

**MYANMAR:
THE MILITARY REGIME'S
VIEW OF THE WORLD**

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MYANMAR:

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EXECUTIVE SUMMARY

Since coming to power in 1988, the most recent military rulers of Burma/Myanmar have effectively resisted external demands to turn over power to a democratic government. Most of the outside pressure has failed to take into account how this government sees and responds to the world beyond its borders. This paper examines the military's perspective on foreign relations and explains why many current international strategies have failed to push it towards democracy or economic reforms.

The modern state of Myanmar was forged under colonialism and born in the aftermath of World War II. Since independence in 1947, continuous domestic conflict and the failure of successive governments to forge a stable and prosperous nation have sustained fears of foreign intervention and reinforced a mindset that foreigners are to blame for the country's many problems.

During four decades of military rule, Myanmar's leaders have grown increasingly inward-looking and alienated. They are driven by an obsession with national sovereignty to seek almost total autonomy from international influences. The hallmark of a foreign policy driven by insecurity has been self-reliance. Since 1962, military leaders have insisted that Myanmar, as much as possible, do things its own way and rely on its own resources. They perceive their country and its problems to be not only unique, but also essentially unfathomable to outsiders. They also exhibit a clear lack of understanding of international affairs and the motivations, and values of other nations.

The current military regime in principle has reversed 26 years of self-imposed isolation in an attempt to revitalise the ailing economy and ward off popular pressure for political reform. However, while it has relaxed the long-cherished notion of territorial sanctity, the ideal of absolute sovereignty and perceived need to insulate Myanmar from foreign influence remains. Each opening is accompanied by control mechanisms to limit the negative impact of allowing in more foreigners.

Myanmar's foreign relations are shaped in this tension between traditional values and current needs. Many outside observers have bought into a kind of conspiracy thinking, which sees the regime to be cooperating with regional governments to undermine the pro-democratic forces. This has given rise to a clash-of-civilisations image that posits the forces of good (i.e. Western democracy) confronting the forces of evil (i.e. Asian authoritarianism). The reality is much more complex and ambiguous.

Some highly practical considerations also shape the approaches taken by the SPDC leadership. One relates to how their commercial interests tie in with national economic development and the drug trade. The regime has obtained vital revenue from reinvestment of narcotics profits. No reform package that does not address personal and institutional economic interests is practical. Another relates to personal security. The military leaders fear what will happen to them if the political order is overturned. They will continue to frame policies influenced by personal security and

will not surrender power without guarantees for themselves and families.

While the military government is locked in a adversarial relationship with Western governments and organisations over democracy and human rights, its leaders harbour a deep-seated wish to be accepted as equals by the developed countries. They are also keenly aware of the importance of attracting Western capital and technology to support military and national development. Conversely, the junta's relations with its neighbours, though superficially close, continue to be hampered by historic prejudices and the generals' insistence on doing it 'their way or no way at all'.

Countries like Japan, China, Thailand, Singapore, and Malaysia, which have provided varying degrees of support for Yangon, have been frustrated in attempts to achieve cooperation from the regime on issues of concern to them. Myanmar's participation in ASEAN has also been half-hearted at best. The military regime stands largely alone in the world by choice as much as necessity.

International actors, who aim to induce the SPDC to liberalise or in other ways work to improve the welfare of Myanmar's people, face major obstacles:

- Myanmar's rulers are determined not to bow to outside pressure. They refuse to accept significant foreign mediation or any other form of 'intrusive' international participation in the solution of its political problems. They have shown little will to learn from the experience of other countries or take foreign advice, even on technical matters.
- The sense of outside threat creates a barrier of suspicion, which greatly affects the junta's interpretation of international policies and hampers the work of foreign agencies, organisations, and companies in Myanmar.
- The military leaders remain proudly aloof, partly blind to the possibilities presented by cooperating with the outside world. They continue to believe that Myanmar both can, and might be better off to, uphold the traditional emphasis on self-reliance.

- The strong disposition to look inwards for solutions, compounded by fear of subversive ideas, creates an almost insurmountable barrier to import of knowledge. Myanmar has been little influenced by foreign intellectual trends, including on human rights, economic development processes, and so forth.
- Few, if any, governments or organisations have the access and goodwill necessary to influence Myanmar's leaders. The few foreigners who have established positive rapport have done so as individuals and are inevitably sworn to secrecy.

There is no doubt that foreign governments and organisations have a critical role to play in Myanmar, which has immense capital, technology, and knowledge needs. However, in the highly nationalistic environment, they are destined to operate at the political margin for the foreseeable future.

Given this situation, and while it remains vital to work for restoration of democracy, it may be more practical to focus as an immediate goal on facilitating a gradual loosening of military control over political and economic activity. This approach would aim to transform relationships first – among members of the regime, between the regime, state, political parties, and population, and among people in general – and institutions only secondly. It would include immediate action to alleviate the humanitarian crisis, which over the last few years has caused more and more people to sink into despair, diminishing the prospects for positive change.

Tackling a closed regime so hostile to outside ideas presents enormous policy challenges and there are no quick fixes. But slower incremental steps may defuse the paranoia and win more influence than demands for rapid change that have repeatedly been rebuffed. More can be done to expand contacts and so prepare the ground for later political reforms.

RECOMMENDATIONS

To Donor Governments, Intergovernmental and International Non-Governmental Organisations

1. Provide education and training opportunities for government workers both in Myanmar and in the wider context of ASEAN and regional programs that could build greater knowledge of the outside world and international norms in areas like human rights.
2. Expand media activities and educational broadcasts by the BBC and VOA to improve the flow of information into the country.
3. Encourage more ties in sciences, arts and technology.
4. Expand existing humanitarian programs run by the United Nations and international NGOs with an emphasis on training local workers to run health and education programs.
5. Encourage a debate with all political groups on how the country might improve its economy without exposing itself to the feared side-effects of globalisation.
6. Increase training for the diaspora community in government, management, conflict prevention, negotiations skills and foreign policy.
7. Expand funds for diaspora graduate students to study history, politics and society to ensure a range of intellectual views on the country.
8. Improve availability in Burmese and minority languages of texts that might assist in developing a diverse, tolerant society and a democratic political system and improve understanding of international systems.

Bangkok/Brussels, 7 December 2001



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I. INTRODUCTION

In 1988, a popular uprising focused world attention on Burma after three decades of self-imposed isolation. Since then there has been continuous international debate about how to deal with the military rulers, the State, Law and Order Restoration Council (SLORC) – or, as they have been known since November 1997, the State Peace and Development Council (SPDC). Popular calls for democracy, coupled with persistent reports of human rights violations and economic mismanagement, have generated broad consensus about the need to promote political and economic reform. Yet, little agreement has been reached on how far such reform needs to go, what issues to prioritise and what methods to apply. The international response has been uncoordinated and its achievements negligible.

A major problem for policymakers is a lack of knowledge about Myanmar. Few in-depth studies are available of internal military politics or the balance of power among the complex political forces, or indeed of any aspect of the political, economic, and social system. Moreover, the outrage that has generated international political attention has impeded serious analysis. There is also widespread misunderstanding about the nature of the transition process and opportunities for international influence.

This report examines three areas:

- the military regime's reactions to international policies;
- the strengths and weaknesses of foreign governments and organisations as interlocutors with the regime; and
- the obstacles and opportunities for international actors to play a role in any transition to democracy.

The military junta's perspective is often overlooked in discussions about the country's future. Yet, in a highly centralised state ruled by a relatively united force, nothing matters more than the goals, attitudes, values, and beliefs of the top leaders. Lack of attention to this area is particularly problematic for international relations. Outsiders naturally look at Myanmar through their own cultural lenses and act according to their own ideological predispositions (and vice versa). Not surprisingly, there are widespread misconceptions and misjudgements on all sides.

The first part of this report is a brief historical overview of Myanmar's experiences with the outside world. It is followed by sections on the military leadership's international outlook and the regime's foreign relations, which conclude with an assessment of the degree of change since 1988. The final part discusses implications for international actors and policies, and provides policy recommendations.

