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MYANMAR: POLITICS, ECONOMY AND FOREIGN RELATIONS

Introduction

Recent developments in Myanmar send at best contradictory signals. The flares of Aung San Suu Kyi's National League for Democracy (NLD) seem to have dimmed significantly. The ruling military junta, the State Law and Order Restoration Council (SLORC), is displaying more confidence in its dealing with the opposition NLD. The SLORC's relative success on the economic front is also possibly instilling confidence in it. On the external front, however, pressure on the SLORC keeps mounting from the West. ASEAN members are also yet to make a decision on Myanmar's membership in the regional body. How would one explain the relative relegation of the NLD? Is it because of internal weakening of the NLD or heightened repression on the part of the SLORC? Or is it because the economic situation is improving so that the SLORC is enjoying a greater degree of credibility? Why has the West, then, stepped up its pressure on the junta? Is it linked to ASEAN's actively considering Myanmar's membership in the Association? Is ASEAN likely to be influenced by the recent US sanctions on new investment in Myanmar? The central burden of the paper is to address these questions to make

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an overall assessment of the situation in Myanmar located on the border of Bangladesh as a bridge between South and Southeast Asia. In addressing them, the paper examines how the junta fared in the fields of politics, economics and foreign relations.

The paper has been organized as follows. The opening section examines the political scene of Myanmar. Next one takes up the economy followed by foreign relations of Myanmar. The paper ends with a brief assessment.

I. The Political Scene

Following the release of Suu Kyi, the leader of the opposition NLD, on 10 July 1995, the popular perception was that the ruling junta of Myanmar, the SLORC, would enter into a political dialogue with her. It was believed that the SLORC freed Suu Kyi because it wanted to cast off its pariah image in an attempt to gain wider acceptance within the international community. Contrary to this popular perception, Myanmar's ruling junta has rather followed an evasive policy all through in entering into any discussion with Suu Kyi.

Suu Kyi, in the aftermath of her release, busied herself by addressing weekly public gatherings every Saturday outside her University Avenue house. The key aim of these gatherings was to draw the attention of the ruling generals to sit for a political dialogue with the goal of achieving national reconciliation. But the junta turned a deaf ear to Suu Kyi's repetitive urges for holding discussions. The SLORC made it clear that it would sit for a dialogue with the 700 hand-picked delegates to a National Convention (NC), whose task was to draft a new constitution. In drafting the new constitution, the delegates inserted a clause which reserved a quarter of the seats in any future Assembly for the military¹. It also inserted a provision that disqualified from the

1. *Time*, 24 July 1995, p. 19.

presidency anyone married to a foreigner and having no familiarity with the military². This was ostensibly aimed at eliminating Suu Kyi who got wedded to a British academic, Michael Aris. It was also decided that the minister in charge of defence would be a member of the military, and in a national emergency, the head of the armed forces would assume control of the government. The SLORC further stipulated that the parliament would not control or determine the budget of the defence forces; members of the armed forces would also be appointed to local legislatures and lower-level administrative posts. Clearly, these constitutional reforms were indicative of the SLORC's intention to perpetuate military rule in Myanmar retaining its own pie under a civilian facade. To attain that goal, the SLORC organized a pro-government mass movement called the Union Solidarity and Development Association (USDA) visibly under civilian control. The advantage is that the USDA is not a party; it is essentially an association; so the law, which prevents civil servants and army personnel from joining political parties, is not applicable here. Membership in the USDA, contrarily, is expected of civil servants, and reportedly many have signed up over the past year. The USDA reminds one of Indonesia's ruling mass party, the Golkar, and it is significant that high-ranking officials paid several visits to Indonesia before the USDA was formed³. The Yangon-based diplomats confirmed that the SLORC game plan was to create a political system which at best would resemble the *dwifungsi* ideology of the Indonesian military. The proposed structure with a civilian facade would allow the SLORC play a role in defence

2. *Ibid.*

3. *Far Eastern Economic Review (FEER) Asia 1995 Yearbook*, (Hong Kong, 1995), p. 94; also, Ulf Sundhaussen, "Indonesia's New Order: A Model for Myanmar," *Asian Survey*, (Vol. XXXV, No. 8, August 1995), pp. 768- 780; Abu Taher Salahuddin Ahmed, "Myanmar: Road to Democracy or East Asian Model?" *BIISS Journal*, (Vol. 17, No. 1, January 1996), pp. 122-143.

and government⁴. As to the new constitution, it would be essentially the same as the one promulgated in 1974 by the military and abolished when the SLORC assumed power in 1988, meaning the SLORC, like its predecessors, wants the future government of Myanmar to assume the form of a constitutional military dictatorship.

Sensing this, the NLD, which took part in the convention until December 1995, boycotted the convention calling it a mere farce. The NLD claimed that it was not allowed to voice its own opinion and play a role in decision-making. Instead it was forced to sit and listen to prepared speeches by various army officers and other spokesmen for the regime. The junta did not take such attitude of the NLD seriously until the convention was postponed in March 1996.

Following the postponement of the NC, the SLORC arrested more than 260 members of the opposition NLD in late May 1996⁵. The crackdown was launched in advance of a planned NLD congress in Yangon on May 26-28, aimed at bringing together some 250 NLD representatives elected in 1990 to constituent assembly and other party members. The *Radio Australia* reported that at least nine of those detained, including a senior party official, had been charged and faced prison terms⁶. The NLD congress went ahead as planned at Suu Kyi's house, but was attended by only 18 NLD representatives. On its final day Suu Kyi announced plans to draft her own version of the constitution alternate to the one currently being drafted by the SLORC-dominated national convention. However, on May 29, after the close of the congress, the SLORC tried to take the wind out of the NLD's sail by releasing a number of the detained NLD members.

4. *Far Eastern Economic Review* (hereafter *FEER*), 17 July 1995, p. 44; 23 July 1992, p. 20.

5. *Kessing's Record of World Events*, (Vol. 42, No. 5, 1996), p. 41095.

6. *Ibid.*

The NC remained suspended and there seemed to be no immediate plans to gather the delegates again. But the SLORC's tactical objectives seemed to have been achieved. The government apparently viewed the NC as the locus of Myanmar's political transition. It has been stated that the NC is the "disciplined forum for the [political] dialogue" and that the "primary aim" has been to "obtain consensus among [the] nationalities" regarding the future constitution. Thus, the ruling junta seemed to have no compelling reason to enter into "tripartite dialogue" advocated by the opposition that would involve SLORC, the "democracy movement" led by Suu Kyi, and ethnic nationalities⁷. On the other hand, any action to oppose the NC's work or any attempt to formulate an alternative constitution was considered by the government as a serious challenge to its carefully managed political transition towards a home-grown version of multiparty democracy. Hence, a new law entitled "The Law Protecting the Peaceful and Systematic Transfer of State Responsibility and the Successful Performance of the Functions of the National Convention against Disturbances and Oppositions", was enacted on June 7, 1996. This law prohibited "inciting, demonstrating, delivering speeches, making oral or written statements and disseminating in order to undermine the stability of the State, community peace and tranquillity and prevalence of law and order" or "national reconciliation"⁸. The army generals continued to rule by this decree threatening people who attended Suu Kyi's meeting with up to 20 years of jail. Evidently, the law was aimed at against Suu Kyi and her NLD to crush them once for all.

