may be an opportunity for a much more fundamental transformation or even a completely fresh start in relations between New Delhi and Naypyidaw. Particularly the proclamation of India’s new “Act East Policy” may signal a major shift from its former “Look East” approach towards a more proactive stance. According to critical voices in India, such a reorientation is much needed since India’s rather passive and self-sufficient foreign policy towards Myanmar has been marred by ineffectiveness, especially in the economic realm. Former Indian ambassador to Myanmar Gopalapuram Parthasarathy writes, “We would be less than honest if we did not admit that in project and investment cooperation, our record has been tardy” (Parthasarathy 2014). Oftentimes, however, it is not the basic intention but the longsome and incomplete realization of arduously agreed-upon plans and projects that is widely criticized, as the following interview excerpt shows:

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3 After the integration of Bhutan and Nepal in 2004, officially renamed Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

It wouldn't be wrong to say that India has the best of plans, policies and mechanisms in place to promote and protect its interests in Myanmar. [...] The problem is in implementing these plans and projects. New Delhi need not reinvent new policies, if the existing policies and plans are implemented effectively half of the battle is won. [...] There is no doubt that the Burmese want close ties with India [...]. If we, however, ask if the Burmese are happy with India's role in Myanmar, there is a sense of frustration at the pace at which India has been moving [...]. [...] The lack of proper and effective implementation of policies and projects has been a major source of damaging India's image (Yhome, interviewed by author 4 October 2014).

Hence, there is not only much room for improvement but severe need for action if India does not want to squander the opportunities for better and mutually beneficial relations between India and Myanmar that might be opening up at the present.

### 3 Issues and Policy Areas

When asked about the single most important issue for India with regard to Myanmar, the experts, researchers and policy advisors interviewed for this study<sup>4</sup> variously named several different topics as the top priority. Security in India's Northeast and bilateral trade relations were named most often. Related to trade and economic issues, the question of connectivity – meaning, the improvement of the exchange mechanism between the two nations and a better connection from India to Southeast Asia through Myanmar as a transit country – was also seen as crucial to India. Other subjects mentioned include energy, illegal migration and democracy. Interestingly, one topic which usually receives much attention in the Western world was not mentioned at all: The supposed great power competition between India and China in a “new Great Game” of influence in Asia, in which Myanmar is usually seen as crucial to both sides, was not named as a top priority for India. Apparently, there is a much different assessment of the “China factor” within the foreign policy community in India than some Western observers assume.

However, probably the most remarkable point about the answers to the question *What would you regard as the single most important issue for India?* is the diversity of the issues named. There does not seem to be much consensus on the order of India's interests in its bilateral relations to-

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4 A complete list of the interviewees is provided at the end of this article.

wards Myanmar among the relevant policy institutes and think tanks. Of course, this reflects the generally incoherent and in some cases erratic foreign policy India conducted towards its eastern neighbour in the past. After more than 65 years, there is still no tangible foreign policy statement, let alone a grand strategy regarding Myanmar from the Indian side. Considering the generally feeble nature of the Indian foreign policy service (Chatterjee Miller 2013), this is part of an overarching problem and hardly surprising. It may, nevertheless, cast serious doubts on one of the basic assumptions of international relations analyses – namely, that actors are aware of their own interests and are able to convert these interests into a list of ranked preferences. As long as a concerted official Indian foreign policy strategy is missing, it is an important task for researchers and advisors to organize the different policy areas and point out interdependencies between them.

### 3.1 Democratization and Stability

The promotion of democracy abroad has never been one of the main pillars of India's foreign policy and plays a rather marginal role today. Instead, the principle of non-interference has dominated foreign policy debates and choices in India since the 1950s (Wagner 2009: 9–11). The advancement of democratic ideals is usually weighed against national interests and only occasionally supersedes economic or security-related concerns. With bilateral relations already at a low point and not much leverage to lose, India did openly side with the Burmese democracy movement in 1988, welcoming political refugees and exiles from the country (Egreteau 2003: 121–124; Haacke 2006: 34). Apart from granting asylum and supporting exile radio broadcasts, however, tangible activities on the part of India to foster democratic developments in Myanmar have remained scarce. In the early 1990s, India's assessment of the situation changed. With Myanmar's military rulers firmly established and issues such as the question of energy security or the violent rebellions in India's Northeast becoming more pressing, New Delhi began its policy of "constructive engagement" and has since largely refrained from explicit calls for a transition towards democracy (Wagner 2009: 17–19; Egreteau 2011: 468–470). This "triumph of pragmatism" (Routray 2011) in India's foreign policy brought a modest improvement in bilateral relations, but disappointed the Burmese democracy movement and many observers. An activist from the Burma Centre Delhi notes:

Although India allowed Burmese refugees to take shelter in India especially during [the] 1988 nationwide uprising (many students

activists and political leaders fled Burma and took shelter in India), India didn't do much or influence much in the process of democratization in Burma/Myanmar. It's not a matter of being underestimated or overemphasized, but having worked for democracy and human rights in Burma along with Burmese democratic forces in India [over] the past many years, I don't really see India influencing that country for democracy (Alana, interviewed by author 7 October 2014).

This sentiment of disappointment was also reflected when, during her visit to India in 2012, opposition leader Daw Aung San Suu Kyi voiced sadness about the missing support for democratic change in Myanmar and openly criticized New Delhi for straying from the ideals of Mahatma Gandhi and Jawaharlal Nehru (Miglani 2012; *The Hindu* 2012). Despite its underwhelming efforts so far and going well beyond a mere return to Nehruvian idealism, India has practical incentives for engaging more on behalf of democratization in Myanmar. While in the past the question of stability has often been linked to supporting or at least tolerating military rule in Myanmar, this reasoning has partially been reversed. Now, only a thorough democratization is seen as a safeguard for lasting stability. Democracy would also offer an opportunity for Indian foreign policy to engage with several different actors in Myanmar and not continue to depend on the mood swings of one single decision maker:

Stability and strengthening reform process in Myanmar [...] have a direct bearing [on] India's strategic interests in the region. Instability provides room for other major powers to play a role in its periphery, and as Myanmar's reforms progresses, it not only addresses the external role concern but also opens up more domestic actors in a democratic setup, thereby presenting multiple domestic actors [that] India can engage with, thus keeping a check on the possibility of a single-actor dominance whose domestic and foreign policy orientations could adversely affect India's interests there – the junta in the past is a case in point (Yhome, interviewed by author 4 October 2014).

Of course, whether democratization in Myanmar will have short-term positive effects on Indian foreign policy remains to be seen. There are reasons to be sceptical about the ability of a civil government – for instance, Daw Aung San Suu Kyi's National League for Democracy (NLD) – to remove some of the obstacles to better bilateral relations and brighter prospects for future cooperation, particularly regarding security concerns in the Northeast (Lee 2014: 311). In any case, having a reliable

and predictable partner in Naypyidaw has to be considered as one of India's essential interests.

### 3.2 Security in India's Northeast and Illegal Migration

India and Myanmar share a land border 1,643 kilometres long, of which only 10 kilometres are in the process of being fenced (Lee 2014: 299–300). Unsurprisingly, this porous border has been exploited by guerrilla organizations on both sides. The Northeast region of India's "seven sisters" (the states of Assam, Meghalaya, Arunachal Pradesh, Nagaland, Manipur, Mizoram and Tripura) have represented "a policy headache for New Delhi" and been ravaged by violence for decades (Myint-U 2012: 235–236, 272–293). Outside of Assam, three states directly bordering Myanmar have been hit hardest by guerrilla warfare: Nagaland, Manipur and Mizoram. Particularly during the 1980s and the 1990s, armed groups from India such as the United Liberation Front of Assam (ULFA) and the National Socialist Council of Nagaland/Khaplang (NSCN-K) used the inaccessible and hardly controllable border region as a safe haven. With the open and covert support of the Burmese military junta, they set up bases and supply structures on Burmese territory (Hazarika 2014). Likewise, the Indian government has been accused of lending financial and technical assistance to rebel organizations from Myanmar such as the Kachin Independence Organization (KIO) and the Karen National Union (KNU) since 1988 (Ganesan 2010: 11). The gradual improvement of bilateral relations between India and Myanmar has led to progress on both sides of the border and has resulted in more coordinated efforts to contain insurgencies (Pardesi 2012: 122–123).

An additional problem is the increasing illegal migration from Myanmar. Recently, thousands of Muslim Rohingya have fled the spreading ethnic violence in Myanmar and come to India (Mishra 2014). According to Aparupa Bhattacharjee of the Institute of Peace and Conflict Studies in New Delhi, the Indian government underestimated the issue for a long time and did not tackle the problem seriously (Bhattacharjee, interviewed by author 30 October 2014). But even if pursued more rigorously from the Indian side, there will be no solution without close cooperation between the border-security forces of India and Myanmar. Here, New Delhi faces the problem that the government in Naypyidaw has conflicting priorities and engages rather reluctantly in the relevant border areas. As Rahul K. Bhonsle, who served as an army officer for a decade in India's Northeast region, points out:

For the Myanmar government, priority of borders is dictated by the security challenges that are faced by it on multiple fronts. Thus it is more concerned about the borders inhabited by Kachin, Karen and Wa and the Rakhine State with Bangladesh, while [the] Indian border is seen as more of a concern for Delhi (Bhonsle, interviewed by author 4 October 2014).

Still under the government of Manmohan Singh, India and Myanmar signed a Memorandum of Understanding on Border Cooperation on 8 May 2014. This agreement is set to provide a framework for an extended collaboration on security issues, for information and intelligence exchange, and for jointly coordinated border patrols. While tangible outcomes have not yet materialized, the goal of the memorandum is a further weakening of transnationally operating guerrilla groups and a more effective prevention of other illegal activities such as contraband trade or human trafficking (Hazarika 2014).

### 3.3 Trade and Infrastructure

Bilateral trade between Indian and Myanmar reached almost 2.2 billion USD in the fiscal year (FY) 2013–2014,<sup>5</sup> a noteworthy increase compared to former years. In FY 2001–2002, the trade volume was just a little over 300 million USD, and in FY 2007–2008 the number was still below 1 billion USD (Ganesan 2010: 12). Despite the progress, however, trade with Myanmar still accounts for only 0.29 per cent of India's overall trade (see Table 1). The gains in absolute money volume have not led to a significant increase of the relative share of bilateral trade relations compared to other partner countries. Trade with Myanmar largely remains an afterthought for much of the Indian economy.

There is much room for a further extension in bilateral trade from both sides. India ranks only fourth on the list of Myanmar's most important trading partners, trailing Myanmar's other economically important neighbour countries, China and Thailand, by substantial margins (see Table 2). As stated by former government official C. S. Kuppuswamy of the South Asia Analysis Group, it is an important immediate target for New Delhi to raise the volume of bilateral trade to 3 billion USD by the end of FY 2015–2016 (Kuppuswamy, interviewed by author 6 October 2014).

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5 The Indian fiscal year runs from 1 April to 31 March.