The emphasis is on the perspectives of the military leaders, i.e. how they view situations, their fears and desires, and what this means for international

actors. The aim is to understand this perspective and so strengthen the basis for policymaking on Myanmar.

II. HISTORY

In order to understand the military junta's response to international policies, it is necessary to consider the role of foreigners in the country's political and economic development.¹

For almost 1,000 years before the British annexed the country in the 19th century, the area comprised by present day Myanmar was a relatively distinct, coherent, and autonomous entity. Hidden away from the world behind a horseshoe of almost impenetrable mountains and jungle, the Burman kingdoms remained largely untouched by the great empires of Central and East Asia. The kings built glorious capitals like Pagan and Mandalay and ruled over a rich and thriving civilisation, which was regularly reinvigorated by successful wars against neighbours.

This heritage appears to have deepened the trauma of colonial subjugation and the resulting hostility of the new nation state towards modernity. It has also provided powerful political concepts and models for later leaders, who have looked to a mystical past of harmony and grandeur that compares favourably with today's problems.

The era of the Burman² kings ended in 1885 when the British deposed King Thibaw in Mandalay and made Burma a province of British India.³ As elsewhere, British rule put administration on a more modern footing and greatly expanded economic activity. However, removal of the head of state and protector of the faith threw Burmese society into disorder. Serious deterioration in the

¹ History carries a particularly strong weight in shaping the views of political actors in Myanmar, partly because most senior military leaders have taken active part in episodes of great significance for the country's development as a nation, partly because many of the country's current problems, from ethnic conflict to economic underdevelopment, are rooted in the past, and because the identity of the Myanmar armed forces as an institution is firmly anchored in its role in the national liberation struggle and the earliest years of independence. These factors have encouraged military leaders and ideologists to delve into the past to explain current problems and identify possible solutions.

² "Burman" refers to the ethnic group and "Burmese" refers to all citizens of Myanmar. "Burmese" is also the name of the language spoken by Burmans.

³ The British had already annexed parts of lower Burma in 1826 and 1854.

discipline of the all-important Buddhist religious orders had grave social consequences.⁴ Moreover, the privileged position not only of Europeans, but also of Indians, Chinese and certain minority groups, who were favoured in military, administrative and economic affairs, created deep resentment among the majority Burmans.

Although some collaborated with the British and to some extent assimilated their social and cultural values, there was nowhere near the Anglicisation of society seen in India. On the contrary, a strong movement to reassert Burman racial and cultural identity began within a decade of the annexation and soon developed into a concerted drive for independence. The British faced deeper and more consistent opposition in Burma than perhaps in any other of their colonies.

The Burmese gained independence in 1948, but not before they had experienced several further blows. The Second World War caused more damage in Burma than elsewhere in the region as the Japanese and British fought across the country. Nationalists, organised in the Burma Independence Army (BIA) and led by General Aung San, first fought alongside the Japanese in the hope that expulsion of the British would pave the way for independence. However, they joined with the British forces who reoccupied Burma in 1945.

The military role played by BIA during these years was relatively limited. Yet, it has subsequently formed the basis for claims by military leaders that the army liberated Burma and remains the nation's natural guardian, with a right and duty to lead its affairs, political and otherwise.

The final British departure took place in a relatively friendly atmosphere in 1948 after Aung San successfully negotiated an independence agreement. Unfortunately though, not everyone

accepted the settlement: Aung San and most of his cabinet were assassinated by a rival in 1947. This was arguably the single most damaging blow to the new nation which lost the only man who enjoyed wide respect and trust among the diverse political and ethnic forces that made up the Union of Burma.

Soon after this tragedy, the Burma Communist Party (BCP) went underground, claiming that the independence agreement was a sell-out by bourgeois politicians to British commercial interests. They were followed by Karen ethnic nationalists, who had remained loyal to the British during the war and resented not having been granted an independent state. Over the next decade, other ethnic groups also rebelled, seeking more autonomy from the Burman-dominated central government.

After Independence, the foreign presence was gradually reduced as successive governments curtailed links to the outside world in an attempt to regain political and economic control and reinvigorate Burmese culture and national identity. Yet, international actors have provided material and other support for the multitude of insurgent forces who have posed a major obstacle to national security and development over the last half century.⁵

Since 1988, there has also been widespread international action in support of democracy, human rights, and economic reform. These policies, coupled with the failure of the Burmese themselves to forge a stable and prosperous nation, have compounded fears of more intrusive intervention among military officers and reinforced a mindset that foreigners are to blame for most of the country's problems. The colonial trauma has been sustained and remains an important psychological obstacle to rational assessments of foreigners and international relations.

⁴ J. S. Furnivall, *Colonial Policy and Practice*. (New York, 1956), provides the most comprehensive overall analysis of the adverse effects of colonial administration on traditional Burmese society. For some interesting indigenous comments on these effects, see for example: Aung San Suu Kyi, 'Literature and Nationalism in Burma', in Aung San Suu Kyi, *Freedom from Fear* (London, Penguin Books, 1991); Michael Aung-Thwin, "1948 and Burma's Myth of Independence" in J. Silverstein (ed.), *Independent Burma at Forty Years: Six Assessments* (Ithaca, Southeast Asian Program, Cornell University, 1989), pp. 19-34.

⁵ The security situation has improved significantly since the late 1980s with cease-fires between the government and most of the former insurgent groups. However, several groups, including the Karen National Union, the Shan State Army, and the Karenni National Progressive Party, are still fighting. No sustainable solution has been found to the fundamental problems, which are a mix of inter-racial animosity and issues over the distribution of power and resources between the centre and the periphery.

III. THE MILITARY'S OUTLOOK

The history of foreign intervention in Burma – as interpreted by military leaders and ideologists – underlies core beliefs concerning the outside world which have proven remarkably resistant to change. Most analysts writing on the Myanmar military emphasise their strong nationalism. In fact, a wide range of attitudes, values, and beliefs regarding the world is often subsumed under this label and referred to as “ultra-nationalism” or “the special character of Myanmar nationalism”. It is useful, however, to distinguish several other ‘mentalities’, which while they may be closely associated with nationalism and share some of its origins, have independent explanatory power. Foremost are the paranoid orientation of the military leaders, their strong emphasis on self-reliance and fundamentally ethnocentric outlook.

A. NATIONALISM

The ardent nationalism of Myanmar's military leaders is evident in speeches and government literature, which demonstrate both their preoccupation with national sovereignty and emotional attachment to the nation (or rather to the state, which is seen as the embodiment of the nation).

Our state has been in existence as an independent nation for thousands of years... It is our bounden duty to defend and safeguard, with our lives, the independence and sovereignty which our martyrs and patriotic heroes wrested back, and to ensure their perpetuity as long as the world exists.⁶

In practical terms, this implies both a resolve to protect by all means Myanmar's independence and territorial integrity, which were lost not so long ago, and a desire to maintain total national control of all details and affairs of Myanmar life. Military leaders have long perceived it to be their national and professional duty to counter any form of

external penetration, into not only the political and economic system, but also the social and cultural spheres. As the second ranking figure in the junta, General Maung Aye put it:

Seen from our perspective, security entails non-interference in internal affairs and freedom from external pressures. Security is synonymous with the basic right to choose freely one's own political, economic and social systems and to determine one's future at one's pace and in accordance with cherished values and ideals.⁷

The junta today essentially promotes nationalism as a substitute for ideology. The principle of political sovereignty is enshrined in the ‘three national causes’, while economic and cultural sovereignty figure prominently in the ‘twelve national objectives’ (see Appendix 1). Leaders are also adamant about maintaining full military independence. As a recent military publication emphasises: “Myanmar has never allowed and never will allow the stationing of foreign forces on its soil... has no security cooperation agreement with any country... has not taken part in any joint military exercise with foreign armies.”⁸

Importantly, this form of nationalism is closely associated with conservatism (preference for tradition over modernity), insularity (lack of interest in and contact with foreigners and their ideas), and exclusiveness (reluctance to admit new members into Myanmar society). The implicit aim is to restore Myanmar's ‘Golden Age’ – if not the pre-colonial past then at least a situation where the country again is for the Myanmar people and them only.