In mid-August 11 members of the opposition NLD were sentenced to seven-year prison terms. The 11 were among a group of 260 NLD activists detained in a crackdown in late May. Some

7. Referred to in *Regional Outlook: Southeast Asia 1997-98*, Institute of Southeast Asian Studies, Singapore, 1997, p. 42.

8. Quoted in *ibid.*

of those imprisoned had apparently been charged with making a video depicting poverty in farming communities⁹. Burmese opposition radio reported on August 4 that U Hla Than, an elected NLD representative, had died in a Yangon hospital after being transferred from prison. Hla Than had been in prison for six years and had reportedly suffered internal injuries under torture¹⁰.

Amid such continued anti-democratic crackdowns, Suu Kyi planned to launch another congress on September 27, 1996. The Police, however, prevented the congress from taking place at the Yangon home of Suu Kyi. In the first instance, roads leading to Suu Kyi's house were blocked and more than 150 party activists were detained¹¹. A further 400 people were reportedly arrested on September 27¹² in security sweeps through Yangon and its townships. In October 1996 NLD Deputy-Chairman U Kyi Maung was briefly held for questioning by authorities in relation to sit-in demonstrations by university students against alleged police brutality following a quarrel at a restaurant. The political situation became further complicated when a 200-strong mob attacked cars carrying Suu Kyi and other leading NLD officials through Yangon on November 9. The incident drew strong condemnation from foreign governments. Some press reports claimed that the mob was acting with the apparent approval of the SLORC. However, a senior Burmese official had described the mob attack as "an act of sabotage" which the authorities were investigating¹³. The official newspaper, *The New Light of Myanmar*, quoted the SLORC's Lt-Gen Tin Oo as saying that the government "will never allow the recurrence of the 1988 disturbances and would annihilate any internal elements who are trying to disrupt the

9. *Kessing's Record of World Events*, (Vol. 42, No. 7/8, 1996), p. 41232.

10. *Ibid.*

11. *Kessing's Record of World Events*, (Vol. 42, No. 9, 1996), p. 41270.

12. *Ibid.*

13. *The Guardian* (London), 12 November 1996 as quoted in *Kessing's Record of World Events*, (Vol. 42, No. 11, 1996), p. 41372.

country"¹⁴. The events since late 1995 showed that the SLORC resorted to quasi-political as well as diversionary tactics to counter the opposition NLD. Whether because of this or lack of stamina, as are the characteristics of agitative politics in most of the developing countries displaying an undulating pattern or because of fading of popular support, the NLD began to develop fatigue.

Suu Kyi also seemed to be fading from view since her release from six years of house arrest in July 1995. "There was a feeling of hopelessness,"¹⁵ said a former member of Suu Kyi's NLD. "Everybody was so excited last year. We felt that change was coming, that democracy would win. But that feeling has passed as time went on"¹⁶. Despite Suu Kyi's continued bravery in facing up to SLORC, the local elite kept criticizing her more than ever for being out of step with the time. Perhaps there was no better explanation than this one offered by a young entrepreneur: "She's like an icon," he explained. "I supported her six years ago. But things were different then, and so was I. Now, we can do business and buy things. Nobody I know wants to go back to that time. We want to go forward"¹⁷.

Supporters of Suu Kyi grew bitter over her inability to force the generals to the negotiating table. "Aung San Suu Kyi has definitely become more intransigent," says a Western observer¹⁸. "Her charisma and influence over the people seem to have dimmed. Part of this is surely the time passing and the lack of results. SLORC just seems to get stronger, and she becomes less of a symbol of change by the day"¹⁹. Added a former high-level NLD member: "She's really out of touch. She lives in isolation, in a dream world with her supporters and the media attention. Things

14. Quoted in *Daily Star* (Dhaka), 14 January 1997.

15. Quoted in *Asiaweek*, 2 August 1996, p. 26.

16. Cited in *ibid.*, p. 27.

17. Quoted in *ibid.*

18. Quoted in *ibid.*

19. Quoted in *ibid.*

have changed around her, but the NLD is still stuck in the past"²⁰. Although this sample of views may not be truly representative of the views of the NLD supporters and the common people in general, the fact remains that Suu Kyi perhaps could not keep pace with the changes in the global, regional as well as national environments. The people's mood also might have changed because of the prevailing economic condition, as will be seen in the next section. Whether she also could not successfully play her cards in the ASEAN also needs to be examined.

The SLORC had other feathers to wear on its hat. Two such remarkable developments in Myanmar during the recent time were related to the surrender of drug lord Khun Sa to the junta, and the Karen National Union's (KNU) peace talks with the SLORC. In January 1996, Army helicopters landed in Homong, the headquarters of the Mong Tai Army (MTA) of Golden Triangle drug lord Khun Sa - to be greeted by thousands of guerrillas standing to attention, their weapons at their feet. Nearly 15,000 MTA soldiers surrendered to the authorities and handed over assault rifles, machine guns, rocket launchers and even SA-7 surface-to-air missiles²¹. Until then the MTA had been the strongest and best-armed rebel group fighting the government in Yangon. Reportedly, Khun Sa and the Burmese army had struck a deal which provided Khun Sa with an amnesty and a guarantee against extradition²².

The last major ethnic group in military opposition to the Burmese military government, the KNU, entered into talks with the ruling SLORC in mid-February 1996. In a report on February 29 on the talks, the opposition electronic newspaper *Burma Net News* said that the "discussion revealed that there were differences between the positions of the KNU and the SLORC with regard to

20. Cited in *ibid.*

21. Bertil Linter, "Narcopolitics in Burma," *Current History*, (Vol. 95, No. 605, December 1996), p. 437.

22. *FEER*, 25 January 1996.

the establishment of a cease-fire and genuine peace"²³. The KNU agreed to resume talks with the SLORC at a "suitable time." In the process, at least the violent dimension of Karen insurgency was temporarily headed-off.

Apart from the above, the SLORC launched the "Visit Myanmar Year" on November 1996, splashing out US \$300,000 for the opening ceremony. According to Tourism Minister Lt-Gen Kyaw Ba (whose previous experience includes shooting at Kachin insurgents as a northern commander), "Visit Myanmar Year" was expected to attract 220,000 foreign tourists and bring in some US \$1 million. Reportedly, in the first six months of 1996, nearly 51,000 tourists visited Myanmar by air, almost twice as many as in the same period in 1995²⁴.

Thus, the overall political picture shows that the SLORC is adamant to perpetuate its rule in Myanmar and crush any opposition which stands against it. It also shows that it has firmly entrenched its power into the polity of Myanmar emerging as the force to be reckoned with while cutting the NLD to size. The discussion also demonstrates that Suu Kyi personally and her NLD as a whole are experiencing erosion in credibility. While the junta has resorted to sheer political repression to tighten its grip on power, it is trying to project to the world body that it has to do that for the sake of national cohesion and reconciliation.

II. The Economy²⁵

In a drive to achieve sustained economic development, the SLORC, in 1988, induced a series of changes in the economy of

23. *Kessing's Record of World Events*, (Vol. 42, No. 2, 1996), p. 40956.