**Table 1: India’s Bilateral Trade with Myanmar (in million USD)**

	2008–2009	2009–2010	2010–2011	2011–2012	2012–2013	2013–2014
India’s export to Myanmar	221.64	207.97	320.62	545.38	544.66	787.01
Overall share	0.12%	0.12%	0.13%	0.18%	0.18%	0.25%
India’s import from Myanmar	928.97	1,289.80	1,017.67	1,381.15	1,412.69	1,395.67
Overall share	0.31%	0.45%	0.28%	0.28%	0.29%	0.31%
Total bilateral trade	1,150.60	1,497.77	1,338.29	1,926.52	1,957.35	2,182.68
Overall share	0.24%	0.32%	0.22%	0.24%	0.25%	0.29%

Source: Government of India, Department of Commerce 2014.

**Table 2: Myanmar’s Top Trading Partners 2013 (in million EUR)**

	Import	Share	Export	Share	Total trade	Share
China	6,199	39.8%	1,959	24.5%	8,158	34.6%
Thailand	3,147	20.2%	2,803	35%	5,950	25.2%
Singapore	1,896	12.2%	125	1.6%	2,021	8.6%
India	565	3.6%	956	11.9%	1,521	6.5%
Japan	891	5.7%	528	6.6%	1,418	6%
World	15,568	100%	8,008	100%	23,576	100%

Source: European Commission, Directorate-General for Trade 2014.

Not only does India want to increase bilateral trade with Myanmar, it also strives for an enhancement in the exchange of goods with other countries of the Association of Southeast Asian Nations (ASEAN). So far, Southeast Asia has played a rather marginal role in India’s foreign trade even though the ASEAN–India Free Trade Area (AIFTA) came into effect in 2010. According to statistics from the Indian Department of Commerce, there were only three countries from the ASEAN region among India’s 25 most important trading partners in 2013–2014: Indonesia ranked 8th, Singapore came in 10th and Malaysia was 21st. Thailand, Vietnam and Myanmar were well outside the group of India’s top trading partners. In order to extend Indian trade with Southeast Asia, the interregional connectivity needs to be improved. The new government of Prime Minister Narendra Modi immediately declared the issue of

connectivity a priority of its foreign policy (Jacob 2014). Of course, Myanmar as a hub and transit country plays a crucial role in this endeavour. The enhancement of transportation facilities in Myanmar has been a major focus of Indian bilateral development cooperation for years. Since 2008, the Indian government has spent 20 million USD on the construction of a trilateral highway linking the Indian state of Manipur with Thailand through Myanmar. The road, which is co-financed by Thailand and the Asian Development Bank (ADB), is supposed to be completed and opened in 2016 (Mullen et al. 2014: 17–18). Such projects can also be seen as small steps within the larger framework of establishing a new “Southern Silk Road”. An important part of these considerations is the initiative to create a Bangladesh–China–India–Myanmar (BCIM) corridor (Aneja 2014). All these processes form preconditions for the intended establishment of the world’s largest free trade area, ASEAN+6. The negotiations about the creation of a Regional Comprehensive Economic Partnership (RCEP) consisting of the ASEAN member states plus six partner countries (India, China, South Korea, Japan, Australia and New Zealand) started in November 2012 and could hugely benefit from an enhancement of transportation facilities and trade routes between India and Southeast Asia (Hoepfner 2013).

Another ambitious infrastructural project in Myanmar combines economic aspects with security politics for India. The Kaladan Multi-Modal Transit Project is designed to create a direct trade connection from Kolkata to Mizoram over the Bay of Bengal into the port of Sittwe and through the states of Rakhine and Chin in Myanmar. Here, the water transportation routes on the Kaladan River will be enhanced while many roads will be modernized or newly constructed. The long-term goal for New Delhi is a significantly improved linkage of its Northeast region to the Indian heartland (Hackmann 2014: 14–15). Since 2007, India has invested 50 million USD into this project. Enhanced trade could bring not only a spark to the economy but also a noticeable improvement of the living conditions in Mizoram and the other states in the Northeast that have suffered from violence for decades. It is hoped that the intended socio-economic development will weaken secessionist movements and reduce the activities of guerrilla groups, thereby easing the security problems. Also, the establishment of an alternative connection between the Indian centre and the Northeast would at least partially compensate for the strategic disadvantage of the narrow Siliguri Corridor (Mullen et al. 2014: 17–18). In the long run, building closer connections between India’s Northeast and Myanmar could be beneficial to both sides, mutually reinforcing socio-economic development:



Northeast India and Burma combined make up a market of over 100 million people – poor now, but not necessarily forever. It has not helped Northeast India to have an internationally isolated, economically mismanaged military dictatorship next door. But neither has it helped Burma to be adjacent to one of the most conflict-ridden and neglected parts of India. [...] In a way, Northeast India and Burma have long reinforced one another's problems. As borders begin to open, the question is whether they can now support each other's progress instead (Myint-U 2012: 307).

### 3.4 Energy

Myanmar's vast oil and gas resources are intriguing to many countries. Competition for exploration and exploitation rights began long ago. In fact, it was Myanmar's potential role as a supplier of natural gas that was crucial for improving bilateral relations with ever energy-hungry India in the 1990s and early 2000s through a new "pipeline diplomacy" (Lall 2006: 425–430, 2009: 34–35). New Delhi, however, has damaged its prospects for years because of longsome decision-making and uncoordinated policies. Government-owned companies from India were not well prepared to succeed in the competitive environment of international bidding in Myanmar (Narayan 2009: 25). Additionally, New Delhi manoeuvred itself into a difficult situation regarding a tripartite gas pipeline project from Myanmar to India through Bangladesh in 2005. When Indo-Bangladeshi relations worsened and the prospects for the pipeline became uncertain, India did not have a strategy for an alternative transportation route (Islam 2009: 140–142). Former Indian ambassador to Myanmar Gopalapuram Parthasarathy recounts the consequences of this disappointing endeavour and another telling example of Indian failure:

After having secured exploration rights for gas in the Bay of Bengal, we conducted our project-planning and diplomacy so clumsily that we did not have a strategy ready for taking the gas to India through a pipeline across Myanmar and our Northeast, or for transporting it as LNG. China deftly stepped in and took away all this gas by expeditiously building a pipeline to Yunnan Province. In the mid-1990s, Myanmar offered us hydroelectric projects with a potential of over 1,000 MW across rivers near our borders. We took years to scrutinize these projects [...]. After nearly two decades, we backed off (Parthasarathy 2014).

Today, India's more or less self-inflicted defeats have given China a much better position in the Myanmar gas market (Lall 2014: 213). What

is more, virtually all current and future hydropower joint ventures in Myanmar are being conducted with the help of Chinese firms (Eleven 2014). India's reputation in the energy sector and beyond has been severely damaged (Jha 2013: 233). As Rahul K. Bhonsle said, there is a widespread feeling in Myanmar that the "Indian government promises much but delivers little" (Bhonsle, interviewed by author 4 October 2014). Many auspicious projects have never been implemented: "Things didn't materialize much except [...] in papers" (Alana, interviewed by author 7 October 2014). There is an urgent need for a different approach from the Indian side. The new government in New Delhi seems to have realized the problem and has started to tackle it with fresh rhetoric. Minister of External Affairs Sushma Swaraj as well as Prime Minister Modi have announced the transformation of the more than twenty-year-old "Look East Policy" into an "Act East Policy", thereby raising hope that India is going to speed up its decision-making and conduct future projects with much stronger commitment (Jacob 2014; PTI 2014).

### 3.5 Development Cooperation

Despite the fact that an overall foreign policy strategy regarding the bilateral relationship between India and Myanmar is still missing, the latter country has been a major recipient of Indian foreign aid, mainly through the Indian Technical and Economic Cooperation (ITEC) and similar schemes. Additionally, Myanmar is one of just three countries for which New Delhi has laid out a comprehensively planned aid and development assistance programme (Bhonsle, interviewed by author 4 October 2014). The other two nations with such a special status are Bhutan and Afghanistan, which is well reflected in the volume of Indian loans and grants over previous years (see Table 3). From 2000 to 2014, Bhutan alone received almost half (48.85 per cent) of India's total loans and grants, while Afghanistan accounted for 8.38 per cent. With a share of 3.49 per cent, Myanmar came in sixth, behind Nepal (5.86 per cent), Sri Lanka (5.35 per cent) and Bangladesh (3.83 per cent) (Mullen et al. 2014: 3). There is still much room for an extension of financial development assistance from India to Myanmar, especially considering the fact that India's annual contributions fall well short of the amount that the United Kingdom, the European Union, and leading donor country Japan are giving per year. The United Kingdom doubled its bilateral aid to Myanmar to 95 million USD in 2014. Starting in 2015, the European Union is planning to quadruple its annual development assistance to Myanmar to 123 million USD. In 2013 Japan announced it would deliver an aid and investment package to Myanmar to the tune of 394 million USD (Patteran

2014). Compared to these numbers, India’s financial commitments appear meagre and underwhelming. In the current “feeding frenzy” (Pateran 2014), which will probably gain even more momentum after Myanmar’s general election in 2015, New Delhi runs the risk of being left behind and once again gambling away future opportunities.

**Table 3: Major Recipients of Indian Loans and Grants (in million INR)**

	2001–2004	2004–2007	2007–2010	2010–2013
Bhutan	7,265	12,130	28,021	72,450
Afghanistan	NA	NA	8,959	11,675
Nepal	1,203	3,422	3,611	6,290
Sri Lanka	2,033	2,389	2,001	5,627
Maldives	118	224	5,271	3,488
Bangladesh	904	1,003	737	3,079
Myanmar	823	1,922	1,008	2,664
All African countries	873	1,878	2,708	4,487
All other countries	9,869	18,797	9,335	11,228

Source: Mullen 2013: 14.

Most of India’s loans and grants in bilateral development cooperation are being used for infrastructure projects. Another focus is the modernization of Myanmar’s agricultural sector, which is being advanced by hundreds of millions of Indian rupees and further supported by knowledge transfer. Apart from that, India funds numerous education and training facilities in Myanmar. The establishment of the Myanmar Institute of Information Technology (MIIT) was financed by New Delhi with an amount of 326.8 million INR. Almost 50 million INR went into the founding and subsequent expansion of the India-Myanmar Centre for Enhancement of Information Technology Skills (IMCEITS) in Yangon, which so far has produced approximately 1,500 IT specialists. India and Myanmar also cooperate in the area of effective and efficient governance. Through the ITEC programme, India is training 525 government officials from Myanmar. Additionally, public servants are being educated in all forms of digital services and e-governance (Mullen et al. 2014: 17–18).

### 3.6 China

Naturally, China plays an important role in all of New Delhi’s foreign policy considerations. Hence, the relations between India and Myanmar cannot escape the shadow of the giant neighbour to the North. With the Beijing-financed construction of a new harbour in Kyauk Phyu, Myanmar has become part of the so-called “String of Pearls” of Chinese deep-water ports around the Indian Ocean. This alleged encirclement with

harbour facilities in Pakistan, Sri Lanka, Bangladesh and Myanmar is viewed with much scrutiny and suspicion in India. It is feared that these ports might someday be used not only economically but also for military purposes (Vasan 2012: 415–416). Also, the huge Chinese influence in everyday life in many parts of Northern and Northeast Myanmar is cause for concern among some Indian observers (Myint-U 2012: 30–31, 266–268). Particularly the growing interdependence of the economies of China and Myanmar in the border region and the close trade relations between Myanmar and Yunnan Province serve as a painful reminder of India's own shortcomings in this respect (Lall 2014: 211; Parthasarathy 2014).