B. PARANOIA

The obsessive quality of military nationalistic thinking both reflects and feeds into great suspicion towards the world in general and the West in particular. To an extent, this may be seen

⁶ Sen.Gen. Saw Maung, ‘Address at the 44th Armed Forces Day’, 27 March 1989. Reprinted in Saw Maung, *Senior General Saw Maung's Addresses, Vol. I*. Yangon; News and Periodicals Enterprise, 1991, p.75.

⁷ Gen. Maung Aye, Address at the 50th Anniversary Special Commemorative Session of the UNGA, 23 October 1995.

⁸ Historical Research Institute, Brief History of the Myanmar Army. Yangon, 1999.

as a prudent response by leaders of a weak state fraught with internal conflict that leaves it vulnerable to outside interference. Yet, there are indications that the stress caused by external and internal pressures, compounded by policy failures and growing alienation from the world, have pushed many senior officers into a siege mentality bordering on paranoia.

Paranoid thinking – a simplistic belief system that leads the person to perceive a world of enemies and to interpret all new information in a way that confirms that image – is evident in frequent claims that Western powers (neo-colonialists) are trying to destabilise the country and exercise economic and cultural hegemony.⁹ This was expressed by General Tan Shwe:

Some big neo-colonialist countries, who want to dominate and manipulate Myanmar, are trying to destroy the spirit of national solidarity in order to weaken the country and put it under their influence... Taking advantage of their superiority in science and technology, these big nations are trying to dominate the developing nations politically, economically, socially, and culturally.¹⁰

From this perspective, even actions of individuals are seen as part of a conspiracy to soil Myanmar's reputation and undermine government efforts to build a "modern, developed and prosperous nation." A recent New York Times article on Myanmar's HIV/AIDS epidemic, for example, elicited this official response: "It is evident that the data were fabricated ... These false allegations are politically motivated and the objective is to defame the government and the people of Myanmar".¹¹

It is not that these conclusions are 'grabbed out of the blue' and have no connection to reality. The world is ganging up on the military regime, and many of Myanmar's problems are indeed linked,

⁹ J. S. Levy, "Learning and Foreign Policy: Sweeping a Conceptual Minefield". *International Organization*, 48(2), 1994, p. 292.

¹⁰ Sen.Gen. Than Shwe, quoted in *Kyodo News*, 30 January 2001.

¹¹ Government of the Union of Myanmar, Information Sheet, 27 June 2001.

directly or indirectly, to actions by external powers over the last 100 years. What characterises the paranoid mind though is exaggeration and the failure to accept responsibility for anything that goes wrong. Like most paranoids, the military leaders are also thoroughly logical. They are meticulous in gathering evidence to support their view of a hostile world and presenting this in publications and at press conferences. Yet, they collect only facts that fit the logical system they have devised. They are in this sense 'a fixed conclusion in search of evidence'.¹²

It seems probable that 'suspicions of foreigners' are exaggerated for strategic purposes to rally the people around a nationalistic leadership and justify continued military control. However, military fears of the world have regularly manifested themselves in observable behaviour. During the 1988 uprising, the arrival of a U.S. naval vessel in Myanmar waters reportedly caused panic in the War Office.¹³ Three years later, at the height of the Gulf War, anti-aircraft guns were put up around Yangon, suggesting military leaders feared an attack. Similar fears appear to have been behind strong denunciations of international actions in Haiti, Kosovo and East Timor.¹⁴ These reactions, coupled with consistent rhetoric over four decades, suggest a real psychological distortion.

C. SELF-RELIANCE

Another long-standing feature of military thinking is summed up in the much repeated slogan "the strength of the nation lies within", which encapsulates an emphasis on self-reliance bordering on isolationism.

The military leaders since 1962 have insisted that Myanmar, as much as possible, do things by its

¹² For a theoretical elaboration on the symptoms of political paranoia, see Robert S. Robins and Jerrold M Post, *Political Paranoia: The Psychopolitics of Hatred* (New Haven, Yale University Press, 1997).

¹³ Andrew Selth, *Myanmar's Armed Forces: Power Without Glory* (New York; EastBridge), forthcoming.

¹⁴ According to Western diplomats in Yangon, military officers were "obsessed" with what was happening in the Balkans in 1998. They also expressed worries, in connection with the international intervention in East Timor, that "a similar force might come through Thailand". (ICG interviews, August 2001).

own efforts, relying on its own resources. Ne Win is said to have asserted that "all of Burma's problems could be solved if the country were chiselled free of its Asian neighbours and floated out into the middle of the Bay of Bengal".¹⁵ By closing the borders, they have tried to decrease its external vulnerability and ensure that it develops on its own terms.

At the same time, the generals appear largely unconcerned with foreign affairs (except direct threats). They have no designs for a global or regional order, nor do they take much interest in the domestic policies and problems of others. In fact, they have made a virtue of non-involvement as a second dimension of self-reliance:

Myanmar has always respected the sovereignty and territorial integrity of its neighbours and never interferes in their internal affairs. Myanmar has also never allowed insurgents, dissidents and other negative elements of its neighbours to use the territory of Myanmar for their activities... It is the policy of Myanmar never to allow foreign military bases to be established in Myanmar's territory.¹⁶

Basically, from the Myanmar military perspective, each nation is an independent entity, which ought to focus only on its own internal matters.

Since 1988, there has been a move away from self-reliance as a political strategy. Yet, as a mindset it remains powerful. This was evident in the government's reaction to the Asian economic crisis of 1997. The lessons the military leaders drew were not, as one might have hoped, about the need for transparency and accountability in government affairs. Rather they concluded that the absence of a stock market and a free-floating currency linking it with neighbouring economies had protected Myanmar from the worst consequences. In other words, the country survived because it was self-reliant and insulated.¹⁷ The government has

suspended border trade and otherwise restricted international exchange whenever facing acute economic pressure. The knee-jerk reaction is to withdraw from the world whenever internal problems are acute.¹⁸

D. ETHNOCENTRISM

A final aspect of the military leadership's 'view of the world' is their fundamentally ethnocentric outlook. Where self-reliance translates into physical barriers to the flow of people, information, and capital, ethnocentrism refers to psychological barriers, which distort international communication and limit mutual understanding and compromise.

Like many other Asian leaders, Myanmar's military rulers strongly subscribe to cultural relativism:

We firmly believe that the international community should take a more holistic approach to the question of human rights and not be preoccupied with individual rights and freedoms. Any government, institution or individual seeking to promote human rights should bear in mind the significance of national and regional peculiarities as well as historical, cultural and religious backgrounds together with the stage of economic development.¹⁹

¹⁵ J.F. Guyot, 'Burmese Praetorianism,' in U. Gartner and J. Lorenz (eds.), *Tradition and Modernity in Myanmar*. Münster (LIT, 1994), p.142.

¹⁶ Government of the Union of Myanmar, Information Sheet, 5 March 2001.

¹⁷ See, for example, Press release, Embassy of Myanmar, Washington, DC, 14 September 1998.

¹⁸ The failure to reassess the doctrine of self-reliance is intrinsically linked to the somewhat unreasonable belief that Myanmar's rich natural resource base gives the country a limitless potential for wealth creation. As two of the regime's top leaders recently emphasised: "Our country stood on its own feet and relied on agriculture for 26 years. As long as we have self-sufficiency in food, clothes and shelter, we do not have to care about anybody... Dams, roads, bridges and railway lines have been built in the country with its own internal resources, without any foreign assistance. They demonstrate the Myanmar people's ability to determine their own destiny and stand on their own feet (Gen. Maung Aye and (late) Lt.Gen. Tin Oo, quoted by the BBC News Broadcast in Myanmar, 22 August 1999, 13.30 GMT).