24. *Asiaweek*, 20 December 1996, p. 18.

25. If not otherwise mentioned, data and information, used in this section, were taken from *Basic Facts On The Union Of Myanmar*, Government of the Union of Myanmar, Public Relations and Information Division, Ministry of Foreign Affairs, September 1996.

Myanmar. Centralized planning policy was discarded; instead a market-based economic policy was adopted. Simultaneously, a number of economic reform measures were initiated. The salient reform measures were :

1. Decentralizing central control;
2. Encouraging private sector development;
3. Abolishing price controls and reducing subsidies;
4. Allowing direct foreign investment;
5. Initiating institutional change;
6. Initiating the new financial management system;
7. Streamlining taxes and duties;
8. Promoting exports, streamlining export and import procedures;
9. Diversifying exports through introduction of new products and emphasizing on semi-processed goods;
10. Improving infrastructure support;
11. Restructuring wages and prices;
12. Allowing farmers to cultivate crops of their choice and to process transport and trade freely;
13. Allowing state enterprises, co-operative societies and private entrepreneurs to claim and utilize fallow and cultivable waste land up to 5000 acres for the enhancement of agriculture, livestock and fishery production.

To harmonize the new economic system with the financial system, reform of the banking system was also initiated. The Myanmar Investment and Commercial Bank Law, the Central Bank of Myanmar Law, the Financial Institutions of Myanmar Law, and the Myanmar Agricultural and Rural Development Bank Law were enacted in 1989 and 1990. One of the most remarkable

reform measures in 1995 was the opening of the exchange centre in order to help the free exchange of foreign exchange certificates (FECs). Altogether 10 FEC exchange counters were opened for the sale and purchase of FEC in local currency at the market rate. This move was seen as the first step towards unification of the multiple exchange rates in line with market-oriented policy. The other significant reform was the establishment of joint ventures between the local private banks and foreign banks, an important step towards the opening of branches of foreign banks in the country.

The SLORC formulated a Short Term Plan (currently under implementation) for 1992-93 to 1995-96. The main thrust of the plan was to increase production and exports aimed at achieving full economic recovery as soon as possible by accelerating the development of the economy. Priority was given to the development of productive sectors such as agriculture, livestock and fishery, manufacturing, and mining. The result of the economic reform measures was clearly reflected on the growth rate of the GDP which was 5.4% in 1989-90 and 6.7% in 1990-91 after three years of negative growth during 1986-87 to 1988-89. Although the GDP declined by 0.6% in 1991-92 because of devastating floods which had an adverse impact on the agricultural sector, the economy grew at the rate of 9.7% in 1992-93. This momentum continued during 1993-94, with growth rate of 6.0% with provisional actual growth rate fixed at 7.5% for 1994-95. A growth rate of 9.8% was fixed for 1995-96.

Table 1 shows that the volume of the absolute amount of foreign investment (FI) seems to have grown significantly in Myanmar. By 1996, US \$4.8 billion worth foreign investment had been approved. The major source of FI in Myanmar was the Southeast Asian countries, particularly, the ASEAN. There had been quantum increase of FI from all sources between 1995/96 to 1996/97. The top 5 countries almost doubled their investment

Table 1
Foreign Investment (by country)
Total to

	1995-96	1996-97
	\$m	\$m
Australia	30.0	40.0
China	5.6	28.7
Denmark	13.3	13.3
Germany	-	15.0
Japan	119.8	192.0
Malaysia	227.2	447.3
Singapore	603.8	1,215.1
Thailand	421.1	1,026.8
UK	792.5	1,304.7
US	241.0	582.0
Total	2454.3	4864.9

Source: Burma Investment Commission, *Financial Times* (London) syndication service to *Financial Express* (Dhaka), 5 May 1997.

between this period. If this trend continues, the government in Myanmar may not suffer from the lack of foreign investment pouring into Yangon. This will help the authority to boost up the economy of Myanmar.

A recent report published in London shows that it was the dual benefits of inflows from the underground economy and smuggling that kept the economy of Myanmar really moving²⁶. It

26. *Financial Times* (London) syndication service to *Financial Express* (Dhaka), 5 May 1997.

also noted that with the junta signing cease-fires with the ethnic rebel groups operating along Myanmar's borders, profits from gems, jade and heroin which these groups control are now being invested inside Myanmar, rather than in Thailand, Taiwan and Hong Kong as was previously the case²⁷. Significantly, the report revealed that during the fiscal 1995-96, about US \$442 million of hard currency, which was not accounted for in official investment figures, flowed into the country, reversing previous years of net unrecorded outflow, according to figures from the IMF and World Bank²⁸. Another report, published in June 1996 by the US embassy in Yangon, showed that "export of opiates alone appears to be worth as much as all legal exports," or US \$922 million at the official exchange rate²⁹. The barriers between the legal and extralegal economies have weakened partly because of the government's policy of "openly welcoming investment without any consideration of the likely original source of the funds,"³⁰ the report recorded. The report further noted significant investment in hotels and construction by companies closely associated with known drug traffickers. These are enough hints that prospects of both domestic as well as FDI in Myanmar are bright. Seen thus, one may argue that while the FDI flow will remain uninterrupted, the government of Myanmar needs improving the macroeconomics of the country to boost up the economy.

Table 2, which gives selected economic indicators of Myanmar, offers an overall macroeconomic picture of Myanmar. On the basis of these indicators and other data, an economic picture of Myanmar has been drawn. The overall picture shows a positive growth trend which may keep economy in the right track.

27. *Ibid.*

28. *Ibid.*

29. Quoted in Bertil Linter, "Narcopolitics in Burma," *op. cit.*, pp. 435-36.

30. Cited in *ibid.*

Table 2: Selected Economic Indicators of Myanmar

	1992/93	1993/94	1994/95	1995/96	1996/97+	1997/98+
GDP(%)	9.7	6.0	7.5	9.8	6.0	6.5
Agriculture	12.4	4.7	6.7	11.8	5.8	6.2
Manufacturing	10.8	9.4	8.8	11.7	10.0	12.0
Services	6.1	8.0	9.6	4.8	9.0	10.0
Money supply (% change)	34.8	19.8	41.1	22.1	25.0	20.0
Inflation CPI (% change)	22.3	33.6	22.5	21.8	35.0	30.0
Exports*						
(US\$ million)	591	92	879	963	-	-
(% change)	27.4	17.1	27.0	9.6	-	-
Imports*						
(US\$ million)	879	1,297	1,547	2,166	-	-
(% change)	3.3	47.6	19.3	40.0	-	-
Exchange rate (Kyat/US\$)						
Official	6.1	6.1	5.9	5.9	5.9	-
Market	120	110	110	125	130	-
*	Kyat 80/US\$					
+	Government forecasts.					

Sources: **EIU Country Report*, First Quarter, 1996; *the Review of the Financial, Economic and Social Conditions for 1995/1996*, Central Statistical Organization, 'Selected Monthly Indicators March-April 1996'.