In general, India and China compete for influence in Myanmar in every policy area. Among parts of the Indian foreign policy establishment, there is “a shared sense of the two countries as rivals”, particularly regarding the “crossroads” nation Myanmar (Myint-U 2012: 238). This also includes the vital question of energy security. For a time, “China and India both regarded competition in the energy sector as a purely zero-sum game” (Li 2009: 154). Some observers, however, question whether New Delhi really must follow the rules of such an “anachronistic” game. As, for instance, Obja Borah Hazarika points out:

In the twenty-first century, treating a country like a pawn in a country's strategic calculation is anachronistic. India can, at most, make itself seem like a more feasible partner in security, economic and cultural issues to Myanmar, and let the latter take its pick between China and India (Hazarika, interviewed by author 25 October 2014).

In addition, there is a chorus of very critical voices regarding the apparent obsession of Indian foreign policy with China in general, which has allegedly been visible for decades, particularly as it relates to Myanmar. A truly independent Indian foreign policy should not just be reacting to Chinese decisions and initiatives, especially considering the different strategic positions and resource capabilities of New Delhi and Beijing. According to proponents of this view, a coexistence of India and China in Myanmar is definitely possible as long as New Delhi is able to avoid direct competition and a power struggle with Beijing that it almost certainly cannot win (Wagner and Cafiero 2014: 2). India has to realize that China's lead is probably too large to be overcome in a short period of time. Right now, “India is not there to compete with China” (Kuppuswamy, interviewed by author 6 October 2014). However, the constellation might change faster than anticipated since China's influence in Myanmar seems to be declining. Increasingly, Naypyidaw appears to regard

its dependency on China as a strategic problem and as a loss of sovereignty it is no longer willing to concede (Lee 2014: 294–295). Strengthening national sovereignty thus requires a diversification of Myanmar’s foreign policy. The visit of General Than Shwe in New Delhi in 2010 has been interpreted as an early demonstration that Myanmar “would seek to balance China with India” (Myint-U 2012: 221). New Delhi could profit from this situation if it overcomes its own fixation on China. The Modi government has taken some initial steps in this direction:

India’s policy towards Myanmar [so far] has basically been nothing but a response to what China was doing there. India has now realized that it has to look beyond China and is, therefore, fine-tuning a proactive policy towards Myanmar (Hussain, interviewed by author 21 October 2014).

Part of this new strategy is an emphasis on the cultural and religious heritage that India and Myanmar share. There is a “natural” familiarity China cannot offer, particularly regarding a common Buddhist tradition (Myint-U 2012: 31). Therefore, it is not surprising that Minister Swaraj, during her visit to Myanmar in August 2014, pointed to Buddhism as an important link between the countries that may foster people-to-people contacts and serve as a foundation for generally improved relations. Accordingly, Swaraj suggested the establishment of direct flights between Yangon and the Buddhist pilgrimage site Bodhgaya in India (Roy 2014).

## 4 Conclusion

India–Myanmar bilateral relations seem to be at a crossroads. The political changes in Myanmar coupled with an apparent desire to diversify its foreign policy might open up new opportunities for New Delhi to pursue its interests and avoid the risks and pitfalls that have plagued its policy towards Myanmar for many years (see Table 4). The pragmatic and undogmatic foreign policy doctrine of India’s new prime minister, Narendra Modi, is based on an “enlightened national interest” and places its focus squarely on India’s immediate neighbourhood, including Myanmar (Haidar 2014).

Table 4: India's View of Myanmar

Issue	India's interests	Opportunities	Risks
Democratization	Myanmar as a stable and reliable partner	Support for democratization could bring long-term stability and secure friendship of future governments	Backlash under a continued military regime, possibly new diplomatic ice age
Northeast and illegal migration	Sustained peace in the Northeast; no haven for guerrilla groups in Myanmar; border control to prevent contraband trade and illegal migration	Functional border-control regime; weakening of secessionist movements in the Northeast	No partner in Myanmar
Trade and infrastructure	Expansion of bilateral trade; reduction of trade deficit; opening of Southeast Asia via Myanmar; better connection and economic development of the Northeast	Economic recovery; new trading partners in Southeast Asia; weakening of secessionist movements in the Northeast	Economic stagnation; trade deficit could remain or even increase; infrastructure projects could be used by other actors and not benefit India
Energy	Diversification of energy imports	Reliable energy supply at reasonable prices	New dependencies; loss of access to Myanmar's energy resources
Development cooperation	Use development cooperation to foster own interests; create win-win situations	Development cooperation enhances trade infrastructure and benefits India; grateful Myanmar government	Falling too far behind other donors could damage India's standing; India may not benefit from its investments
China	Not losing Myanmar to China; no zero-sum game and no competition with China; facilitate cooperation with China in Myanmar	Increasing influence in Myanmar without negative implications for India-China relations; Myanmar as area of India-China cooperation	Possible zero-sum logic in Chinese foreign policy may eventually lead to complete expulsion from Myanmar

Source: Author's own compilation.

India's political influence in Myanmar can be enhanced only if New Delhi shows a substantial increase in public appreciation for the importance of the bilateral relationship. In this respect, some observers

were heavily critical of U Thein Sein not having been invited to the swearing-in ceremony of Narendra Modi on 26 May 2014, especially regarding the fact that the heads of state of all other neighbouring countries had been invited (Sailo 2014: 3). Myanmar, critics argue, is obviously still not seen as a real neighbour of India:

Although Myanmar shares a long, sensitive border with India, many in New Delhi don't seem to regard it as a neighbour, a fact reflected in the failure to invite President Thein Sein to Modi's swearing-in event. Distant Mauritius was invited to the event but not Myanmar (Chellaney 2014).

It should be particularly alarming to everyone aspiring to better relations between New Delhi and Naypyidaw that the non-invitation was not widely seen as a mistake or an affront but, in fact, generally interpreted as fitting, given the current nature of India–Myanmar relations:

In all likelihood, the lack of an invite for Myanmar's President Thein Sein was not a mistake or a deliberate omission, but simply something that was on nobody's mind. Politicians and the media in both countries did not seem to expect that Myanmar would even be invited, as evidenced by the fact that the media in neither country made an issue out of Myanmar's non-invite (Pillalamarri 2014).

Under these circumstances, Modi's visit to Myanmar in November 2014 was a welcome step in a new direction. Although Modi's primary reason for coming to Myanmar was to attend the ASEAN meeting and the East Asia Summit (EAS), there were also bilateral talks with President U Thein Sein. Arguably even more important were the signs of respect shown through one of Modi's preferred channels of communication, Twitter. On 6 November 2014, Modi tweeted: "I will have bilateral meetings with leaders of Myanmar, a valued friend. Having stronger relations with Myanmar is a priority area for us." Particularly the description of Myanmar as "a valued friend" carries a significance not to be underestimated. India is signalling rhetorically that it is serious about defining anew its relations towards its smaller neighbours that have been neglected in the past. In addition to Myanmar, Bhutan and Nepal have also already enjoyed increased attention and appreciation followed by state visits. After the bilateral talks in Naypyidaw, Modi said via Twitter: "Had a very good meeting with President U Thein Sein. We had extensive discussions covering various aspects of our bilateral relations." While no details of the meeting have been revealed, there seems to be a solid foundation for future collaboration.

Not only India, but also Myanmar could benefit from new developments in the bilateral relationship. This pertains particularly to Myanmar's interest in joining the South Asian Association for Regional Cooperation (SAARC). So far, Naypyidaw has observer status within the organization. A full SAARC membership of Myanmar would represent a historic precedent since Myanmar would be the only permanent member of both SAARC and ASEAN, thereby abrogating and bridging the border between the regions of South and Southeast Asia. Having rejected the idea before (Haacke 2006: 33–34), Myanmar officially applied for SAARC membership in March 2008 (Yhome 2008). The bid was supported by India, yet failed nevertheless (Saez 2011: 40). According to some analysts, India should encourage Myanmar to apply once again for membership and support such a bid even more emphatically, just as it had successfully done when Afghanistan became a full SAARC member in 2007 (Rahman 2009; Singh 2012: 33). While this seems to be a matter of course, there is good reason to point out even supposedly self-evident and natural foreign policy choices. All too often, India has damaged its own interests by erroneous decision-making, thus becoming a “would-be” instead of a real great power (Chatterjee Miller 2013; Wagner 2005). India has been regarded an “anti-Machiavelli” who commits virtually all mistakes an actor striving for power should avoid (Rösel and Gottschlich 2008: 139). Considering India's foreign policy towards Myanmar and following Israeli diplomat Abba Eban's famous assessment, one could conclude that New Delhi “never missed an opportunity to miss an opportunity”. For India, it is time to change this perception through a different policy approach.

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Hazarika, Obja Borah: Assistant Professor, Department of Political Science, Dibrugarh University, Assam; interviewed by author 25 October 2014.



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# Russia and Myanmar – Friends in Need?

Ludmila Lutz-Auras

**Abstract:** To date, few political scientists have researched the political, economic, and social relationships between Russia and Myanmar. The two countries, which at first glance may seem to have little in common, have intensified their cooperation in recent years. This article explores the ties between the two countries, not only the historical development and the dimensions of the relationship, but it also examines the current advantages and disadvantages of the relationship. Is Myanmar Russia's open door to the region in order for it to become a significant player in the Asia-Pacific region? Can Russia provide a 'counterbalance' for the smaller Southeast Asian countries against the great powers such as China and India? Will this relationship be a pivotal one for both countries in the future, or will it remain a limited partnership, restricted to particular interests?

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**Keywords:** Russia, Myanmar, Burma, ASEAN, Asia-Pacific

**Dr. Ludmila Lutz-Auras** is an assistant professor at the Department of Political Science at the University of Rostock, Germany. She studied Political Science, Slavonic Studies, and European History at the University of Rostock and at the Lomonosov Moscow State University. In 2012, she obtained her doctorate also at the University of Rostock. Her research priorities are the history, culture, governmental systems, and foreign policy of Eastern European countries, with a special focus on Russia, Ukraine, and Belarus. Furthermore, she has researched the international political economy and political corruption.  
E-mail: <ludmila.lutz-auras@uni-rostock.de>

## Introduction

Since the decline of the Soviet Union, Russia's foreign policy has evolved from a Western-oriented one to a multi-dimensional one, with a stronger focus on Southeast Asia. With the aim of establishing new contacts, or to strengthen existing collaborations, the Russian policy-makers initially concentrated all their efforts on one goal – China. But soon the game took a different course from the one desired when the overdependence on China started to threaten Russia's independent policy in the region, and encouraged Russia to rethink its strategy. The rise of China, and the US counter-offensive, reinforced this decision because some of the Southeast Asian countries felt the need to strike a balance between their dependence on these two powerful players.