¹⁹ Former Foreign Minister Ohn Gyaw, Address at the 51st Session of the UNGA, 27 September 1996 (reprinted in *Burma Debate*, Sep/Oct 1996).

The generals perceive Myanmar's problems to be not only unique, but also essentially unfathomable to outsiders. When it was suggested several years ago that Nelson Mandela might mediate between the contending political forces in Myanmar, Foreign Minister Win Aung's response was: "I think Mr Mandela can't understand our politics... Our problems are very complex".²⁰

In a similar vein, there seems to be a distinct Myanmar way of doing everything. The 'Burmese Way to Socialism', a mixture of Buddhist and socialist concepts, has been replaced since 1988 by another home-grown hybrid, 'disciplined democracy', that seeks to combine military and popular rule. At best, foreign theories and models provide a framework – and, at worst, simply a justification – for policies, which at the core are inevitably uniquely Myanmar.²¹ This seems to be a source of significant pride for military leaders, who in the face of their many failures find solace in Myanmar's distinctiveness and the strength of its traditional culture and values.

The flip side of this is an acute lack of understanding of foreign affairs and the images, motivations, and values of other actors in the international system. This has come out clearly, for example, in the Australian government's human rights training programs, which have revealed a general lack of familiarity with and understanding of basic tenets of international human rights law and principles among middle level officers and officials.²² The failure of the military regime to respond to international pressure for change may be rooted, at least partly, in ignorance about concepts and ideas that are common currency globally, but alien to many in the junta.

E. THE ROOTS OF NATIONALISM

The basic elements of Myanmar nationalism are firmly rooted in the colonial period. Burman elites were deeply humiliated by the political disenfranchisement, economic exploitation and social discri-

mination under British rule.²³ Yet, the development and continued virulence of the more peculiar form of military nationalism reflects the insecurity of the modern state and long-standing isolation of the officer corps, domestically and internationally.

When the British departed in 1948, they left behind a country with a weak government, a fractious society, and an acute sense of strategic vulnerability. The sense of external threat was succinctly expressed in a famous quote by Prime Minister U Nu from 1949:

Take a glance at our geographical position – Thailand in the East, China in the North, India in the West, and stretching southward, Malaya, Singapore and so on. We are hemmed in like a tender gourd among the cactus.²⁴

During the 1950s, the government's attention was directed at quelling ethnic and ideological insurgency, which threatened to overwhelm the new state. Yet, these internal challenges were always defined in terms of their external links. Not only did organisations like the Burma Communist Party and the Karen National Union receive direct support from the outside, but domestic conflict created the spectre of direct foreign intervention and a possible break-up of the Union.

The 1962 military coup and Burma's subsequent withdrawal from the world constituted, at least partly, an attempt by xenophobic military leaders

²³ See, for example, Michael Aung-Thwin, *op.cit.* The late Sen.Gen. Saw Maung also emphasised this theme in 1990: "Some our grandparents are old enough to have experienced the life of servitude... They will tell you that it was a nightmare, how they had to live in subhuman conditions under many controls and restraints (Address to final year trainees of the 21st course of the Academy for the Development of National Groups on 21 February 1990, reprinted in Saw Maung, *op.cit.*, p.365).

²⁴ U Nu, 'Speech to Parliament, 5 September 1950', *From Peace to Stability. Selected Speeches* (Rangoon; GOB, 1951). Fifty years later, Foreign Minister Win Aung picked up on this theme when he responded to a journalist, who asked if he feared interference in Myanmar: "Yes. In the past, because of our very strategic location, we were annexed by the British. Then, in the Second World War, the Japanese wanted Myanmar under their control. Even during the Cold War, we suffered, with the Chinese KMT forces (Asiaweek, 3 September 1999).

²⁰ Quoted by Reuters, 9 July 1999.

²¹ The 'Burmese Way to Socialism', appears to have been promoted as much because it justified a strong one-party state and central economic control as for its social message. Much the same theme underlies current arguments about the need for 'disciplined' democracy.

²² ICG interviews, August 2001.

to take control of their own destiny and protect Burmese sovereignty and national identity. Over time, the central themes of this mindset – and the policies associated with it – have become self-reinforcing as Burma's rulers have become increasingly alienated and uncomfortable about dealing with foreigners. During the socialist era, few officers travelled and access to foreign views was increasingly restricted by limitations on the import of foreign news and critical analysis. State officials were also greatly restricted in their personal dealings with foreigners.²⁵

Few of today's top generals and colonels have had any significant international experience. Most were educated at home, speak little English, and rarely go abroad. They mostly lack any understanding about the nature of international politics and feel out of their element on the international stage. This presents a major obstacle to the development of a broader outlook.

The claim is not made here that all members of the military elite (not to speak of the rank-and-file) share the 'military' mindset equally. While strong nationalism is almost universal – including within the pro-democratic opposition²⁶ – there clearly are officers who fear external subversion less and understand the limits of self-reliance. They are a minority, however, found particularly within the Office of Strategic Studies (OSS), a sort of super-structure on Military Intelligence, which generally attracts the best-educated and most internationally minded people.

²⁵ Harriet O'Brien, who spent her teenage years in Rangoon where her father served as a British diplomat, explains: "In Rangoon, permission had to be granted before any army or government members could come to our house. When they did come, they were never alone. Officials would arrive in a bunch, nervously watching over each other and keeping a check on what was said or revealed. It was only in the rarest of circumstances that we could visit their homes (*Forgotten Land: A Rediscovery of Burma* (London; Michael Joseph, 1991), p. 86.

²⁶ Nationalism in many ways has become the essence of being 'Myanmar'. It seems certain that foreigners dealing with any Myanmar government in the foreseeable future will face strong assertion of national self-determination by people who have been brought up with stories of the 'Golden Age' of the Burman kings and share an ardent desire not only to reclaim their destiny but to bring it to fruition.

The OSS is directly responsible for Myanmar's international relations. Yet, it is greatly constrained by more insular colleagues in the army command, who both outnumber and apparently overpower them. This has obvious implications not only for policy, but also for how views and ideas are expressed. In an organisation, which places extreme value on unity and conformity, the most powerful people – and often the most hard-line views – set the standard. Others play along for strategic purposes, or simply to survive. It is much safer to treat foreigners as enemies than to argue for their 'innocence'.

Today, the four mentalities discussed here constitute an interrelated and largely self-reinforcing belief system. They exist independently of their political usefulness – and indeed in the face of their obvious (to outsiders) negative consequences, not only for the country, but also for the military rulers themselves. We do not know exactly how deep-seated and widespread they are. However, it is clear that they strongly influence group behaviour.²⁷

F. ECONOMIC INTERESTS

The military leaders' involvement in business has been firmly institutionalised and has an important influence on their world view.

In the legal economy, two military business

²⁷ The military's claim to be protecting the nation against ill-intentioned foreigners obviously serves certain 'private' needs as well, as does the insulation of the officer corps and the population at large from information that might cause them to reinterpret the needs of Myanmar. The myth that the army won Myanmar's freedom and is protecting the country against centrifugal forces, threatening to undermine its independence and sovereignty, has become the military leaders' only sustainable claim to political legitimacy in the face of governance failures and the landslide victory by the NLD in the 1990 elections. There is also comfort in creating a world of enemies. It polishes the self-image of the military as protectors of national independence and provides a convenient scapegoat for problems. They do not have to address the decline in legitimacy or the failures of government. These imperatives increase the value for the military leaders of applying anti-foreign rhetoric. More specifically, they have inspired historical research and ideological developments centring on the establishment of the military's nationalistic credentials, which in turn have been disseminated to new generations of soldiers and become an intrinsic part of military identity.

interests are of particular interest – the Union of Myanmar Economic Holdings Ltd (UMEH) and the Myanmar Economic Corporation (MEC). Formed in 1990, the UMEH – jointly owned by the Directorate of Defence Procurement and serving and retired military personnel – has established itself as the largest indigenous firm, with registered capital of 10 billion kyat (U.S.\$1.4 billion at the official exchange rate).²⁸