Table 2 shows that according to the official figures, Myanmar's economy recorded a strong growth rate of 9.8% (provisionally) in 1995/96 compared to 7.5% in the previous year. This could be attributed to the remarkable performance of the agricultural sector along with the steadily growing direct foreign

investment (DFI) [Table1] and the mobilization of public and private sectors for "Visit Myanmar year". Table 2 further indicates that during the fiscal year 1995/96, the agricultural and manufacturing sectors grew 11.8% and 11.7% respectively. The private sector's share in total exports was about 60%³¹, and it is very active in the hotel and tourism sector. But the million dollar question is whether the recent trend of strong growth can be sustained. A key indicator is the performance of the past Four-Year Plan (1992/93-1995-96). Overall, according to the official report, the plan is a success story. The plan, in terms of real GDP, was overfulfilled, achieving 102.7% of its target³². The average annual GDP growth rate was very strong at 8%, against the plan target of 5.1%.³³ It seems that this success, along with the steady flow of FDI (Table 1), the continuous but slow reforms measures, the general growth trends in all Asian transitional economies, is likely to sustain the growth trend in Myanmar, at least for the short term.

According to the government's Five-Year-Plan (1996/97-2000/01), average annual growth rate of GDP is estimated at a modest 6%, while growth rates for agriculture, livestock and fishery, industry (processing and manufacturing), mining, imports and exports are forecast at 5.4%, 5.8%, 7.4%, 18.5%, 13.7%, and 21.6% respectively. While per capita net output and per capita consumption at the 1985-86 constant prices for the same Five-Year Plan are estimated to increase by 4.1% and 4.0% per annum respectively. These targets are not unachievable (although Table 2 shows that inflation rate will be around 30%), given the contributing factors mentioned above. They all show that there are some factors working in Myanmar to keep the economy moving.

31. Referred to in *Regional Outlook: Southeast Asia 1997-98*, Institute of Southeast Asian Studies, Singapore, 1997, p. 35.

32. *Ibid.*, p. 36.

33. *Ibid.*, p. 37.

III. Foreign Relations

Following the 1988 coup, the junta was subjected to a heavy barrage of condemnation and criticism from the West on grounds of anti-democratic repression. Myanmar, which historically followed an inward policy and maintained neutrality in international politics, seemed to have grown more inward-looking, and stood isolated from the rest of the world in the aftermath of 1988 coup. However, the junta was awakened to the realization that Myanmar could not afford to remain isolated from the rest of the world and keep following the Myanmarese way of socialism, plunging the country further into isolationism and risking the fate of the country's economy. Hence, it was in dire need of an external power which will help it to weather this storm. The SLORC found China to be the most suitable external power which was capable to bail it out from the 1988 predicament. Consequently, the SLORC, in contrast to its predecessor, abandoned Myanmar's neutrality in international relations and its autarkic socialist path of development allowing unprecedented Chinese access and influences in Myanmar. This act of SLORC caused a major shift in power relations in the region invoking a much greater political and economic interests in Myanmar by other countries.

Relations with China

Before 1988, close co-operation between Myanmar and China could be noticed. Following the assumption of power by the SLORC in 1988, relations between the two began developing at a faster rate. The SLORC, in particular, struck a number of major arms deals with China which soon emerged as Myanmar's closest and most generous ally. Co-operation began flowering between the two on political, economic and military fronts.

a) Political co-operation: China has given the much-needed political and diplomatic shields to Myanmar in the face of the West's condemnation against the SLORC. Also, China, defying

international opinion, gave Myanmar diplomatic support in multilateral organizations like the United Nations. Following the collapse of the Communist Party of Burma (CPB) in 1989, Beijing also helped the ruling junta settle its scores with some of the ethnic insurgents groups in Myanmar's northeast, including those with the greatest capacity to interrupt cross-border trade. Recently, China has once again given the Myanmar's ruling junta the diplomatic protection that it needed. This time it was in connection of US economic sanctions against Myanmar in April 22, 1997. Chinese government has categorically denounced US's imposition of economic sanctions on Myanmar stating that sanctions would deepen the existing enmity among all parties concerned and asserted that China was always against interfering in the internal affairs of other countries by using economic sanctions³⁴. It further claimed that by isolating and boycotting Myanmar, one would escalate the level of tension and conflict further which would benefit none³⁵.

b) Military co-operation: Military co-operation between the two states took a concrete shape with the visit of Myanmar Lt Gen Than Shwe to China in October 1989. Lt Gen Shwe led a 24-member high level military delegation to China. During their 12-day visit they met Chinese Premier Li Peng and Chinese Army Chief Gen Chi Haotian and inspected F-6 and F-7 fighter aircraft at Shijiazhuang, a rocket factory operated by Norinco (the state-run defence industry), and Shanghai's naval shipyards³⁶. The US \$1.4 billion arms deal is believed to have been arranged during this visit, which was signed in mid-1990³⁷. The deal covered the delivery to Myanmar of fighter aircraft and patrol boats, tanks and

34. *Daily Ittefaq* (Dhaka), *Financial Express* (Dhaka), *Daily Star* (Dhaka), 24 April 1997. It should be noted here that Japan also went against US sanctions.

35. *Daily Ittefaq*, 24 April 1997.

36. *FEER*, 13 September 1990 & 18 November 1989.

37. Bertil Linter, "Myanmar's Chinese connection," *International Defence Review*, (Vol. 27, No.11, November 1994), p. 26.

armoured personnel carriers, field and anti-aircraft artillery, small arms and ammunition³⁸. Myanmar signed a second defence contract with China worth \$400 million when Myanmar's army chief of staff Lieutenant General Tin Oo visited Yangon in November 1994. The contract covered the supply of helicopters, artillery pieces, armoured vehicles, naval gunboats, military parachutes and small arms³⁹. According to a source some of the military equipment supplied under the 1990 agreement comprised the following:

- 145 x Type 69 MK II main battle tanks;
- 105 Type 63 light amphibious tanks;
- 250 Type 85 armoured personnel carriers;
- 100 x 122 mm howitzers;
- 30 multiple rocket launchers;
- 24 Type 74 37 mm twin barrelled towed anti-aircraft guns;
- HN-5 short-range surface-to-air missiles⁴⁰.

Yangon, in addition, has sought Chinese assistance in military technology in order to produce its weapons to strengthen its defence base. These requests were conveyed when the Chinese Premier Li Peng visited Myanmar in December 1994 and Myanmar's Generals visited China in the same year. China agreed to these requests in principle. It is learnt that Myanmar also seeks to produce weapons in joint ventures with China for its own defence and for export⁴¹. It is reported that Myanmar's govern-

38. *Ibid.*

39. Bertil Linter, "\$400m deal signed by China and Myanmar," *Jane's Defence Weekly*, 3 December 1994, p. 1.

40. Dipankar Banerjee, "Myanmar and Indian Security Concerns," *Strategic Analysis*, (Vol. XIX, No. 5, August 1996), pp. 697-698.