One of these states is the Republic of the Union of Myanmar, which returned to the international political stage in 2011 following decades of isolation caused by military rule. Myanmar became the centre of global interest not only because of its domestic reforms, but also because of its natural resources, the potential of its emerging markets, and its geographic location. Simultaneously, these circumstances stimulated keener geopolitical competition among the world's major powers like China, the United States, India, Japan, the European Union and Russia. These powers compete for sufficient influence in Myanmar, which occupies a strategic location facing the Indian Ocean, and is the only land transportation hub linking East Asia, Southeast Asia and South Asia.

While Myanmar's relationships with neighbours such as China, India and Thailand has been the spotlight of many analyses, the significance of Myanmar's ties with its 6,256.89 miles away partner, Russia, largely passed unnoticed. In the middle of the 1950s Russia, the major republic of the Soviet Union, and Burma pre-1989, a young independent state, entered into a substantial political dialogue. This prepared the ground to impose certain interests. Soviet Russia, generally accepted as a great power after World War II, sought out allies with the aim of reducing the influence of the USA and Western European countries by using belligerent tactics, and sometimes acting in a quite reckless manner. When Burma regained its independence on 4 January 1948 after a long period of anti-colonial struggles and movements for sovereignty, it faced many difficult challenges, including the desire for national self-determination, territorial integrity, economic growth, and the reduction of poverty. With these goals in mind, the early Burmese governments based their foreign policy on 'neutralism' or non-interference in international affairs, expecting that this principle would form the basis for regulating foreign



relations, and build frameworks in terms of much wanted financial and technical assistance.

At present, both countries are deeply involved in processes of enforcement of certain ambitions – the Russians mostly oriented outwardly, the Myanmarese predominantly inward looking. At the same time, both states have a strong focus on their status within the international community. Myanmar, which remains one of the poorest countries in the world, has broken free from the bonds imposed by the British Empire, but hasn't been able to avoid a new intensive economic dependency on China. For that reason, Myanmar seeks the option of freeing itself from the influence of Beijing, and searches for actors such as Russia who can offset the influencing factor of Myanmar's biggest neighbour. The Russian Federation, which defines itself as a revived 'great power' and wants to be treated as such, is willing to take on this task. This complex tangle of interests raises some important questions: (1) In what way can Russia and Myanmar support each other to accomplish their goals? (2) Since the Kremlin officially expresses its wish to have closer ties with Myanmar, is it realistic to expect serious change in the near future? and (3) Against the background of constantly growing interactions, is there potential for greater progress, and a decisive improvement in the relationship?

This paper will demonstrate that Russia and Myanmar look back on more than 65 years of diplomatic, economic and military ties, which have intensified at certain times, but then often weakened again. This paper, divided into five parts, discusses the tenor of the Russia–Myanmar dialogue, especially since 1991, and assesses Moscow's responses to new challenges in this region, considered as strategically crucial. Following a short introduction reviewing the nature of Russia's recent regional policy in Southeast Asia as a whole, the article then evaluates the most important historical milestones in terms of bilateral ties. In connection with this, further investigation will concentrate on three areas, which are particularly suitable for dealing with the Russian–Myanmar partnership: economic interdependency, military cooperation, and education. The final section provides concluding remarks, and tries to give an adequate response to the question of whether Russia can indeed assume the role of the new 'counterbalance' in Myanmar, and if Myanmar can satisfy Russia's craving for presenting itself as a 'great power' in Southeast Asia.

## Russia's Southeast Asian Pivot

Before exploring the nature of Russia's Southeast Asia policy, and its motivation to become a 'counterbalancer' in Myanmar, it seems im-

portant to establish some theoretical clarity on the use of the key concept, namely that of a 'great power'. The significance of this approach to Russia's foreign policymaking should not be underestimated because the ruling elite in Russia has made a return to that status a unifying theme since 1991. Aleksandr Meshkov, an eminent Russian political scientist attested, "Russia cannot help but conduct itself in the world as a great power. [...] Russia has been prepared for this role by history (Meshkov 1999: 3)." As evidence for this status, Meshkov cites Russia's military technology, its educated technical personnel, and its natural resources.

His American colleague, Kenneth Waltz, stipulated five criteria to reach such an influential position: population and territory, resource endowment, economic capability, political stability and competence, and military strength (Waltz 1979: 131). According to Barry Buzan and Ole Wæver (2003), classifying any actor as a 'great power' requires a mixture of the following: material capability, formal recognition of that status by others, and a response by other great powers on the basis of system-level calculations about the present and future distribution of weight in world politics (Buzan and Wæver 2003: 32–35). The last reference indicates that there is the potential for states to belong to such a high category not only when dealing with countries in the same geographical area, but also when operating in other regions and on the level of the global political system. This interpretation of a 'great power' will serve as the methodological basis for the subsequent deliberation.

As far as land area is concerned, more of the Russian Federation is in Asia than in Europe. The eastern part of the country comprises 74.8 per cent of the whole territory, and possesses more than 90 per cent of the coal reserves, 67 per cent of the iron ore, and the largest gas reserves in the world. Both Tsarist Russia and the communist Soviet Union set their sights on a small part of the gigantic eastern province, seeing that the Asian district would yield a treasury rich in raw materials, which was exploited in the interests of the development of the central government (Kuhrt 2012: 471–493).

Despite three-quarters of its land lying in Siberia and the Far East, where 22 per cent of the total population live, for many years Moscow neglected Asia in its foreign policy debates and actions. These mainly focused on its own sphere of influence, the post-Soviet region, and regarded the West as the predominant modernisation partner. The logic of this strategic course of action seemed somewhat justified. With the downfall of the two-superpower system, the primary aim of those who 'had lost' was to join the 'winners' in order to become a part of the international political and economic landscape (Trenin 2009: 64–78). Con-

sidering the metamorphosis of the global economic and strategic balance eastwards, a traditionally Europe-oriented Russia began to realise its Asian dimension and opportunities therein. The main driver of this new important orientation has been economic evolution, followed by an effort to keep an eye on its biggest regional neighbour, China, and the growing engagement of the USA in this region.

Furthermore, the ‘Foreign Policy Concept of the Russian Federation’, adopted in 2009 following the accession of President Dmitry Medvedev to office, and renewed in 2013 by Putin, placed a greater emphasis on the Asia-Pacific as the top priority of Russia’s future foreign policy (Ministry of Foreign Affairs of the Russian Federation 2013). Vladimir Putin stated this premise in the annual *Presidential Address to the Federal Assembly* on 4 December 2014:

We see how quickly Asia-Pacific has been developing over the past few decades. As a Pacific power, Russia will use this huge potential comprehensively. Everyone knows the leaders and the drivers of global economic development. Many of them are our sincere friends and strategic partners (Putin 2014).

Moreover, the Ukraine crisis, which flared up in November 2013, has increased Southeast Asia’s importance, with the threat of European and American economic sanctions spurring Russia to intensify its search for suitable alternative allies. Against the backdrop of the crumbling partnership with the West, good relations with other actors are fundamental if the Kremlin is to avoid international isolation.

In this context, Russian politicians and experts alike have noted the extensive relevance of East and Southeast Asia, which are lauded by some as the ‘powerhouse of growth’, or the ‘vital centre’ of the world economy (Medvedev 2010; Lavrov 2013). Southeast Asia’s eleven countries have a combined gross domestic product of 1.9 trillion USD, a population of almost 600 million people, and an average per-capita income nearly equal to that of China (World Bank 2014). In this light, the policy makers in Moscow decided to deal more intensively with the region. Russia joined the ASEAN Regional Forum (ARF) in 1994, became an Association of Southeast Asian Nations (ASEAN) dialogue partner in 1996, and signed the Treaty of Amity and Cooperation in 2004. In 2010, Russia, together with China, the USA, Japan, South Korea, India, Australia, and New Zealand, took part in the ASEAN Defence Ministers’ Meeting (ADMM) (ASEAN Centre at MGIMO 2014). The first Russia–ASEAN summit in 2005 agreed to a “progressive and comprehensive partnership” covering “political and security, economic and development

cooperation” (Joint Declaration ASEAN-Russia 2005). At their second official session in 2010, the two sides agreed to collaborate more closely on the construction of a security and cooperation arrangement.

As well as the enhanced participation in multilateral regional institutions, there is an astonishing enthusiasm for Russia to extend bureaucratic and academic spheres. The Russian foreign ministry has as many departments for Asia as it currently has for the Commonwealth of Independent States (CIS), while research centres for ASEAN and the Asia-Pacific Economic Cooperation (APEC) have been established at some high-profile universities (MGIMO – Moscow State Institute of International Relation (Russian: МГИМО Московский государственный институт международных отношений) in 2009; RANEPА – Russian Presidential Academy of National Economy and Public Administration under the President of the Russian Federation in 2010).

In view of the rise of China, and America’s ‘Pivot to Asia’ announced by the Obama administration, Russia does not want to risk any kind of marginalisation in Southeast Asia, a region that is becoming increasingly strategic. If the Russian Federation wishes to survive as one of the major global powers, it will have to cement a presence in this pivotal region of the twenty-first century. But in regard to this, in many respects Russia’s action plan appears to be more a conglomeration of bilateral alliances rather than a coherent regional strategy (Kanaev 2010). Although Medvedev and Putin have been able to widen diplomatic relations with all ASEAN members through a number of meetings, commitments and talks at ministerial levels, the substance of the political dialogue varies enormously from country to country. Using the example of Myanmar, such a case will be examined more closely, with the focus on three aspects: the political, the economic, and the military.

## Historical Overview of Russia–Myanmar Relations

It was not delegates from Myanmar and Russia that prepared the first document for the start of diplomatic relations on 18 February 1948, and initiated by the Burmese national hero Aung San, but deputies from Burma and the Soviet Union, which was centrally governed by the Russian Soviet Federative Socialist Republic. Civil war broke out in Burma immediately after the proclamation of independence, and initially the Soviets helped the Burmese communists in the war. As a consequence, the exchange of embassies did not take place until 1951 (Nepomnyash-

chiya 1954: 10). The first round of meaningful bilateral talks began with a two-week tour to the USSR by the Prime Minister, U Nu, between 21 October and 4 November 1955. During that trip, where he met an array of senior officials, including Soviet leader Nikita Khrushchev and Foreign Minister Vyacheslav Molotov, U Nu signed a joint declaration with the chairman of the Council of Ministers, Nikolai Bulganin, pledging Burmese support for Soviet foreign policy. This included the rejection of military blocs, and support for membership of the UN by communist Chinese, whose seat was at that time occupied by the nationalist government of Taiwan (Kaufman 1973).

U Nu's expedition was followed by a return visit by Khrushchev and Bulganin in December 1955, and another in February 1960, for which the hosts prepared very conscientiously. Schools and government offices were closed, the populace of Rangoon were told to line the streets as the Soviet motorcade passed by, and the local authorities issued instructions on how to cheer, apparently the foreign habit (Foley 2010: 120–121). Taking their cue from the success of the American foreign-aid programme, and in response to U Nu's request in Moscow for economic help, the Soviet leaders took advantage of their stay by offering the Burmese the promise of support in seemingly generous amounts. The USSR provided assistance to rebuild various Burmese cities and towns, installed a technological institute in Rangoon, and built a 206-room hotel on the shores of Lake Inya and a hospital in Taunggi. The Burmese offered to repay the bill of 5–10 million USD by supplying rice, but the required amount calculated in 1957 was no longer sufficient because the price of rice on the world market had increased significantly (Goldman 1967: 142).