All major foreign investment is conducted via joint ventures through UMEH, which by 1999 had established 49 such arrangements with foreign firms since its formation.²⁹ It has also amassed a wide range of commercial interests in gem production and marketing, garment factories, wood industries, goods and beverage and other trading companies, supermarkets, banking (the Myawaddy Bank), hotels and tourism, transportation (coach services and the Myawaddy airline), construction, real estate, computers, telecommunications and electronic equipment, and the steel and cement industry.³⁰ With no transparency in its finances, UMEH provides the military leadership extensive business and patronage opportunities.³¹

MEC, which comes under the Ministry of Defence, is another huge enterprise. It is authorised to undertake a wide range of economic activities, including trading companies, agricultural produce, hotels and tourism, gem and mineral extraction, exploration, extraction and sale of petroleum and natural gas, telecommunications, and all other economic activities that were previously government monopolies.³² The Directorate of Ordnance also runs businesses, some commercial, others exclusively for military supplies. According to one Burmese commentator, through the UMEH and MEC in particular, “the Tatmadaw [armed forces] will be able to maintain its hold on various

sectors of the economy”.³³

The regime is believed to have important personal and political interests in the extra-legal economy, which is “at least as large as” the formal economy. According to the U.S. State Department’s International Narcotics Control Strategy Report (1998), Myanmar is the world’s largest source of illicit opium and heroin, although production and cultivation began to decline in 1997.³⁴ The SPDC has consistently denied involvement in the drugs trade, and high-profile poppy-burning exercises are held. However, the money the SPDC has spent on defence has doubled since 1988 as a share of government expenditure, and there are suspicions that part of this arms build up has been financed from taxes levied on heroin refineries.³⁵

Thus the world view of the SPDC leaders has several operational dimensions. Their political and intellectual heritage is one of nationalism, independence and self-reliance. They see themselves as the last and only defenders of the country’s national unity, on behalf of which they have scored important political and military successes and continue to struggle. Their collective psychology is tinged with paranoia, and their personal security depends on profit from the national economy and state enterprises, on an illegal trade in drugs, and a continuation of their own authoritarian rule. International strategies to bring about a transfer of power to a civilian and democratic government will not succeed unless they address all these levels of motivation within the military leadership.

²⁸ Mary P. Callahan, “Cracks in the Edifice? Military-Society Relations in Burma since 1988”, in Morten B. Pedersen, Emily Rudland, R. J. May (eds), *Burma: Strong Regime, Weak State?* (Adelaide, Crawford House Publishing, 2000), p. 48.

²⁹ Maung Aung Myoe, *The Tatmadaw in Myanmar since 1988: An Interim Assessment*, Strategic and Defence Studies Centre, Australian National University (Canberra, November 1999), p. 11.

³⁰ *Ibid.*

³¹ Callahan, “Cracks in the Edifice?” p. 48.

³² Maung Aung Myoe, *The Tatmadaw in Myanmar Since 1988*, pp. 12-13.

³³ *Ibid.*, p. 13.

³⁴ The report identified money laundering in Myanmar and the reinvestment of narcotics profits laundered elsewhere as “significant factors in the overall Burmese economy”. It also cited the country’s underdeveloped banking system and lack of enforcement against money laundering, which has created a “business and investment environment conducive to the use of drug-related proceeds in legitimate commerce”. See International Narcotics Control Strategy Report, 1998. Released by the Bureau for International Narcotics and Law Enforcement Affairs, U. S. Department of State (Washington DC, February 1999). See also Bertil Lintner, “Drugs and Economic Growth in Burma Today”, “Burma: The Booming Drug Trade”, in Rotberg (ed.), *Burma: Prospects for a Democratic Future*, pp. 185-195.

³⁵ Alan Dupont, “Transnational Crime, Drugs and Security in East Asia”, *Asian Survey*, Volume XXXIX, Number 3, May/June 1999, pp. 433-455.

IV. FOREIGN RELATIONS

The focus so far has been on the motivations of Myanmar's military leaders. We now look at the regime's actual behaviour, including its general foreign policy orientation and relations with selected countries. Our primary concern is to understand how the rulers perceive these countries, what they wish to attain from each relationship, and what (potential) leverage or influence this gives the relevant governments. Of course, this cannot be separated from the attitudes and actions of those with whom they interact. In international relations, as in other areas of human affairs, enmity breeds enmity and amity encourages amity. Particular attention is paid to issues which have caused controversy and misunderstandings.

A. GENERAL FOREIGN POLICY ORIENTATION

Burma has traditionally relied on strict neutralism, coupled with low-key bilateral relations based on the 'Five Principles of Peaceful Co-existence'.³⁶ The interpretation of these principles has shifted somewhat from U Nu's civilian government (1948-62), to its military-cum-socialist predecessors led by General Ne Win (1962-88) and the current junta (1988-). However, all regimes have placed high value on an independent foreign policy and rejected attempts at foreign interference in internal affairs.

The first government of independent Burma faced widespread insurgency and a massive task of economic reconstruction after the Second World War. It opted for a foreign policy that sought to protect the fragile, new state, on the one hand, by actively working to eliminate international conflict and, on the other, by avoiding behaviour that could provoke intervention by a neighbour or the major powers. Burma joined the United Nations and

became co-founder of the Non-Aligned Movement, while U Nu worked with like-minded international leaders to find a formula for a safer world order. The government, however, carefully eschewed any political, military or economic alliances or commitments that would suggest alignment with a particular power or bloc, seeking instead "friendship with all countries". It encouraged trade and accepted assistance in support of its development efforts when necessary but was careful to balance and diversify relations as much as possible. Aid was accepted only with 'no strings attached'.³⁷

Following the 1962 coup, the Revolutionary Council, led by General Ne Win, took neutrality to extremes by closing down all avenues through which outside states pursued their objectives in Burma (at Burma's expense, as they perceived it). Major sections of the economy were nationalised, foreign cultural institutions and practices were banned, and most links with the outside world were cut to a minimum. The new government also curtailed diplomatic activities, particularly in multilateral forums. Ne Win favoured personal, high-level diplomacy with his counterparts abroad to deal with acute diplomatic crises. The active element of neutralism was eliminated, and Myanmar descended into isolation from even regional affairs.

While these policies were largely successful in keeping Burma out of super power rivalry and defusing possible threats from immediate neighbours, they came with considerable costs. Burma's attempt to develop on its own was an abysmal failure. Official development assistance, which was invited and received in large amounts from the mid 1970s onwards (particularly from Japan, the U.S. and West Germany), kept the inefficient economy afloat. However, little structural progress was made, and the goal of a

³⁶ The Five Principles of Peaceful Co-existence were expounded by Burmese, Indian, and Chinese leaders in the mid 1950s and were subsequently adopted by the Non-aligned Movement as the basis for international relations. They include: (1) mutual respect for each other's territorial integrity and sovereignty, (2) non-aggression, (3) non-interference in each other's internal affairs, (4) equality and mutual benefits, and (5) peaceful co-existence and peaceful settlement of disputes.

³⁷ Prime Minister U Nu outlined the basic tenets of this policy in a speech on Martyr's Day, 19 July 1950: "We cannot afford to join any particular bloc and fight the opposing bloc. We cannot afford to stay aloof, without friends, in a world where the strong are apt to oppress the weak. Therefore our program regarding foreign relations should be: (1) Stay in the UN as long as it remains an anti-aggression body. (2) Endeavour our utmost to make friends with every country. (3) Accept any aid suitable for the Union from any country without discrimination" (U Nu, op.cit., p. 89).

'just' society with adequate clothes, food, and shelter for everyone remained elusive.