41. BBC, Summary of World Broadcasts, FE/2200/B/5, 13 January 1995 as mentioned in Andrew Selth, *Transforming the Tatmadaw: The Burmese Armed Forces Since 1988*, Canberra Papers on Strategy and Defence, No.113, Strategic and Defence Studies Centre, Research School of Pacific and Asian Studies, the Australian National University, Canberra, Australia, 1996, p. 33.

ment is planning to build two arsenals, one in Yangon. Chinese engineers inspected a site near Magwe in 1991 with a view to building a factory complex which could produce M21 semi-automatic carbines, M22 assault rifles and M23 light machine guns, as well as 7.62 mm ammunition for these weapons. All three are export versions of weapons currently in service with the People's Liberation Army (PLA)⁴². Production was due to begin in early 1994⁴³, but it is not known if this has yet occurred.

c) **Economic co-operation:** Following the signing of a cross-border trade agreement between China and Myanmar in August 1988, economic relations between the two deepened to a large extent. Since then Yangon's market has been flooded with 2000 items⁴⁴ of cheap Chinese consumer goods. Consequent upon the trade agreement, in 1993, Sino-Myanmar trade amounted to US \$490 million of which border trade accounted for about \$295 million in the same year⁴⁵. In the first ten months of 1994, this bilateral trade amounted to \$380 million of which border trade accounted for about \$294 million⁴⁶. Cross-border trade between Yunnan and Myanmar, excluding trade in narcotics, now amounts to over \$ 1 billion annually⁴⁷. China and Myanmar signed a construction co-operation memorandum of understanding (MOU) on December 18, 1994 to provide for training programmes, engineering construction, construction materials and mechanical equipment etc.⁴⁸. China keeps modernizing the road and communication links with Yunnan and also improving the infrastructure in Myanmar in order to expand its trade network further.

42. *Ibid.*, p. 32.

43. *Ibid.*

44. *The Economist* (London), 8 October 1994.

45. *Times of India*, 27 December 1994.

46. "Li's goodwill visit to Myanmar," *New Straits Times*, 27 December 1994, p. 22.

47. *Ibid.*

48. Rose H. Munro, "The Asian interior: China's waxing spheres of influence," *Orbis*, (Vol.38, No.4, Fall 1994), pp. 585-605.

During the second week of January 1996, the SLORC's Senior Gen Than Shwe paid a week-long official goodwill visit to China. Following the visit both countries signed an exchange of letters in Yangon on agricultural machinery, the Xinhua news agency reported⁴⁹. Under the agreement China will supply machinery, equipment and spare parts to an agricultural machinery factory in Myanmar⁵⁰. Earlier Chairman of the National Committee of the Chinese People's Political Consultative Conference Li Ruihuan paid a four-day goodwill visit to Myanmar from December 8, 1995. These visits show the ever increasing bilateral relations between the two.

China's Exports to and Imports from Myanmar :
1988-89 to 1992-93
(In US \$ million)

	1988-89	1989-90	1991-92	1992-93	Total
Exports	78.03	193.93	142.59	155.65	570.20
Imports	120.84	63.76	69.84	55.71	320.15
Total	198.87	257.69	212.43	211.36	

Source: P. Stobdan, "Myanmar: Breaking Out of Isolation," *Strategic Analysis*, (Vol. XVII, No. 11, February 1995), p. 1346.

Major items that China imports from Myanmar are: staple commodities, including cattle and sheep, sheella, tea, dried shrimps, herbs, rare wood, spices, lead, zinc, tin ore, jewellery, jade and jadeite. Major items of export to Myanmar are: consumer goods, production material, transport equipment, essential oils and soap, auto spare parts, small generators, diesel engines, tractor, tyres, water pumps, textiles, pharmaceuticals, chemical and petroleum goods.

49. SWB/FEW/0417, WB/1, 10 January 1996.

50. *Ibid.*

Relations with ASEAN

The "China factor" was one of the underlying reasons that prompted ASEAN to develop its relations with Myanmar. Naturally, to see that relationship begins flowering between the two, ASEAN found its first duty to the ruling SLORC was to give it the political and diplomatic supports - the supports which the junta required like anything. ASEAN provided that without reservations. Concerns over China's growing influence in Myanmar - especially enormous supplies of Chinese arms being shipped to the SLORC since 1989 - have caused appal within ASEAN. ASEAN collectively was in accord that Beijing's influence in Yangon must be checked so that the increasing Chinese influence in Myanmar does not become a source of regional security concern for it. In an attempt to do so, ASEAN adopted the "constructive engagement" policy in the belief that it would pull China away from Myanmar. Following the policy of constructive engagement Myanmar-ASEAN relations began blossoming with both sides showing increasing commercial interests.

During 1994-95, Myanmar's total trade with Southeast Asian states stood at 555.04 million kyat⁵¹. Prime Minister of Myanmar and the SLORC Chairman Senior General Than Shwe was invited by the host country to attend the first gathering of leaders from the ten Southeast Asian nations, held on the occasion of the fifth ASEAN summit meeting in mid-December 1995 in Bangkok. During the same summit meeting Myanmar signed the Southeast Asia Nuclear-Weapon Free Zone (SEANWFZ) treaty. U Ohn Gyaw, the Foreign Minister of Myanmar, in an interview with the *Nation* newspaper after the summit, referred to the "shared destiny" of the ten Southeast Asian nations, adding that Myanmarese "feel that we are a Southeast Asian nation and we

51. *Basic Facts On The Union Of Myanmar, op. cit.*, p. 19.

would like to aspire to the prosperity of Southeast Asian nations"⁵². Clearly, since then Myanmar was getting prepared to integrate itself with ASEAN.

Recently, Myanmar's process of integrating itself with ASEAN reached its new height in that it achieved some positive pay-off from ASEAN. At its twenty-ninth Annual Ministerial Meeting (AMM) on 20 July 1996, Myanmar was able to secure the observer membership status in ASEAN. Membership in the ASEAN Regional Forum (ARF) during the same month of the year was yet another foreign policy achievement of the SLORC. During the 22-23 July 1996 ARF meeting in Jakarta, ASEAN ministers set aside the criticisms of Western dialogue partners who had questioned the constructive engagement policy of ASEAN towards Myanmar and had expressed reservations about giving observer status to Myanmar. The fact that Myanmar was awarded the observer member status ignoring the West's reservations emphatically hints that it was not in the interest of ASEAN to see Myanmar slipped away from its fold. The current government's most outstanding foreign policy achievement, since its inception in September 1988, was believed to be the endorsement of its application for full membership of ASEAN by Malaysian in September 1996. With investments of US \$ 1,215.1m, 1,026.8m, 447.3m, Singapore, Thailand and Malaysia respectively have emerged as the major foreign investors in Myanmar (See Table 1).

Significantly, Singapore, according to a study, began emerging as an alternative source of weapons procurement for Myanmar's army, offering better and more sophisticated equipment than the Chinese⁵³. The study noted that Myanmar's

52. Quoted to in *Regional Outlook: Southeast Asia 1997-98*, Institute of Southeast Asian Studies, Singapore, 1997, p. 44.

53. Andrew Selth, *Transforming the Tatmadaw: The Burmese Armed Forces Since 1988*, *op. cit.*, p. 17.

Singapore-supplied munitions included surface-to-air missile systems, mortars, automatic rifles, and small arms ammunition⁵⁴. The study went to the extent of commenting that "Singapore may also be training Burmese military personnel in the use of modern information technology systems and other electronic equipment being provided to the Burmese *tatmadaw* (the armed forces) by Singaporean companies"⁵⁵. Political support also came after another crackdown against the NLD in May 1996, when Senior Minister Lee Kuan Yew declared: "At the end of the day, the opposition in Burma has to face the realities of life. The one instrument of effective government there is the army"⁵⁶. Likewise, when Denmark's Carlsberg and the Netherlands' Heineken gave in to pressure from pro-democracy groups and pulled out of Myanmar, Singaporean companies quickly replaced them. Singapore's Fraser & Neave stepped in to fill Heineken's slot, and Tiger Beer may become the replacement for Carlsberg. Other Singaporean firms have invested in everything from trading and hotels to manufacturing.