Moreover the prime ministers, Nu and Bulganin, issued a joint communiqué in Rangoon which seemed to indicate Burmese assent to all the major publicly declared aims of Soviet foreign policy, which were: the transfer of Taiwan to Chinese Communist control; resolution of the Indochinese problem “in accordance with the decisions of the Geneva Conference of 1954”, the latter in the spirit that had been violated in numerous ways by the Communists; and the reunification of southern Korea with the communist northern half that continues to refuse foreign inspection of its ‘democracy’ (Vasil’ev 1963). This Soviet initiative, striving for a shift in international relations, was launched at a time when the global situation had changed markedly. In 1954, the members of the North Atlantic Treaty Organization (NATO) unanimously decided to integrate West Germany into its ranks, and in the spring of 1955 the

USSR retaliated with the formation of its East European counterpart, the Warsaw Pact.

This was the beginning of a long-lasting and highly complex relationship between the Soviet Union and the West, which was also influenced by major developments in North and Central Africa, Latin America and Asia. In these areas of the world, where the consequences of the disintegration of the colonial empires like those of France, Belgium and Great Britain made themselves felt, Nikita Khrushchev searched for ways to offset western policy. China contributed on this score by intensifying ties with India, Indonesia and other states, resulting in a conference of 29 nonaligned countries of Asia and Africa at Bandung in Indonesia in April 1955. The participants roundly condemned colonialism, and as a result the USSR benefited from the principle of peaceful co-existence, which the summit adopted under the Indian concept of '*panchashila*' (Abdulgani 1981). Thus, Khrushchev and Bulganin travelled to India, Afghanistan and Burma, where they hoped to increase Soviet prestige, and to develop closer contacts with the nonaligned movement.

In general, the Soviet delegation made a significant impression on the Burmese people. Khrushchev's reputation for ferocious tirades against the West, especially against Great Britain, with whom Burma maintained cordial relations, and to which Nu made no objection, did not materialise, and the guests did their best to appear as warm, friendly, and sincere men (Vandenbosch and Butwell 1958: 239). Following a triumphant tour through the exotic Southeast Asian country, Nikolai Bulganin ordered his ambassador in Rangoon to thank U Nu by presenting him with an exclusive gift – three kilograms of black caviar. On returning home, Nikita Khrushchev recorded the following in his memoir: "Sooner or later new people would come to power in that country and the good seeds that we had shown would sprout and grow and eventually produce good fruit" (Khrushchev 1997: 758).

But the harvest of those expected fruits kept them waiting until Ne Win's Revolutionary Council on 3 March 1962 issued a statement on foreign policy that indicated that Burma would, in the Soviet's estimation, develop a policy of positivity instead of passive neutrality, of which the USSR approved. Apart from the fact that there had been no revolutionary democracy towards socialism in Burma, both countries based their relations on five principles of peaceful coexistence: a rhetorical commitment to territorial integrity, non-aggression, non-interference in each other's internal affairs, equality, and mutual benefit (Vasil'ev 1963: 23ff.). But the People's Republic of China was afraid of Soviet influence in Burma, and exerted political pressure on the Burmese government. So,

with the aggravation of the Sino–Soviet confrontation, the Burmese leadership embarked on reducing their contacts with the USSR. In this complicated situation, Ne Win’s leadership preferred not to antagonise its big neighbour, and reduced contact with its former ally, so that no high-level Soviet officials visited Burma for a long time. At the same time, the Burmese rulers expanded economic contracts with the West and with Japan, which showed that their situation excluded any direct interest in the Soviet Union, despite the adoption of internal industrial and agricultural socialist programmes (Ooi 2004: 1160). For the USSR, the Burmese experience was one that ultimately failed to affirm assumptions with regard to a non-capitalist path in the Third World.

In 1991, the Russian Federation was unofficially declared heir to the ruined Soviet Union. As a result of that, the new state insisted on a permanent seat at the United Nations Security Council (UNSC), membership of the Organization for Security and Co-operation in Europe (OSCE), and not least, the country’s own nuclear capabilities. The head of state, Boris Yeltsin, tried to speed up Russia’s genuine integration into the new international community, with the intention of balancing the growing power of global actors such as the USA, NATO and the European Union (EU). Unfortunately, Yeltsin mostly employed the ‘divide and rule’ approach to foreign policymaking, which resulted in chaos and factional rivalry, and led to an incoherent course accompanied by the absence of a clear strategy to re-establish the former heavyweight status (Tsygankov 2008: 66–98). Russian behaviour on the international stage during the 1990s can be described as reactive, ad hoc, and often contradictory. Myanmar, which was isolated from the outside world at this time, did not have any particular importance in this process.

On the contrary, the consolidation of authority under Vladimir Putin resulted in a more comprehensive and proactive approach towards the remote region. The bid for greater power caused the Russian elite to specify its interests and goals in the once nearly completely forgotten, but now very popular, Southeast Asia. For many reasons, Myanmar plays a key role in this strategy, serving as a bridge for the passage of a large amount of natural resources between China and India. Exchange of high-power visits have become more frequent since the mid-1990s. Since the joint declaration on the basic principles of bilateral relations dating from 2000, in particular, the two countries have strengthened their ties in the defence and energy sectors. During the visit of Vice Chairman Senior General Maung Aye to Moscow in April 2006, the two sides signed agreements for cooperation in the oil sector, in anti-drug trafficking, and on the protection of secret information (Meyer 2006).

The year 2007, when China and Russia jointly vetoed a U.S.-sponsored resolution criticising Myanmar's human rights record and called for the release of all political prisoners, became one of the turning points, with the start of widespread dialogue, and ending the military attacks against ethnic minorities. Russia's ambassador, Vitaly Churkin, told the council,

We believe that the situation in this country does not pose any threat to international or regional peace; this opinion is shared by a large number of states, including most importantly those neighbouring Myanmar (Lynch 2007: 12).

Churkin emphasised that the issue would be better handled by other UN organisations, particularly the Human Rights Council and the General Assembly of the UN, and by humanitarian agencies such as the World Health Organization (Lynch 2007: 12).

On several occasions, Myanmarese officeholders have thanked Russia for vetoing the resolution, which marked another cornerstone in the weakened dialogue between the two partners. Nevertheless, it took more than five years for a notable guest to arrive in Moscow in February 2012, Myanmar's minister of Foreign Affairs, Wunna Maung Lwin. The Russian minister of Foreign Affairs, Sergey Lavrov, travelled to Naypyidaw in January 2013, the first person of political importance to do so since Nikita Khrushchev. He characterised the relations as traditionally friendly and trustworthy, emphasising the following:

We share a common approach to the problems of the modern world according to which all states should respect international law, the central role of the United Nations and its Security Council and strive to settle all disputes exclusively through peaceful, political and diplomatic means (quoted by Shestakov 2013).

Relating to this, Lavrov presented the idea of multipolarity, which has evolved as a template-like foreign policy initiative, intended to solve Russia's strategic dilemma following the demise of the Soviet Union. There are ways of interpreting this phenomenon since EU logic embraces a chain of meanings of multipolarity, which include: integration, dispersal of sovereignty, norm-based identity, soft security, and democratisation through Europeanisation. In contrast, for Russia this motive has strong connotations with regard to sovereignty, self-assertiveness, and self-sufficiency (Makarychev 2011: 17). According to this conviction and the Myanmarese multifactorial foreign policy, the ambassador extraordinary and plenipotentiary of the Russian Federation in Yangon, Boris Pospelov, clarified the relevant issues:



Myanmar didn't abet the U.N. resolution, which urged states not to recognise the results of the referendum in Crimea. It is intelligible, that Myanmar didn't vote in favour of sanctions against Russia. This country was also overtaken from such a fate, and therefore understands the non-constructivity of such measures (quoted by Kir'yanov 2014).

For Myanmar, the sense of coalition with Russia derives from its hope for the backing of a strong country in international forums, and from its desire to balance ties with its neighbouring powers. Meanwhile, Russia expects to gain a 'foothold' in the Southeast Asian region. But, although Prime Minister Dmitry Medvedev talked with President U Thein Sein in Naypyidaw as part of his participation at the East Asia summit in November 2014 (*ITAR-TASS* 2014), the head of state, Vladimir Putin, has not until now mentioned the Myanmar situation.

## Economic Cooperation: Steady Progress and Persisting Problems

Early in 1955, a Burmese marketing delegation toured the Soviet Union and Eastern Europe in search of customers for the most beloved, treasured indigenous crop – rice. A series of trade deals was reached with Czechoslovakia, East Germany, Poland, Hungary, and in June 1955 with the USSR, which promised to buy some 600,000 tons of rice grain. In exchange, Burma stood to receive a range of communist goods, including industrial plants, vehicles, heavy machinery, and chemicals (Rabonovich 1957: 656–657). Partly because of Burma's need to offload a large quantity of surplus rice, this caused an initial burst of interest, and Soviet-Burmese trade peaked in 1957, but fell steadily thereafter to about one fifth of the 1957 volume by the time of the military coup in 1962, and it stayed at that level until the collapse of the 'Red Empire'. The Burmese government had hoped that their new partners would purchase at least 20 per cent of their rice with British sterling, but the purchasers complained about the poor quality of the grain which had been stored for too long in warehouses, and had "become unfit for consumption". Also Soviet monetary aid over the period 1954–1979 was limited to just 15 million USD, while 75 million USD came from Eastern Europe, and 85 million USD from Chinese sources (Buszynski 1986: 20).

Nikita Khrushchev, who started the economic dialogue with the Southeast Asian partners, may have felt that the Soviet Union was slow off the mark doing business with Burma. One hot afternoon, while tak-

ing a boat ride in Rangoon, his thirst was quenched by a delicious cold beverage, a rare sight in the abstinent, Buddhist country. When he took a look at the label, he was surprised to find that, “with their trading skills the Czechs had already succeeded in promoting their beer as far away as Burma” (Khrushchev 1997: 755). No Soviet product could have registered such an effect at the mysterious looking market, where the locals experienced widespread disaffection for several reasons: many imported goods were partly unmarketable, such as electrical items that did not fit Burmese sockets; there were extensive delays in delivery; and their products were generally overpriced (Sanchez-Sibony 2014: 148).

At the beginning of the 21st century, as well as security challenges and political ambitions, Vladimir Putin’s observance of Southeast Asia was strongly motivated by economic interests. In Russia, the region is perceived as a potential opportunity for profit, as a market for exports and as a potential partner for modernisation, especially for Russia’s own eastern territories. The Kremlin is well aware that the country will only be recognised as a major power in this area if it can safeguard that claim economically. For this reason, the speed up of the mutual cooperation is regarded as an extremely important measure intended to connect Moscow with the actively developing states, from where Russia has hitherto been almost totally absent (Bordachev and Kanaev 2014). Two conditions speed up the prevailing attitude towards Southeast Asia: Europe’s efforts to reduce its dependence on the supply of energy resources from its eastern neighbour, and the sanctions already imposed by the USA and the EU against Russia relating to the crisis in Ukraine. For example, the one-year embargo announced on 7 August 2014 bans imports of meat, fish, dairy, fruit and vegetables from the USA, the European Union, Canada, Australia and Norway. As a result of this, the Russian Economic Development minister, Alexei Ulyukayev, has called for stronger agricultural product exports from ASEAN (Ministry of Economic Development of the Russian Federation 2014).