The army lacked resources, which left it unable to defeat the ethnic, ideological and economic insurgencies that kept a third of the country beyond central control. The urgent need to liberalise the economy and attract foreign capital was brought home to even the most conservative in the authoritarian elite by the events of 1988, which facilitated a shift not only in economic policy, but also in the nature of diplomatic relations

The SLORC, immediately upon taking power, pledged to continue an "active and independent foreign policy". However, the basic principles of this policy, as expounded by the Foreign Ministry, show a new emphasis on cooperation with external actors, foreshadowing dramatic change in Myanmar's foreign policy behaviour:

- ❑ upholding of the Five Principles of Peaceful Co-existence;
- ❑ maintaining friendly relations with all nations;
- ❑ active support for the UN and its subsidiary organisations;
- ❑ pursuit of mutually beneficial bilateral and multilateral cooperation programs;
- ❑ regional consultation and beneficial cooperation in regional economic and social affairs;
- ❑ opposition to imperialism, colonialism, neo-colonialism, interference, aggression and domination of one state by another; and,
- ❑ acceptance of foreign aid beneficial to national development, provided there are no strings attached.³⁸

It is not clear how far the military leaders were initially planning to go. However, as they found themselves ostracised by the West after the crackdown on pro-democracy protesters and cut off from traditional sources of aid, they were essentially forced to seek closer diplomatic, as well as economic and military ties, with their regional neighbours. Since 1988, Myanmar has joined the Association of Southeast Asian Nations (ASEAN) and the Asian Regional Forum (ARF), as well as

the Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Cooperation (BIMSTEC) group.³⁹ The military junta has also greatly expanded bilateral relations with other countries in the region and generally signalled intent to re-enter the international community by reconfirming its commitment to the UN and signing a number of international conventions.

These diplomatic steps have been taken parallel to, and in support of, economic policy reforms aimed at opening up the economy to foreign investment and trade. Already in 1988, the SLORC introduced a Foreign Investment Law, which allows 100 per cent foreign ownership, and liberalised trade in most non-strategic products. The junta also negotiated bilateral agreements with China, Thailand, and most recently with India, which have paved the way for a liberalisation and expansion of border trade. In practice, these policies have been undermined by insufficient implementation and the failure to establish a broader supportive environment. However, the intention to attract foreign resources is clear. This has been evident also in aggressive lobbying to ward off US economic sanctions and attract foreign assistance from the multilateral lending agencies and bilateral donors.

Institutionally, the junta has tried to strengthen foreign policy-making by introducing new mechanisms, including the Foreign Affairs Committee (established October 1992), the Office of Strategic Studies (1994), and the ASEAN Leading Committee (October 1996). All these are headed by Secretary-1, Lt-Gen Khin Nyunt,⁴⁰ suggesting an attempt to streamline Myanmar's relations with the outside world. However, the consensus-making style of the military junta, coupled with the autonomy of regional commanders, who control the borders, greatly limits the ability of any one individual to steer and implement policy.

Moreover, economic policy is dominated by another top leader, Commander-in-Chief of the Armed Forces Lt-Gen Maung Aye, who is believed

³⁸ Government of Myanmar, *Diplomatic Handbook*. Yangon; Ministry of Foreign Affairs, 1999 (slightly abridged).

³⁹ Myanmar has also rejoined the Non-aligned Movement, which the BSSP government withdrew from in 1979 due to the Movement's increasingly pro-Soviet leanings

⁴⁰ The foreign minister is the regime's 'face to the world', but he refers directly to Khin Nyunt and does not appear to be part of the 'inner circle' at home.

to have significantly different ideas and interests from Khin Nyunt. While Secretary-1 is clearly in charge of foreign policy, he does not appear to dominate it. This may explain the frequent vacillations in the official line that make it harder for foreign governments and organisations to pursue their interests in Myanmar.

B. THE WEST

The relationship with the West is complex and contradictory. The generals' inherent suspicion of Western governments strongly colours their interpretation of U.S. and EU policies. At the same time, there is significant respect within the officers corps for the achievements of the developed countries and indeed a notable inferiority complex, which creates a deep wish to be accepted as equals. They are also keenly aware of the importance of attracting capital and technology to support their goal of making Myanmar a "modern, developed, and prosperous nation". Given this tension between traditional military attitudes and current needs, the position of Western countries in Myanmar depends to a significant extent on whether they are seen to have goodwill. One should, therefore, not assume that generally adversarial relations are 'set in stone'.

1. The United States

The U.S. presence was always minimal and has fallen to a new low over the last decade, which has seen Washington try to influence the military regime by isolating it. Nonetheless, the U.S., as the world's undisputed political, military, and economic leader, looms large on the military leaders' horizon, evoking a mixture of fear and envy.

American missionaries were active in Burma from the early 19th century. The Asia Foundation and the Ford Foundation established cultural programs in the 1950s. These activities, however, were all banned in the name of Burmese cultural integrity when the Revolutionary Council took over in 1962. From the mid 1970s, the U.S. government provided substantial economic and other support to the BSPP government, centring on anti-narcotics efforts, but this was cut in 1988 to protest the army's crack-down on pro-democracy demonstrators. Since then, the U.S. diplomatic representation has been down-graded from to

chargé d'affaires level and the embassy in Yangon, while quite active, operates in a rather distant relationship with the regime.

The U.S. aid program has been redirected to Myanmar exile-groups and refugees, except for small-scale humanitarian aid provided through UN agencies and NGOs operating in the country. Washington has restricted bilateral trade and in 1997 banned all new U.S. investments. The only significant U.S. investment in the country today is UNOCAL's share in the Yadana gas project. Trade is minuscule with the exception of Myanmar garment exports.⁴¹

While contact has been limited, the U.S. has long been the main target of the military's diatribes against negative Western influences and since 1988 has come to be perceived as the main external threat.

Myanmar's military leaders see the historical role of the U.S. in the country as one of continuous manipulation and attempted subversion. Military-sponsored historical writings highlight American covert support for the Chinese Nationalist troops who infiltrated Myanmar in the early 1950s and alleged continued U.S. involvement in the on-going ethnic and economic insurgencies.⁴² The CIA is accused of stirring up trouble against the government and destabilising the nation by sponsoring insurgency and terrorism.⁴³ Rumours circulate persistently among the general population

⁴¹ The garment industry in Myanmar has expanded rapidly over the last five years, primarily as a result of the U.S. import quota system which has induced manufacturers from neighbouring countries to move to Myanmar to take advantage of unfilled quotas. The export of garments from Myanmar to the U.S. grew to US\$ 400 million last year, up more than 100 per cent from 1999. This 'inconsistency' in U.S. policy has now become the target of members of Congress, who have been pushing for a ban on garment exports from Myanmar.

⁴² See, for example: Tatmadaw Researcher, *A Concise History of Myanmar and the Tatmadaw's Role (1948-1988)* (Yangon, 1992); Nawrahta, *Destiny of the Nation (Yangon, 1995)*.

⁴³ For two extreme examples, see Maung Pho Hmat, "CIA's Meddling Footwork on Myanmar Soil", *New Light of Myanmar*, 13 July 1996; Byatti, "Behind the Curtain", *New Light of Myanmar*, 13 November 1996.

about U.S. military personnel and agents in border areas.⁴⁴

These perceptions of the U.S., at both government and popular levels, have been reinforced by Washington's general foreign policy orientation. Perceived U.S. hegemony and interventionism go against the grain of Myanmar thinking on international relations, which celebrates absolute independence within a system of sovereign states. The highly nationalistic, culturally purist, and conservative military leaders also feel threatened by the global spread of U.S. economic and cultural values. They see the U.S. as the epitome of the profit-oriented capitalism and consumerism, which in their view have destroyed "weaker" cultures in neighbouring countries and present threaten Myanmar's traditional values and national identity.

Since 1988, the U.S. policy of applying sanctions and isolating Myanmar to force transfer of power to a democratically elected government has further fuelled suspicions and fears about Washington's designs. Military leaders blame the U.S. for vetoing international financing and scaring away foreign investors.⁴⁵ They also denounce direct support for Aung San Suu Kyi and various exile groups linked to her National League of Democracy, which they see as open subversion.⁴⁶ Most importantly, there is a fear that the U.S. might intervene militarily, linked to U.S. actions in Iraq, Haiti, Kosovo, and elsewhere, but also to Thai-U.S. relations. According to a Western ambassador in Yangon, "Myanmar's military leaders fear that Thailand might instigate a border incident and get the Americans to come in and support them."⁴⁷ Recent cooperation between the U.S. and Thai military against drugs trafficking from Myanmar into Northern Thailand has reinforced such fears.