As far as Thailand is concerned, it would appear that it was the first country to embrace the SLORC following its seizure of power. The immediate pay-off that Thailand received from the SLORC was the timber contracts in Myanmar. In the hope that more trade will take place between the two countries, Thailand has been the main source of funds and construction aid in building a "friendship" bridge across the Moei River linking the two states. Thailand also hoped that peace in Myanmar would end the flight of minority refugees to its territory and result in their return to Myanmar. The plan did not meet with success, the reason being, while the Mons entered into a cease-fire agreement, the Karen have not; the Kareni entered into an agreement at the end of 1994,

54. *Ibid.*, p. 18.

55. *Ibid.*, p.191.

56. Quoted in *FEER Asia 1997 Yearbook* (Hong Kong 1997), p. 97.

but after a few months, the Myanmar military violated the agreement's terms and fighting resumed.

It should be noted that recently more than 15,000 Karens have fled a recent Myanmar army offensive, joining an estimated 70,000 refugees from Myanmar already living in Thailand⁵⁷. The Thai government has refused the UNHCR access to the camps and has denied forcing anyone back⁵⁸. Following a dialogue with Myanmar, Thailand took the stand that it did not want the Karen rebels to use its territory to fight a war with the armed forces of Myanmar⁵⁹. In order to check the infiltration of armed rebels, the government and, more particularly, the armed forces of Thailand decided to relocate the existing camps near the border with Myanmar⁶⁰. It should be noted here that for Thailand, the refugee issue is both a sensitive border issue and a humanitarian question which involves the international community. According to Thai Interior Minister Sanoh Thienthong, any biased criticism of "forced deportation" is a "severe infringement on Thai sovereignty"⁶¹ He further said: "Whether or not the US was mistaken, the refugees have to return home, although we have to talk to them first before sending them back to Myanmar"⁶².

On the other hand, in the area below Moulmein, Myanmarese and Thai economic interests have come together. The economic development that has been unfolding on the Myanmar-Thai border is related to the building of a pipeline project (involving US \$1.2 billion) in a venture with the Myanmar Oil and Gas Company (MOG). Unocal of the US has 28.3% share in the project, while Total of France has the rest share⁶³. The pipeline

57. *Daily Star*, 10 April 1997.

58. *Ibid.*

59. *Frontline* (Madras), 18 April 1997, p. 63.

60. *Ibid.*, p. 64.

61. *Ibid.*

62. *Ibid.*

63. *The Economist*, 26 April 1997.

will carry natural gas from Myanmar's Andaman Sea to Thailand. While Myanmar will get badly needed foreign currency, Thailand's growing economy will get badly needed energy. With the discovery of natural gas offshore and its sale to Thailand, MOG and its foreign partners hope to generate annual profits of US \$400 million⁶⁴, once the pipeline is completed in 1998. Bilateral relations between the two will deepen further when the pipeline project comes true.

However, a recent development of Myanmar-Thai relations was the visit of the Thai Prime Minister Banharn Silpa-Archa to Myanmar on March 17-18, 1996. During Banharn's visit to Myanmar, the first by a Thai Premier in 16 years, he held talks with leading officers from the the ruling SLORC. During the visit the two sides signed a border trade agreement. According to a report the value of Myanmar-Thailand trade in 1994-95 exceeded US \$300 million⁶⁵. The visit will further strengthen their ties.

Thus, although the influx of huge Karens refugees in Thailand is an irritant between the bilateral relationship of Thailand and Myanmar, the Thai authority has exercised greater restraint in dealing with the problem so that the very tempo of Bangkok-Yangon relations does not suffer. The pipeline project from which the two countries will benefit immensely is likely to hold them together.

The other side of Myanmar's relations with ASEAN surfaced when Malaysia's endorsement of Myanmar becoming a full member in ASEAN ran into trouble within weeks of Myanmar's application. Reportedly, a meeting of ASEAN Foreign Ministers at the United Nations in New York in November 1996 - after the 17 September 1996 crackdown on the NLD - failed to endorse

64. Josef Silverstein, "Change in Burma?" *Current History*, (Vol. 94, No. 596, December 1995), p. 442.

65. *SWB/FE/0428, WB/2*, 27 March 1996.

Myanmar's admission as a full member. The October 1996 crackdown made ASEAN further confused. Consequently, ASEAN became split over the question of Myanmar's early entry into the Association with Malaysia, Indonesia and Singapore favouring Yangon's early admission, while the Philippines and Thailand against it. Reportedly, during a recent visit to Myanmar, the Indonesian President Suharto told Prime Minister Gen Than Shwe that he supported Yangon's proposed entry into the ASEAN. Suharto also pledged to strengthen economic ties between the two countries⁶⁶. Indonesian Foreign Minister Ali Alatas reaffirmed ASEAN's policy of engagement with Myanmar, stating that the ASEAN "will not make as a precondition or a criterion for membership the internal situation of a country"⁶⁷. According to another report, ASEAN still keeps talking of Myanmar's early admission into the club⁶⁸.

A new development of Myanmar-ASEAN relations is the unanimous support of ASEAN to the SLORC against US imposition of economic sanctions on Myanmar on 22 April 1997. The sanctions against Myanmar were imposed on grounds of large-scale repression that the SLORC kept carrying in Myanmar. The concerted support by ASEAN to the SLORC shows that US will be not in a position to influence ASEAN. It is worth noting here that the crackdowns, and the continuing dispute between the SLORC and Suu Kyi's NLD, were widely seen within ASEAN as an internal Burmese affair. Overall, relations between ASEAN and Myanmar remain cordial.

Relations with India

It is again the "China factor" which acted as the key reason for India to fend the menace with Myanmar. In a dramatic manner,

66. *FEER*, 6 March 1977.

67. Quoted in *ibid*.

68. *The Economist*, 26 April 1997.

India decided to express its support for the pro-democracy movement before and after the coup of September 18, 1988, which brought the SLORC to power. The late Indian Prime Minister Rajiv Gandhi became the first head of government to come out in support of the people's demand for democracy in Myanmar. The Indian government provided sanctuaries to Burmese refugees and the Indian mission in Yangon took the lead in mobilizing international opinion for supporting the pro-democracy movement in Myanmar⁶⁹. *All India Radio* kept transmitting its Burmese language broadcasts which were highly critical of the SLORC. The SLORC denounced India a country which "encourages and supports internal insurgents," and "interferes in (Myanmar's) internal affairs"⁷⁰. India's stance *vis-a-vis* the SLORC fostered a deep sense of antipathy for New Delhi. Yangon's fears were further heightened by India's military moves in Sri Lanka and the Maldives. India's arm twisting of Nepal over bilateral disputes further justified the Burmese sense of insecurity about India. Having failed to bring about the desired change in Yangon, India toned down its anti-SLORC campaign. By 1991, India not only discontinued its AIR Burmese service but also showed a desire to forge a new working relationship with the junta in Yangon. Developments since 1991 show that the two countries have already made progress in dealing with the tactical problems of border management, particularly combating of insurgencies, drug trafficking and smuggling across the frontiers⁷¹. With the visit of the Indian Foreign Secretary J N Dixit to Myanmar in March 1993, relations grew further. The legalization of Indo-Myanmar border trade through the Moreh outlet in Manipur from January 1995 is expected to boost a broader spectrum of Indian goods in the Burmese market and beyond into the Chinese

69. I. P. Singh, "India-Burma relations," *World Focus*, January 1992, p. 8.

70. Bertil Linter, "The Indo-Burmese Frontier - A Legacy of Violence," *Jane's Intelligence Review*, (Vol. 6, No. 1, January 1994), p. 39.