Beyond the traditional regional leaders such as Singapore, Malaysia, Thailand and Indonesia, which is establishing an ambitious infrastructure investment as the pillar of its growing affluence, Myanmar is coming in from decades of international isolation, and is receiving increasing attention. The Myanmar economy, once stagnant under socialist policies and dominated by state-owned industries, has recently turned into a major player, opening up as a new frontier for foreign investment. The mainly rural, densely-forested country is particularly rich in natural resources, including oil, gas, teak, minerals, and gems. Furthermore, it is conveniently situated at a crossing point in Southeast Asia, bordering

China, Thailand, India, Laos and Bangladesh. Despite all that, Myanmar fulfils the role of the poorest country in the region, with over 32 per cent of the population living in poverty, while the wealth is in the hands of an exclusive group of military leaders and their business cronies. Health expenditure amounts to only about two per cent of GDP, constituting globally the second to last ranking after North Korea (Gaens 2013: 6).

In contrast to Western superpowers such as the United States and the European Union, who adhered to the economic sanctions imposed upon Myanmar, Russia has never interrupted its contact during the era of stagnation, mismanagement and isolation, even if the amount was pretty feeble. Russia is one of the top exporters of petroleum, coal, gas, aluminium and iron, and traditionally standing at the head of the list of its largest trading partners are the Netherlands, Germany, China, Ukraine and the United States (CIA 2014a, b). However, the present awkward situation forces the Putin administration to look for new horizons, for instance in faraway regions.

According to the statistics, the very weak current economic relationship between the Russian Federation and Myanmar cannot be denied. According to the survey of Russian Federal Customs Service (see Table 1), commerce between the two countries totalled 113.9 million USD in 2013, a trivial amount compared with the 4 billion USD trade with China. Machinery, industrial equipment and vehicles (86.7 per cent), chemical products (5.9 per cent), and metals (5.1 per cent) comprised most of the Russian exports. Food products (75.9 per cent), mainly rice, and textiles (18.7 per cent) accounted for the composition of commodities imported from Myanmar (Ministry of Economic Development of the Russian Federation 2014).

Compared with the activities of Chinese, Thai and Indian entrepreneurs, Russian business in Myanmar looks quite insignificant. Different factors have caused this very unsatisfactory condition: on the one hand, Myanmar strives for potential foreign capital and for that reason passed an attractive investment law; on the other hand, there is still an element of wait-and-see for a clear direction (Turnell 2014: 373–386). Additionally, the unusual specifics overwhelm the Russian entrepreneurs, who perceive the Myanmar market as a risky minefield.

**Table 1: Russia's Bilateral Trade with Myanmar (2009 to mid-2014)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
TURNOVER	54.1 USD	113.9 USD	533.9 USD
growth rate (%)	141.9	210.5	468.7
EXPORT	49.9 USD	99.4 USD	509.3 USD
growth rate (%)	153.3	200.8	512.2
IMPORT	4.6 USD	14.5 USD	24.6 USD
growth rate (%)	78.8	314.6	170.0
	<b>2012</b>	<b>2013</b>	<b>First half of 2014</b>
TURNOVER	166.0 USD	113.9 USD	45.4 USD
growth rate (%)	31.1	68.6	59.8
EXPORT	123.9 USD	78.8 USD	25.5 USD
growth rate (%)	24.3	63.6	45.9
IMPORT	42.1 USD	35.1 USD	19.7 USD
growth rate (%)	171.1	83.4	97.0

Source: Ministry of Economic Development of the Russian Federation/Federal Customs Service of Russia, 2014.

The vice-chairman of the Russian Society of Friendship and Cooperation with the Union of Myanmar, Aleksander Ostrovsky, articulates those persistent difficulties:

Our managers don't pay enough attention to state-owned details, which are very relevant to Myanmar people. One false step, a wrong selection of brokers or translators or in a non-sensitive tone formulated correspondence can hamper your multi-million dollar deal. [...] Russian companies are unfamiliar with the particular economic mechanisms in Southeast Asia and they suffer from serious deficit of specialists for that part of the world, who speak the local language or know something about the culture (quoted by Shestakov 2013).

Even some prestigious ventures have failed in the past: the key energy producers, Itera and Zarubezhneft, financed exploration of the coastal shelf but, considering the complexity of the venture, decided to take no risks. In 2004, Tyazhpromexport intended to construct an iron-smelting plant funded by 143 million EUR over six years, but during that time, instead of producing iron, this project made a loss of 93.5 million EUR. After this debacle, the state corporation, Rostec, which got additional funding from the Ministry of Industry, has pledged to fulfil the contract, but the responsible director, Nikolai Ulyanov, resigned just a few months later (Dzhumajlo and Popov 2013).

Nevertheless, there are also positive aspects to report: from October 2013 to March 2014, Myanmar awarded 36 major oil and gas blocks to a total of 47 companies. These included giants such as Total, Shell,

and Chevron, and the Russian oil company Bashneft International B.v. won the right to develop an onshore energy block, EP-4, with an area of 841 square kilometres, situated in the Central Burma Basin. With an investment reported to be around 38.3 million USD, Russia's sixth-largest oil producer, Bashneft, acts as the main operator of the undertaking, holding a 90 per cent stake, while Sun Apex Holdings Limited from Myanmar owns the remaining 10 per cent. The partners are implementing a three-year geological exploration programme, which may be extended for another three-year period, and includes seismic surveys and drilling of two reconnaissance wells (Mel'nikov 2013). Russian firms might have a comparative advantage in participating in Myanmar's energy sector, not least because they are well-experienced in functioning under both physical extremes and institutional or political uncertainty. Although Russia may seem to be a late entrant into that booming market, it could also be seen as a calculated move, considering the vast Chinese engagement in the country.

Maybe motivated by this encouraging occurrence, the Russian Economic Development minister, Alexei Ulyukayev, travelled to Naypyidaw on 29 August 2014, where he proposed increasing bilateral trade to 500 million USD per year by 2017, up from the current 114 million USD. Of greater consequence than these beautiful words was the signing of a historical deed with his Myanmar counterpart, the minister of National Planning and Economic Development, Kan Zaw. This document contains the establishment of an unprecedented inter-governmental Myanmar–Russia commission for trade and economic cooperation, which began working immediately after the ceremony. More than 60 Russian enterprises took part in the first session of the new committee, including Bashneft, Inter RAO, the Sukhoi Company, and the United Aircraft Corporation (*The Moscow Times* 2014). Grasping the nettle, Russia sent a clear political signal, especially to its Western contractual partners.

One of the first outcomes of this meeting was agreement in the nuclear field. Myanmar's leaders have long recognised that shortages of electricity are a major hindrance to economic and social development. Moreover, they realised that the need for electricity is huge, but also there is vast potential for its production. For this purpose, in 2000 some members from the military-led government of Myanmar officially asked their Russian colleagues for help in building a nuclear research centre. In February 2001 the two sides began concrete negotiations regarding the establishment of a 10–15 megawatt (thermal) light water pool-type research reactor, and an isotope laboratory. Russia's Atomstroyexport Corporation was chosen as the leading company for the project, and

finally signed a contract with Myanmar to design the centre in June 2001 (Luchin and Fedchenko 2003).

The plan failed in 2003 due to Myanmar's inability to find the hard currency needed to pay for construction costs, so in 2007 the Russian state atomic energy agency, Rosatom, came to an agreement with the former Science and Technology minister, U Thaung, that contained the foundation of a nuclear research centre. It was proposed that this institute should comprise the following: a 10 megawatt light-water reactor working on 20-per-cent-enriched uranium-235; an activation analysis laboratory; a medical isotope production laboratory; a silicon doping system; and nuclear waste treatment and burial facilities. To achieve a successful result, Rosatom wanted to train 350 Myanmarese specialists. So far, this operation has made no headway because of the Saffron Revolution that took place between August and October 2007, and Cyclone Nargis which caused the worst natural disaster in the recorded history of Myanmar (Khlopkoc and Konukhov 2011).

The development of a nuclear technology in the Southeast Asian country attracted international attention, which posed some worrying questions. Might the ruling generals be trying to acquire nuclear weapons? Could cooperation between Russia and Myanmar in the nuclear area pave the way for a military nuclear programme later? This bilateral programme especially irritated the George W. Bush administration at a time when US-Russian relations were already in deep trouble over a number of issues, ranging from missile defence to the future of Kosovo. In response, the military elite in Yangon emphasised that the reactor would be used only for strengthening the medical sector, for research purposes, and for the effective production of energy. Russian contracting parties insisted that Myanmar was entitled to peaceful nuclear technology, and that there was "no way" it could use the apparatus to manufacture nuclear missiles. In addition, both sides referred to some important propositions from the agreement; in particular the document required that Myanmar should be a party to the International Atomic Energy Agency (IAEA) additional protocol before signing the contract for the construction of the centre. The agreement also specified that Myanmar is contracted not to use the supplied nuclear or special non-nuclear material for the production of nuclear explosive devices, or for any other military purposes. Furthermore, Myanmar gave its assurance not to use the equipment, materials and technologies supplied from Russia in nuclear facilities not placed under the IAEA safeguards (Government Resolution of Russian Federation 2006).

But, in the light of the huge political changes in Myanmar, and the fact that Myanmar had signed the additional protocol on the application of safeguards in connection with the Treaty on Non-Proliferation of Nuclear Weapons in September 2013, implementation of that nuclear deal became topical again. Despite concern from the USA and the EU, Russia and Myanmar signed a memorandum of understanding for cooperation in the peaceful use of nuclear energy as a side issue during the St. Petersburg International Economic Forum on 18 June 2015. The document was signed by the director general of the state-run nuclear corporation Rosatom, Sergey Kirienko, and the minister of Science and Technology of the Republic the Union of Myanmar, Ko Ko Oo (Rosatom 2015). While previous deals have stalled, this time there is a greater chance of success. From a Russian perspective, nuclear exports have become an important market at a time when other avenues are constrained due to sanctions. In this regard, the associate professor of the School of Regional and International Studies at the Far East Federal University, Ivan Zolotukhin, stressed:

Russia needs to develop a comprehensive strategy of presence in Southeast Asia. Nuclear cooperation serves as one of the most optimal directions in which to focus on the economic benefits and on the solution of strategic problems and security issues. This area of cooperation between Russia and countries of the region may contribute not only to solving the energy issue, but in the long term could become a lever for the development of constructive cooperation in other spheres (Zolotukhin 2014).