⁴⁴ This may explain why many students who fled to the border in 1988 thought they would be received by U.S. forces ready to supply them with weapons and support an armed struggle against the military regime.

⁴⁵ Interview with Brig-Gen D.O. Abel, *Leader's Magazine*, Apr-Jun 1998; Interview with Foreign Minister Win Aung, *Time (Asia)*, 15 November 1999.

⁴⁶ Lt.Gen. Khin Nyunt on several occasions has presented evidence ostensibly proving that U.S. government funding of pro-democracy exile groups has been used to finance terrorist activities, including the attempt to assassinate the late Lieutenant-General Tin Oo with a letter bomb in 1997. See, for example, *The Irrawaddy*, June 1997.

⁴⁷ ICG interview, August 2001.

In a broader sense, and underlying these specific complaints, the military leadership clearly feels misunderstood and unfairly treated by the U.S. (and others). It is upset about highly critical U.S. Embassy reports on the economy and human rights situation and often complains bitterly about what it considers double standards in U.S. policy. It regards U.S. economic links with countries like China, Indonesia, and Vietnam as evidence of U.S. hypocrisy on human rights and proof that Washington has ulterior motives in Myanmar.

Perceptions apart, the military government has a strong interest in normalising ties. Awareness of this is reflected in public statements by top leaders, as well as in the regime's attempts to lobby policymakers in Washington:

We have always desired good relations with the United States and the United Kingdom, as we are fully aware of their importance in the world today. We also know that with their cooperation in terms of development and technical fields, we shall be able to march towards our goal for progress and modernisation at a much more rapid pace.⁴⁸

The military leaders have received senior U.S. officials in a cordial, if not exactly friendly atmosphere. U.S. Congressman Bill Richardson in 1994 was the first foreign official to get access to Aung San Suu Kyi during her house arrest. The OSS has also put significant efforts into basic public relations work, hiring firms in Washington to spruce up Myanmar's image and hosting U.S. senators and others on private, often economically-oriented visits. The primary purpose of these initiatives has been to dissuade Washington from applying (further) economic sanctions and maintaining its veto on multilateral lending to Myanmar. There also appears to be a military angle. The junta, for example, has often implored the U.S. to resume anti-narcotics aid. It is also said to be interested in reviving military exchanges,

⁴⁸ Interview with Lt.Gen. Khin Nyunt, *Faits and Protects Magazine (France)*, April 1999.

which would provide positions for Myanmar officers at U.S. military training schools.⁴⁹

Bilateral relations are in many ways a classical example of the misperceptions that often arise in international politics due to ideological, cultural, and other differences. From the Myanmar military perspective, the U.S. approach is purely self-serving. The generals have little understanding of the ideological and humanitarian components of U.S. policy, which they see as motivated by domestic strategic and economic interests, in particular the wish to put in place a pro-Western government. Some U.S. officials and politicians have shown ignorance and insensitivity by painting the complex Myanmar transition process as a simple battle between 'good' and 'evil'. The confrontational tone, which at times has degenerated to name-calling and outright verbal abuse, has achieved little but to reinforce the junta's defensiveness.

Still, the adversarial aspect should not be overstated. The Myanmar worldview does not identify enemies as such. There is no religiously or ideologically inspired hatred towards any state. The emphasis is on getting along with everybody, and criticism of the U.S. is largely a response to American policy, as interpreted by the generals. As a Western ambassador in Yangon notes: "There is no real hostility towards anyone. They just hate the sanctions, the finger pointing".⁵⁰

According to a former Myanmar ambassador to the U.S., the SPDC wishes to restore good relations. However, he emphasises:

It takes two to tango... I believe there must first be recognition from Washington that the present government is acting in the interest of the nation and the people... Secondly, the U.S. should realise that democracy cannot be built in one day, in a month, or in a year.⁵¹

Should the U.S. adopt a more engagement-oriented approach similar to the one it applies in China, it would likely find the military leadership receptive.

2. Europe

Burmese governments have traditionally maintained friendly relations with European countries and until 1988 received substantial bilateral aid.⁵² Still, Europe, even Britain, was always on the periphery of Burma's sphere of interest, and vice versa. The independent Union of Burma rejected membership of the Commonwealth and was denied British military assistance, which London feared might be used against its former allies, the Karen, who were in revolt. The U Nu government did receive significant economic assistance from Britain in the 1950s, but this was terminated by the strongly anti-colonial Revolutionary Council after 1962. In fact, Burma's closest ally in Europe during the socialist era was the then West Germany, which contributed almost one-fifth of total aid, second only to Japan.⁵³

Since 1988, most links with Europe have been cut. Like the U.S., European countries responded to the crack-down on pro-democracy protesters by terminating non-humanitarian aid. This was followed in 1991-92 by an EU arms embargo and severance of defence links. In October 1996, the EU agreed to a Common Position, which confirmed the existing measures and further banned visits by senior Myanmar military as well as high-level visits by member states to Myanmar.

The Common Position was strengthened in April 2000 with an embargo on export of all defence-related goods and a freeze on assets of the military leaders. Separately, the EU has withdrawn trade privileges due to the regime's use of forced labour. In the absence of more comprehensive economic sanctions, the UK and France have been among the largest investors in Myanmar over the last decade. However, most of these investments are related to

⁴⁹ The U.S. has in fact maintained military ties with the Myanmar regime since 1988 through its defence attaches at the embassy (though without giving aid).

⁵⁰ ICG interview, August 2001.

⁵¹ Interview by *The Myanmar Monitor*, published in Government of the Union of Myanmar, Information Sheet, 20 September 1998.

⁵² Ne Win had strong personal connections in Europe – including substantial property holdings in West Germany, a private doctor in Switzerland, and 'social' interests in Britain – which regularly brought him there on visits.

⁵³ West Germany was also Myanmar's biggest trading partner in Europe in the 1980s. David I. Steinberg, 'Japanese Economic Assistance to Myanmar: Aid in the "Tarenagashi" Manner?', *Crossroads. An Interdisciplinary Journal of Southeast Asian Studies*, 5(2): 51-107.

the participation of British Premier Oil and French Total in two major oil and gas projects. Most other Europeans have been 'scared' away by the stigma of operating in Myanmar.

The Common Position reflects a compromise between fifteen member states that diverge significantly on how the EU should approach the situation in Myanmar but is scrupulously adhered to by all. Myanmar has been forced to deal with the EU as a group rather than bilaterally.⁵⁴ Since Myanmar's admission to ASEAN in 1997, it has almost become a region-to-region relationship as the EU has refused to accept Myanmar in EU-ASEAN cooperation, and ASEAN has refused to exclude one of its members. This controversy blocked EU-ASEAN ministerial meetings and economic cooperation until December 2000, when a tentative compromise allowed the meetings to be resumed with Myanmar participation. The EU continues, however, to deny the military regime accession to the EU-ASEAN Cooperation Agreement, which form the framework for EU economic assistance to Southeast Asia.

Myanmar's military leaders are clearly annoyed by this posture and try to exploit differences between EU governments. The Labour government in Britain, which since 1997 has taken the lead in pushing for tougher EU and global measures, is often singled out for criticism. Military propagandists, for example, have portrayed Myanmar as the victim of over 100 years of selfish British meddling.⁵⁵ The SPDC has also issued a visa ban on British and Danish officials in retaliation for the EU ban but is conciliatory in statements about France and Germany, which are perceived to be more open to re-engagement. In an interview with a French magazine in 1999, Khin Nyunt openly invited France to break ranks with the EU and increase investments:

We have always enjoyed cordial and friendly relations with France... It is our hope that France will have a better understanding and appreciation of the challenges we face [than the UK]... Myanmar has the greatest respect for French technology and expertise, and by combining it with Myanmar's natural resources, it would be very advantageous for both sides.⁵⁶

On the surface, Myanmar-EU relations appear almost identical to Myanmar-U.S. relations. However, they do not have quite the same 'edge'. The military leaders also appear to take the EU less seriously. There is no doubt that they seek to improve relations with the EU, which not only offers significant economic opportunities, but also complicates their ASEAN ties.