71. *Hindustan Times*, 1 April 1993; also *FEER*, 6 May 1993.

market⁷². Indian analysts believe that Myanmar will loom large in the critical areas of Indian foreign policy. The desire in Yangon for closer relations with India is also gaining momentum. The recently held Indo-Myanmar strategic dialogue in Yangon on Myanmar's initiative is a pointer in that direction⁷³.

**India's Exports to and Imports from Myanmar:
1989-90 to 1993-94**
(In Rs crores)

	1989-90	1990-91	1991-92	1992-93	1993-94	Total
Export	1.29	3.34	9.46	20.45	65.25	99.79
Imports	88.13	153.46	125.62	335.82	378.24	1001.27
Total	89.42	157.80	135.08	356.27	443.49	

Source: P. Stobdan, "Myanmar: Breaking Out of Isolation," *Strategic Analysis*, (Vol. XVII, No. 11, February 1995), p. 1350.

Major items that India imports from Myanmar are: pulses and beans, timber products. Items of export to Myanmar are: iron and steel products, cement, chemicals, rubber products, paints/varnishes, transport equipment and spare parts, drugs, pharmaceuticals, jute products and cotton.

Thus, over the long period, the SLORC's dramatic shift towards China has helped Myanmar reestablish its position as an important strategic factor in the region. For the SLORC, fears that Myanmar might be drawn into China's sphere of influence have been useful in obtaining political and economic concessions from several countries, including some of the SLORC's critics. Change in New Delhi's policies *vis-a-vis* Yangon came in the wake of the former's coming to the senses that too harsh a stance against the SLORC would further push Myanmar into the Chinese sphere of

72. SWB/FE/2184, B/4, 16 December 1994.

73. SWB/FE/2183, B/1, 20 December 1994.

influence. Clearly, the growing Chinese influence in Myanmar's every aspect was a matter of grave concern for both New Delhi and ASEAN. India is not in a position to compete with China in Myanmar. But it is in a position to remain active there on its own merits and goals. The SLORC also seemed to have successfully played on ASEAN worries. ASEAN, which was not a party to the international condemnation of the SLORC for its suppression of the 1988 pro-democracy movement in Myanmar, kept increasing the frequency and level of contacts with Myanmar. Commercial interests, no doubt, played a role behind this posture of ASEAN, but to a significant extent, these initiatives also emanated from ASEAN concerns about China's close relationship with Myanmar and its strategic ramification for the wider region. Changes in Myanmar's relations with China and India, and the resulting shift in the regional power balance, had profound implication for the region as a whole. Myanmar's current pattern of interactions *vis-a-vis* China and India indicate that Yangon favours a cautious policy in its relations with its two largest neighbours: China and India. On the other hand, Myanmar takes ASEAN as an acceptable model for development, thereby integrating itself into the Southeast Asian growth triangle.

Relations with the West and the European Union (EU)

Relations of the West and the EU with Myanmar are marked by double-standard. While, on the one hand, they keep investing into Myanmar (Table 1), on the other, they continue criticizing the junta for its large-scale political repression and poor human rights records. During recent time, whereas ASEAN became keenly interested in admitting Myanmar into the club, the West remained quite stiff in its condemnation of the SLORC. The first major issue to cause Myanmar to become front-page news in Europe was the death in custody on June 22 of Leo Nicholas, a former honorary consul of Norway, Sweden and Denmark. He

had been charged with possessing an "unauthorized" fax machine and sentenced to three years' imprisonment in March 1996⁷⁴. The 65-year old former consul died in jail. Denmark raised the issue with the EU which threatened to impose trade sanctions against Myanmar. The EU prepared a sanctions package, but it was put off awaiting further developments in Myanmar. The crackdown in October 1996 prompted the US to impose restrictions on visas for SLORC members and their close family members, and on others who are "benefiting from policies that are impeding the transition to democracy in Myanmar"⁷⁵.

The SLORC retaliated by imposing the same restrictions on US citizens who they said obstructed "the smooth transition to democracy in Burma" and claimed that Americans helped Suu Kyi cook up the idea of an NLD meeting, to bring international pressure on the junta⁷⁶. Marilyn Meyers, an American diplomat in Yangon, has been accused of "intimidation" for warning Myanmar's Foreign Ministry of the possible consequences of disrupting the meeting⁷⁷. Relations between Washington and Yangon worsened further because of the SLORC's refusal to extradite drug warlord Khun Sa to the USA, where he was wanted on drug trafficking charges. It should be noted that Khun Sa and his Mong Tai Army (MTA) had effectively surrendered to the government in January 1996. The US believed that Khun Sa remained unpunished and that Yangon's junta kept nurturing him.

US-Myanmar relations stiffened further when Washington made it clear to ASEAN that it would not like to see Myanmar become a member of the grouping in 1997⁷⁸. It appeared that further US action against Myanmar seemed likely as the relation-

74. *FEER Asia 1997 Yearbook, op. cit.*, p.96.

75. Quoted in *ibid.*

76. *The Economist*, 5 October 1996, p. 25.

77. *Ibid.*

78. *FEER Asia 1997 Yearbook, op. cit.*, p. 96

ship remained tense in late 1996. Non-governmental organizations, private lobby groups and several congressmen and senators continued to press for comprehensive sanctions, and several US towns and the state of Massachusetts passed their own legislation against trade with Myanmar leading to the withdrawal of several key American companies among them computer maker Apple and Levi Strauss and other textile firms.

According to legislation passed by the US Congress on 17 September 1996, the US President shall prohibit new US businesses from investing in Myanmar "if Slorc physically harms, re-arrests, or exiles [NLD leader] Aung San Suu Kyi, or continues its repression of the democracy movement"⁷⁹. The October crackdown against the NLD also caused the EU to once again condemn the SLORC. The Europeans called for the immediate release of the hundreds of NLD members who had been detained by military authorities, but stopped short of mentioning sanctions⁸⁰. In Canberra, Australian Foreign Minister Alexander Downer took his toughest stand so far against the SLORC by ordering the Australian ambassador in Yangon to protest to the junta "in the strongest terms" about the crackdown⁸¹. Slapping of economic sanctions on Myanmar by the US on 22 April, 1997 has further strained US-Myanmar relations bringing the status of their relations to an all-time low. It should be noted here that the US corporate business groups have expressed reservations about US sanctions against Myanmar.