The Russian government seems serious about this issue. In April 2015, Rosatom won a tender to prepare blueprints for a research reactor in Indonesia, and offered to collaborate on building nuclear reactors in Malaysia, Thailand and Vietnam. The transfer of such technology can also be seen as a practical geopolitical tool, since favourable conventions have the potential to generate broader political influence, reflected by the recent bilateral nuclear agreements with states such as Hungary and Iran. Furthermore, if these ways of proceeding are anything to go by, the Myanmarese government can expect very generous financial terms from Moscow. In a wider geostrategic sense, Russian investments can also counterbalance the growing role of China, which has bankrolled numerous economic projects in Myanmar.

## Russia's Participation in the Military Sector

President Vladimir Putin has increased defence spending since coming to power in 2000, seeing the rebuilding of the armed forces as a central part of his attempts to restore Russia's position as a great power. In this regard, the resolute head of state pronounced,

It is important to strengthen Russia's presence on global arms markets. Beyond doubt, this should help national defence industries to plan for an expansion and update of production, and create new quality jobs (Putin 2014).

This wish seems to have come true. In the near future, the Russian Federation could even win the match against its biggest opponent, the USA, which started at the outset of the Cold War. Russia delivered weapons to 52 states in 2009 – 13 of which totalled an estimated 29.7 billion USD – while the USA supplied more arms than any other supplier, to at least 94 recipients with an average value of about 26.9 billion USD. In contrast to the USA, which mostly sells expensive, ultra-modern equipment to its allies, Russia tends to trade in time-tested Soviet designs at relatively low prices (Smith and Gould 2014).

At the beginning of the 21st century, the members of ASEAN agreed upon the modernisation of their national forces and other military installations, resulting from continual conflicts and the urgent needs for protection against terrorism, piracy, organised crime and illegal migration. If they continue to spend on the military at the current rate, these countries are expected to spend about 32 billion USD in 2015 and 40 billion USD in 2020 on weapons technology, which makes the region very attractive for Russian manufacturers. Southeast Asian states acquire their arms imports from a variety of sources globally, underlining the highly competitive nature of companies in the aerospace and defence markets. Singapore, Indonesia, Thailand, and Malaysia have a wide variety of suppliers, including the USA, the EU, Russia, and South Korea (Dowdy et al. 2014: 13).

Myanmar has not bought any weaponry from the USA (see Table 2) until today. The commencement of military cooperation between Russia and Myanmar began in the 1990s, and gained momentum during the 2000s. In 2001, Russia sold Myanmar four MiG-29 jet fighters, another ten in 2002, and in 2006 the Russian Aircraft Corporation MiG opened an office in Yangon. In 2009, the state-owned enterprise, Rosoboronexport, signed a contract to supply twenty more MiG products to Myanmar, winning the contract in competition with China (see Table 3). Taken as a whole, the official weapons purchases have come almost exclusively



from the Russian Federation and China, with sales divided almost evenly between the two.

This high-status investment did not really give an adequate answer to the needs of Myanmar’s traditional strategic counter-insurgency operations. But the MiG deal alarmed many of Myanmar’s neighbours, especially the pro-US oriented Thailand. Although the Thai Air Force is well-equipped with numerous US F-16 fighters, the government in Bangkok has never hidden its fear that the Myanmar MiGs may be used against its own interests (Lintner 2001: 23). But the jet fighters are expensive to use, and are often just grounded at Yangon’s International airport, unless enough foreign tourists are there to watch them take to the skies.

**Table 2: Countries Importing Weapons from Russia Alone, Not from the USA (2013)**

<b>Country</b>	<b>Value of Russian weapons in USD</b>
China	3,060,350,000
Algeria	2,097,860,000
Vietnam	1,910,710,000
Syria	1,570,280,000
Myanmar	520,450,000
Sudan	431,340,000
Uganda	310,130,000
Belarus	267,360,000
Turkmenistan	149,720,000
Mongolia	106,940,000
Libya	81,990,000
Iran	58,820,000
Malaysia	24,950,000
Cyprus	10,690,000

Source: The Stockholm International Peace Research Institute, Federal Service for Military-Technical Cooperation of Russia 2014.

Following the political changes, the arms imports into Myanmar in 2011 increased to an all-time peak of nearly 700 million USD, more than double the next highest annual figure since 1989. Simultaneously, fatalities in domestic military conflicts have also risen during this period. Since June 2011, the downward trend that had lasted for more than a decade was reversed following the massive rearming of the fighting forces, and its subsequent offensives against the Kachin Independence Army (Sommer 2013). According to statements by the Russian Defence Ministry, Myanmar’s armed forces used the 30 MiG-29 advanced supersonic fighters, the 30 Mi-17 gunship helicopters, and the 11 Mi-24 attack helicopters to good effect, presently utilising Russia’s Pechora air defence system. The

Myanmarese detachments also employ several T-72 battle tanks and short-range air-to-air missiles, but the exact number is still unknown (Frolov 2012: 16–26).

Apart from any profitable commercial transactions, Russia regards this positive development as a prelude to a very prosperous cooperation in that region. Because it has lost its standing in many traditional markets, including Libya, Syria, and Iraq, the world’s second largest weaponry exporter has also begun to increase the arms trade with Myanmar. In Southeast Asia, the defence industry is one of the rare high-tech sectors, and one of the very few areas where Russia remains competitive with China and the USA. Russia has become an important defence modernisation partner, especially for states such as China, Indonesia and Myanmar that lack or have lacked alternative suppliers because of Western arms embargoes.

Table 3: Export of Russian Military Aircraft (2009–2010)

Importer	Object of a contract military hardware supplied	Contract date	Cost in USD	Delivery date
India	29 MIG-29K	12 March 2010	1,5 billion	not specified
Vietnam	8 SU-30MK2 12 SU-30 MK2	2009 February 2010	320 million 1 billion	2010–2011 2012–2013
Algeria	16 SU-30MKI (A)	March 2010	800 million	2011
Myanmar	10 MIG-29B 6 MIG-29 SE 4 MIG-29 UB	7 December 2009	511 million	2011–2012
Uganda	6 SU-30MK2	March 2010	300 million	2011–2012
Overall	91 units		4,400 billion	

Source: Periodical *Torgovlya vooruzheniyami (arms export)* 2012.

In contrast to the USA that delivered major weapons to 94 recipients from 2010 to 2014, out of which none accounted for more than nine per cent of total US exports, Russia’s arms distributions were more concentrated. Three purchasers – India, China and Algeria – accounted for almost 60 per cent of total Russian exports (Wezeman and Wezeman 2015: 2).

But, in an attempt to establish a position of considerable influence in the Southeast Asian arms market, the Russian Federation increasingly wants to turn from large weaponry contracts with major nations such as India or China to working in parallel with a number of smaller states. In this context, one of the renowned Russian military experts, Vyacheslav

Tseluyko, emphasises that Myanmar can be a significant ally, despite its poverty:

Myanmar [...] does not have the money to place massive orders for complex military equipment. However, if Russia gains a foothold in that country it will have a chance to eventually start selling arms to Bangladesh, Laos and Indonesia, as well as expanding its military exports to Vietnam (quoted by Mikhailov 2013).

Certainly, it must be mentioned that Russian military exports have some drawbacks as well as advantages. In recent years, within the defence industry in Russia there has been a transition from working below capacity on occasional contracts to large-scale production. The transition itself can be seen as positive, but this seemingly positive phenomenon paradoxically results in some unpleasant consequences. This is due to the fact that during the last two decades this sector experienced a big shortage of manpower, and has in most cases been unable to boast modern production facilities. All this creates pressure to fulfil contracts, which in turn calls into question the ability to satisfy the rising demand from consumers (Russian Government 2015). Another problem is the shortage of aircraft carriers and lack of foreign bases, which provides a good opportunity for competitors such as China that already sell Russian spare parts to Malaysia.

Although Myanmar's defence relations with Russia have grown steadily over the past decade, they are not as robust as those with China, which recorded its neighbour as one of its main customers for weapons. However, if ties with its Russian partners continue to grow, Myanmar could eventually represent a key strategic site in Southeast Asia. As long as their respective national interests coincide, both Russia and China can take cordial or even collaborative foreign policy actions to counter American pursuits in this region.

Against this background, in 2013 the Myanmarese army's commander-in-chief, Min Augung Hlayn, and Russian Defence Minister Sergei Shoigu met twice to discuss deepening the relations between the two countries (Aleksandrov 2014). The ambitious plans that both sides conceived during the meetings were accompanied by a symbolic gesture. To commemorate 65 years of diplomatic relations between the two states, three Russian navy ships made a six-day port call to Yangon in November 2013, the first ever by Russian warships in the modern era, and an event that could set the tone for future joint military exercises. The chairman of the Russian army general staff, Colonel General Valery Gerasimov, expressed confidence about future progress:

This visit was an excellent demonstration of the high level of trust between our countries and reaffirmed their mutual interest in more active military-to-military cooperation (quoted by *ITAR-TASS* 2014).

Another result of Shoigu's trip to Naypyitaw was the idea of founding a Centre for the Russian Language in order to train the military personnel. Currently, Myanmarese officers and enlisted servicemen go to Russia for three years to receive instruction in the use of the weaponry and equipment produced there. During the first 12 months, the cadets are obliged to take only Russian courses, before being introduced to specialist disciplines such as mathematics, informatics, machine engineering, nuclear energy, missilery, and aircraft manufacturing. To cut costs for the Myanmarese government, future students should attend local colleges to learn the basic Russian military terminology, including drill commands, the Russian names for military ranks and army kit items, the correct way to address senior officers, and so on (Mikhailov 2013). This procedure is quite unusual because it was the Ministry of Defence that took the initiative, not the Ministry of Culture or Ministry of Education.

One of the reasons for such actions is the fact that a large number of personnel from Myanmar are studying at Russian military schools. As recorded by the Russian Ministry of Education, 4,705 Myanmarese people attended university lectures between 1993 and 2013, more than from any other Southeast Asian country except Vietnam. Sometimes the proportions are rather larger. In 2006, a third of all the foreigners enrolled at the Moscow Aviation Technology Institute were Myanmarese. In the 2010–2011 academic year, Myanmar represented the biggest group of foreign students at the Moscow Institute of Steel and Alloys (Ministry of Education and Science of the Russian Federation 1997–2014).

Cooperation in this field began with a student exchange programme, a project that was under the direct responsibility of the Soviet and Myanmarese Ministries of Education. In 1972, 12 students from Burma were sent to Moscow State University, while six young Russians enrolled at Rangoon University to study multicultural courses and technological sciences. Over the following 40 years, the Myanmar government spent more than 150 million USD on students in the Russian Federation, and more than 50 million USD to integrate the educational system in their homeland. The Russian partners invested about 100 million USD in infrastructure-building in the educational sector; for instance, the Government Technological University in Yangon and the main library of Mandalay Technological Institute were built under the budget authorisation of the Kremlin (Tatarinov 2007).

The specific courses to be delivered to Myanmar students in Russia are chosen by the Myanmar government, within the limits set by Russian legislation. As a rule, a Myanmar Embassy official confers directly with the university in question on the number of scholars to be sent for training, and the list of the lectures they will take. The programme is then vetted by the Russian Ministry of Education and Science; also by the Russian Nuclear Energy Ministry in the early periods. The full expenses of the training are paid for by the Myanmar government, which provides a welcome opportunity for Russian universities to make some money, especially since the number of indigenous students had fallen due to Russia's demographic trough during the 1990s.