Significantly, amid such tough criticism of the West, the ruling SLORC appeared characteristically unmoved and unconcerned. On October 11, *The New Light of Myanmar* ran a lengthy commentary by "U Byatti," believed to be the pseudonym of a high-ranking SLORC spokesman. The author of the article ridiculed "[t] raitorous axe-handles" inside and outside the country, con-

79. *Ibid.*

80. *Ibid.*

81. *Ibid.*

demned the US government, and, perhaps inadvertently, expressed SLORC's views on Myanmar's political future and its position in regional power politics. Suu Kyi would "never come to get a legal stand in the political sphere of Myanmar [the SLORC renamed Burma "Myanmar" in 1989] . . . and . . . Myanmar will never be an American-style democracy"⁸². The article then raised the issue of the West's threats to impose sanctions against Myanmar: "Myanmar people will not shrink away or waver simply at mere mention of America . . . There still exist many centres of power in the world. One centre of power is China with common borders and good traditions of friendly relations with Myanmar"⁸³. U Byatti then referred to American moves in 1993 to impose sanctions against another Asian pariah state, North Korea, which he claimed had been thwarted by China: "[I]t should be noted that the US cannot have its way in Asia without China's consent"⁸⁴.

The above citation shows that Myanmar is not going to be a parliamentary democracy. It also shows that the SLORC banks on China as a countervailing force *vis-a-vis* the West. Given the current trend of Myanmar's relations with China and Beijing's strong reservations against the recent US sanctions, Yangon may have well calculated that it would receive the right diplomatic and political protection from its closest ally: China. ASEAN's continuous political support seemed to have further deepened their confidence.

IV. An Assessment

The analysis shows that internal weakness of the NLD coupled with the SLORC's increasing repression against it, the SLORC's relative success in the economy of Myanmar, the political, economic and military support it received from its neighbouring

82. Quoted in Bertil Linter, "Narcopolitics in Burma?" *op. cit.*, p. 433.

83. *Ibid.*

84. *Ibid.*

states eventually made the junta emerge stronger in Myanmar at the cost of the NLD.

The series of crackdowns, engineered by the SLORC in recent time, bore the testimony that the release of Suu Kyi was a cosmetic change merely. Clearly, the junta meant no sharing of power with her on the basis of her terms and conditions. For sure, the ruling generals became more authoritarian than that of the past despite the fact that it was pledged-bound to evolve a multiparty democracy in Myanmar. The fact is that the conception of multiparty democracy, as advocated by the ruling army, is not acceptable to the opposition NLD. The SLORC has modelled the concept of multiparty democracy after the East Asian model of authoritarianism, especially replicating the Golkar party of Indonesia. The ruling army has made it clear that the Myanmarese army will have a decisive voice in the future power structure of Myanmar and its process of governance. Consequently, to date, the SLORC's *modus operandi* has not been accepted by the NLD and *vice versa*. To strike a *modus vivendi* between the ruling junta and the opposition NLD appeared as the key vexing political problem for Myanmar's ruling authority in the aftermath of Suu Kyi's release. The problem remained quite unresolved as the time passed away. Far from resolution of this main political problem, the SLORC kept ruling Myanmar with iron hand taking the nation toward a constitutional military dictatorship and preserving the *status quo*.

As a whole the macroeconomics of Myanmar shows a strong positive trend of economic growth which is likely to keep the economy in its right track. Foreign investment picture in Myanmar appears to be not bleak given the current trend. Will this trend come to a halt in the foreseeable future following the US sanctions? Although it is quite difficult to say with certainty what will happen in the long run, one may argue that the ban is unlikely to affect the existing foreign investment scenario of

Myanmar. For, if the pipeline project is discounted, ASEAN businesses are the biggest investors in Myanmar. And ASEAN has already taken a shared approach favouring Myanmar and going against US sanctions. So are the cases with China and Japan. The case could be same with South Korea too. Furthermore, Western powers have not taken any stance on US sanctions. Sheer economy dictates that sanctions mean economic loss for the corporate business groups. US corporate business groups are against US recent economic sanctions against Myanmar.

As a transitional economy, Myanmar does suffer from poor infrastructure, an overvalued exchange rate and scarcity of capital. Despite that 1996 recorded yet another year of buoyant growth. Amid Western pressure, officially, Myanmar registered an economic growth of 9.8% in 1996 up from the previous year(s). As far as privatization and liberalization of the economy was concerned, the current government kept putting its best efforts to make Myanmar a lucrative country for foreign investment and trade. The growth of tourism reached its record level in 1996. By and large, urban population of Myanmar seemed enjoying modern facilities.

As in the past, Myanmar's relations with the outside world were dualistic: generally good with its neighbouring states: ASEAN and China but poor with the West. The industrialist West, especially the Clinton Administration became so unhappy and disturbed on human rights records that it had to end up with the imposition of economic sanctions against Myanmar, thereby pushing Washington-Yangon ties an all-time low. Although history shows that sanctions do not work eventually, they do, however, create image-problem for the country on whom they are imposed upon. Recently, Myanmar, under the rule of the SLORC, suffered from image-problem in the eyes of the West.

China remained a close ally of Myanmar despite Yangon's close connection with ASEAN. India, after its initial pro-Suu Kyi

posture, kept maintaining a working relationship with Myanmar on the merit and geopolitical consideration of its own. The SLORC's continued relations with ASEAN and its attempt to get into the ASEAN club indicate that it likes to pursue a balanced policy so that it does not become overly dependent on a single power. "Constructive engagement" policy, pursued by ASEAN *vis-a-vis* Myanmar, cashed in rich dividends for both ASEAN and Yangon. For Myanmar, ASEAN and China remain the most effective bet. And the ruling junta of Myanmar has successfully capitalized on these bet. Myanmar needs ASEAN as much as the ASEAN needs Myanmar, for their relations are governed by the rule of business. The bridge that the ASEAN and Myanmar have created among them has remained unaffected. So long this interdependency and the rule of business prevail, and the China connection remains unaffected [there is no sign in sight that it will be affected], the junta may ignore the threat of the West to tarnish its image by way of isolationism.

However, it would be misleading to say that Myanmar has fallen from the grace of ASEAN because of the split among ASEAN on question of Myanmar's admission into the Association in 1997. As mentioned earlier, ASEAN is still keen to admit Myanmar into the Association. Doubtless, the "China factor" loomed large in ASEAN mind to become so keen in taking Myanmar early into the club. When it happens, meaning if Myanmar is eventually admitted into ASEAN in 1997, it will be the greatest diplomatic victory for the SLORC *vis-a-vis* the US which does not want Myanmar becomes the member in 1997.

Seen in retrospect, one may argue that ASEAN is handicapped to follow an all-time hard-line policy *vis-a-vis* Myanmar, for it has every reason to fear that pursuance of such policy may make Yangon dependent on China, thus increasing Chinese influence there. This ASEAN would prevent at any cost. Otherwise, its policy of "constructive engagement" *vis-a-vis* Myanmar loses its

validity. Hence in the long-term perspective, ASEAN will not put that much pressure on the SLORC which will sour its relations with Yangon. The very closed authoritarian political system of ASEAN bars it from becoming too much stringent on the junta on issue of democracy. So does geo-economics which ASEAN follows as the main plank of development philosophy in its interaction with Myanmar.