There are no official statistics available to show the career paths of former Myanmar students, but by combining different sources it is possible to make some statements. The academics from the ASEAN Centre in the Moscow State Institute of International Relations (MGIMO) recorded that one result of the bilateral exchange is the fact that new study programmes in oil and gas, computer sciences, social work, market economy, and tourism were expanded and developed in the universities of Myanmar. Furthermore, they found that a group of DSc and PhD students who graduated in Russia are trying to establish the very first institute of aviation in Myanmar. Some of the young people are now working with Russian tourists back in Myanmar, where their knowledge of the Russian language gives them a competitive edge. Other Myanmar specialists who have trained in Russia then leave for other countries, especially Singapore, where their skills are in high demand (Htet 2015).

The education of specialists abroad is part of Myanmar's efforts to nurture a cadre of elite technocrats. The candidates chosen for study are therefore mostly technical and military officers who have usually better basic training than civilians. The choice of Russia is not only based on its reputation in science, but is also an expression of Myanmar's attempts to find a counterbalance to China, which continues its economic expansion in the country. In the view of the Russian Federation, the exports of education services are not just a profitable line of business, but also a significant component of foreign policy. Russia needs to make good use of Myanmar's decision to choose Russian establishments, and step up the efforts to develop closer relations.

As a result, Russia wants to offer specialist training in the control of radioactive and fissile materials, because Myanmar officials have previously said that their country lacks the equipment and expertise in this field. For example, the training programmes provided to Myanmar by

Rosatom (State Nuclear Energy Corporation), the Ministry for Education, and the Federal Customs Service, could include nuclear security and safety courses. Such classes could be delivered independently, or as part of the IAEA projects at the Institute of Global Nuclear Security set up at the Interdepartmental Special Training Center in Obninsk (Kaluga Region), which belongs to the MEPhI National Research Nuclear University (Rosenergoatom: Press release 2015). But the Russian high schools, military academies, universities and the Export Control Commission under the Ministry of Education must be careful about the choice of opportunities they open up to Myanmar's younger generation. There needs to be a balance between economic benefits from teaching foreigners and Russia's non-proliferation commitments, as well as wider national security interests.

The small number of students in military areas, and rather modest weapons exports, shows that relations between Russia and Myanmar are not as tight as assumed by some experts. Undoubtedly, for the near future India and China remain the main strategic partners of the Russian Federation concerning arms exports, but their demand will be exhausted one day. Still, the experience that Russia has gained through this transnational cooperation may serve as a kind of business card in the competition for entry into the markets of Southeast Asia, and may be applied to intensify existing contacts, such as those with Myanmar.

## Russia – A New ‘Counterbalance’ in Myanmar?

Vladimir Lenin, the father of the Great October Socialist Revolution of 1917, once proclaimed, “Let us turn our faces towards Asia; [...] the East will help us conquer the West” (quoted by Hopkirk 206: 1). His need for a relationship with Asia stemmed from his disappointment with the non-acceptance of revolutionary ideas in Europe, trusting that Marxism would find better ground in the East. Twenty-first century Russia's reflection of interests towards Asia is less ideological, and stimulated by a more pragmatic motive: the opportunity of economic development within the rising Asia-Pacific area. In addition to the enduring foreign policy ambition of reasserting Russia's influence in the post-Soviet space, Vladimir Putin has also drawn up a plan to court key allies well away from Russia's immediate vicinity. Thus, Russia could extend its geopolitical leverage, form solid business collaborations (particularly in the energy and arms sectors), and counter the clout of the United States. With reference to Southeast Asia, the Kremlin tries to prevent any further erosion and marginalisation of Russian power, as this could lead to a limita-

tion of autonomy, for example, through being wedged into a ‘junior partnership’ with China. For that reason, the political elite makes great efforts to label Russia with a new self-image as a ‘Euro-Pacific power’, accompanied by the long-felt will to recapture its former international greatness.

As early as 2001, the Australian scientist Andrew Selth assumed that, at critical times, Burma has been a cockpit for rivalry between the superpowers and, in the fluid strategic environment of the early 21st century, its important position is once again attracting attention from analysts and officials (Selth 2001: 5).

This prognosis seems to be proven true, as the following examples demonstrate. India, Myanmar’s second-biggest neighbour, has woken up to reassess its geographical and historical cultural linkages in order to utilise Myanmar for political stability as well as for economic development, by implementing its ‘Look East’ policy. The EU’s recent policy initiatives in Myanmar not only promote the democratisation process and economic reform, but also form part of its increased commitment to ASEAN and Asia as a whole. Japan, the most important reliable American ally in Asia, wants to partner with some other actors to balance China, thereby cutting off China’s main energy route leading to the Indian Ocean, while competing through its attractive financial and technological advantages for a larger market share (Dai and Liu 2014: 5–6).

With regard to the configuration of foreign policy, the Thein Sein administration recognises an auspicious capability. Myanmar’s neighbour, China, has been its closest ally since independence in 1948, and continues to be the dominant international actor there. But many sectors of civil society, particularly the opposition, desire to lessen its leverage and its sometimes ‘patronising’ attitude. When U Thein Sein ordered an interruption to the construction of the Myitsone Dam in 2011, China also received a damper from the official side (Bade 2015: 62–65). It must be mentioned that Russia’s most prominent traditional ally in Southeast Asia was Vietnam. This was based in the past on a shared communist ideology, and mutual distrust of China in light of the Sino–Soviet split and, with regard to Vietnam, deep-rooted historic wariness of China (Kobelev 2013: 15–32). On the other hand, whereas the international community excluded Myanmar for many decades, the country has been strongly associated with China since the 1970s. What makes this complex interplay different from the case of Vietnam, however, is that the state of affairs between China and Russia has changed noticeably since the mid-1960s. While some dissension between the two countries still exists, many foreign policy analysts now speak of a growing China–Russia axis.

Also, the United States has come to realise the opportunities inherent in greater engagement with Southeast Asia, and Myanmar in particular. In 2009, the new Obama administration initiated an elaborate review of US–Myanmar policy that led to the adoption of a more pragmatic attitude towards Myanmar. The beginning of the warmer bilateral contacts is characterised by the Myanmar elections of 2011, when the nominally civilian government proclaimed its intention to commence a process of national reconciliation. In November 2012, Barack Obama declared his intention to hold an annual summit with ASEAN, and became the first American president to visit Myanmar. While US politicians announced that this strategic course is based on supporting democracy, human rights, stability and expanding prosperity in Myanmar, many in Beijing interpret this remarkable change as part of a bigger effort to encircle and contain China (Haacke 2012: 53–60). So, the USA's 'pragmatic engagement' policy is primarily an attempt to use Myanmar as a means for implementing a 'double containment' strategy of China and India, while economic topics remain lower down on the agenda.

While these actions have been taken in the context of geopolitical tensions between China and the USA, the less-developed, but increasingly growing, Russian presence should not be ignored. Although Russia has already established some footholds in Myanmar, the financially stronger United States can be perceived as a serious competitor. Against the background of the Ukraine crisis and the present US–EU sanctions on Russia, Moscow would certainly give precedence to China in Myanmar, and would definitely avoid any cooperation with the USA. Russia's current aspiration is to gain a foothold in Myanmar, part of a three-pronged geopolitical thrust into the Indian subcontinent, the Indian Ocean, and Southeast Asia. Referring to the political dimension, it can be assumed that Russia will not interfere in the domestic affairs of Myanmar, allowing promotion of the implementation of western-style democracy and its values, such as respect for human rights and freedom of the press. The Myanmar people, who are just at the beginning of their political, economic and social transformation after a long period of nearly complete isolation, will highly welcome this deliberate restraint.

Unquestionably, China will remain a mighty economic giant in the region, but the Myanmar government seems to be looking for less dominant alternatives. Because of its historical abstinence in Southeast Asia, Russia might be qualified to this end. The Russian leaders do not seek regional dominance in Myanmar, but they do strive for a position as an independent pole in a multi-polar system, as an equal among the other players. In comparison with the former Soviet Union, Russia benefits



from a much less ‘threatening’ image, and represents an attractive alternative for a number of smaller states like Myanmar who seek a more balanced power distribution in their region. On top of this, the ASEAN-members, including Myanmar, find it advantageous to sustain competition among China, the USA and other notable players, since it helps them to advance their economic progression while retaining political autonomy. This trend coincides with Russia’s attempts to fulfil the ‘counterbalancing role’. The Russian policymakers, in defiance of Russia’s reduced standing on the world stage, think that it still possesses ‘assets for exerting influence’ as a ‘variable force’ or an ‘honest intermediary’ when addressing regional conflicts like the Korean crisis. and ASEAN’s response to China’s rise (Rangsimaporn 2009: 109).

Nevertheless, the economic sphere offers many more opportunities for the intensification of commencing bilateral contacts. Regarding the predominantly promising potential of the military sector, it must be mentioned that Myanmar still represents one of the least developed countries in the world, and is only able to afford to import a limited number of weapons, but it can act as a ‘door-opener’ to other clients in Southeast Asia. Hence, the Russian Federation should focus its attention on other aspects; for example, similar to Vladimir Putin’s proposal to establish a free-trade zone in Vietnam in November 2013, a similar deal could be suggested to Myanmar. The analogic kind of initiative might lead to a pivotal change, which would lift the dialogue between Moscow and Naypyidaw to a new level. In this case, the geographical distance and obvious differences in the export structure make such projects financially rewarding for both sides because no one has to fear an influx of competing products.

## Conclusion

During the period of the Cold War, Russia’s interest in Myanmar was among other things driven by an ideological struggle against Western, and especially American, capitalism. Today, the main objective is to provide economic cooperation, to improve its position in the region, and to reassure the Southeast Asian country of its silent, but nevertheless persistent, presence on the map of the World. Finally, it is important to emphasise that the future success of Russia-Myanmar relations relies on a continuation of arms trade, cooperation with ancillary energy security, and opportunities to intensify the support of the education and training sector. As a whole, little by little, the Russia-Myanmar dialogue is acquiring new depth, and becoming more versatile and multidimensional. But

there are still considerable difficulties. On the one hand, Myanmar could not always fulfil the expectations of Moscow, especially in terms of the implementation of large economic projects and the reliability of payments. On the other hand, Russia does not have huge financial resources for necessary investments, and its representatives often have little knowledge of the exotic Myanmar.

Certainly, the bilateral relations started in the middle of the 1950s have the potential for achieving sustainability. But drawing on statistical evidence and the analysis described above, it can be stated that Russia does not act as a leading or a particularly influential 'great power' that constitutes a counterweight to China in Myanmar, though its presence there has stabilised and gained reputation in contrast to the 1990s. In the near future, it can be expected that Moscow and Naypyidaw will extend their partnership, but Russia will also extend the scope of cooperation with other countries in order to raise its influence in Southeast Asia. Myanmar cannot for the moment count on Russia as a 'counterbalance' to China, and will be compelled to find other alternatives in this respect, perhaps more in the form of partnering with an association of states rather than with a single country. To conclude, Russia and Myanmar can be observed more as friends in need than as close allies that have similar strategic considerations with regard to the international community.

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