Since 1999, when the EU sent a troika to Yangon and made a tentative commitment to increase humanitarian aid, there has been a move towards dialogue. The improved atmosphere since the establishment of talks between the SPDC and Aung San Suu Kyi in October 2000 has allowed this initiative to move forward. In 2001, the EU revised the Common Position and offered assistance on HIV/AIDS.⁵⁷ It also took a further step towards normalising relations by lifting the visa ban for the Myanmar foreign minister. This shift may open space for exploring new ways to facilitate political and administrative reforms in Myanmar, ideally in cooperation with ASEAN countries.

Generally speaking, the EU, with more executive flexibility and fewer legislatively mandated restrictions, is more likely than the U.S. to be able (or willing) to navigate the treacherous waters of what will inevitably be a slow transition. How far the recent initiatives will go, though, depends to a large extent on the British government, which, under its new foreign minister, Jack Straw, seems prepared to try a less hard-line approach that could shift the balance within the EU.⁵⁸ However, whether this new mode is sustained depends crucially on the ability of the SPDC to reach some

⁵⁴ Britain, Germany, France, and Italy maintain small diplomatic missions in Myanmar. However, they operate under the constraints of EU policy, and all visits by high-ranking European officials since 1996 have been in the form of EU representatives representing the Union rather than any specific country.

⁵⁵ See, for example, Hla Min, *Political Situation of Myanmar and Its Role in the Region*. Yangon; Office of Strategic Studies, Ministry of Defence, Government of the Union of Myanmar, 2000 (26th edition); Government of the Union of Myanmar, Information Sheet, 14 February 1999.

⁵⁶ *Faits and Protects Magazine* (France), April 1999; English translation by BurmaNet News, 7 June 1999.

⁵⁷ ICG interviews, September 2001.

⁵⁸ ICG interview, September 2001.

form of agreement in the talks underway in Yangon with the NLD.

3. Australia

Australia lacks the political and economic clout and the historical roots in Myanmar of the U.S. and some European countries. However, bilateral relations may present clues for the EU and others as they tentatively move towards dialogue and some form of engagement with the Myanmar government.

The Burmese government after independence saw Australia as a potential source of critical political and economic support. Canberra was considered a champion of small nations and no military threat. Due to a lack of Australian interests in Burma and the isolationist policies of the Ne Win era, however, the potential of this relationship was never realised. Nevertheless, Australia provided substantial aid under the Colombo Plan and relations were cordial.⁵⁹

The events of 1988 caused a significant deterioration in relations as Australia joined in the isolation of the SLORC and for several years actively explored ways to increase multilateral pressure. Since 1997, however, Australia's policy has been reoriented. Frustrated over the lack of progress and with no real prospects for ratcheting up sanctions, Canberra initiated a direct, high-level dialogue with the SPDC and began directing its initiatives towards areas such as human rights and health that might be more amenable to reform than the power structure.

Myanmar leaders rarely refer to Australia in public statements, suggesting its relative insignificance in their overall foreign policy. However, relations have greatly improved.⁶⁰ This has allowed the Australians, among other things, to run a series of human rights training programs for mid-level Myanmar officials, which would have been unthinkable before. There are no real prospects that this will change government or military policy in the short-term. However, the importance of

chipping away at the edges of Myanmar's isolation and ignorance about international norms should not be underestimated. This may over time increase the impact of critical human rights reports, which presently are simply rejected as political propaganda. More generally, the Australian initiative demonstrates that there is some limited space for foreign governments to work inside Myanmar, even in highly sensitive areas that bear directly on political liberalisation.

C. THE MAJOR ASIAN POWERS

Myanmar's relationships with the major powers in Asia – Japan, China, and India – are strongly influenced by shared history and proximity. China and India have both had a strong influence on Myanmar culture and demography for centuries, and the two giants with their large populations and limited natural resources loom as a constant threat over their sparsely populated, resource-rich neighbour. The World War II occupation, coupled with its emergence as the strongest economic power and aid donor in the region, has kept Japan very much in sight. In all three cases, historical relations have generated strong prejudices which continue to colour interaction. At the same time, shared interests and problems ensure that the relationships with the military regime are influenced less by ideology and more by realpolitik than is the case with Western countries. Strategic rivalry between the regional powers is also a significant factor.

1. Japan

Ties between Myanmar and Japan go back to before the Second World War, when leaders of the Burmese independence movement, including Aung San and General Ne Win, were trained by the army in Japan. Many of the first leaders of independent Burma maintained close personal links with Japanese officers and officials,⁶¹ which after the

⁵⁹ See Andrew Selth, 'Australian Contacts with Colonial Myanmar, 1886-1947', *Myanmar Historical Research Journal*, No.1, 2001; also Chi-shad Liang, *Myanmar's Foreign Relations: Neutralism in Theory and Practice* (New York, 1990).

⁶⁰ ICG interviews, April 2000 and August 2001.

⁶¹ While Myanmar history books celebrate the victory over Japanese fascism, military leaders have credited Japan for its role in advancing Myanmar independence and building the Myanmar army. In 1998, for example, Khin Nyunt emphasised that "we shall never forget the important role played by Japan in our struggle for national independence... we will remember that our Tatmadaw was born in Japan (Address at Myanmar-Japan Bilateral Conference on Information Technology Cooperation,

war were instrumental in establishing close economic ties. Ne Win, for example, cultivated personal relations with Japanese diplomats who after 1962 were the only foreign representatives to have continuous access to him. Japan, in turn, gave Burma generous war repatriations, then official development assistance (ODA) which reached almost U.S.\$2 billion between 1973 and 1988.⁶² This made Japan by far the largest donor during the Ne Win era and a critical factor in propping up the failing socialist economy. Japanese trading companies were also among the few foreign businesses active throughout the socialist period.

Japan joined other industrialised democracies in cutting off aid in 1988 and has yet to resume ODA loans.⁶³ However, Japanese policy, which aims to induce change through dialogue and goodwill rather than isolation, has seen a gradual resumption of alternative forms of aid, including technical assistance, debt relief, grassroots grants, and humanitarian help. While Japanese ODA remains much below pre-1988 levels, it still amounts to 80 per cent of Myanmar's total aid receipts (excluding Chinese assistance, which does not appear in official statistics).⁶⁴ Japanese investments are limited, as is trade.⁶⁵ However, Japanese companies maintain a strong presence in Yangon, which has been reinforced by the establishment of

cooperative links between business organisations. The Nippon Foundation and other private entities have also been very active and have provided significant material and technical assistance.

Relations since 1988. Japan and Myanmar are commonly said to have a "special relationship". According to this view, shared war-time experiences reinforced by later economic cooperation have created a close affinity, which makes Tokyo the most influential player in Myanmar. It is widely believed that Japan since 1988 has been trying to find a way to resume full ODA in support of its business and, in the process, has helped prop up the military regime. Such conclusions, while not totally unfounded, have created a rather distorted picture of two governments working closely together for mutual economic gain. The reality is more innocent and, from both a Myanmar and a Japanese perspective, more frustrating.

There is no doubt that Japan enjoys a unique status. There seems to be a mutual feeling of cultural affinity. The Japanese Embassy has exceptionally good connections at many levels of Myanmar society, which are complemented and reinforced by numerous semi-official and private links.⁶⁶ Nevertheless, government-to-government relations have changed significantly since the Ne Win era of personal friendships and continuous access. While some veteran Japanese politicians maintain a rather sentimental view of Myanmar and visit frequently,⁶⁷ their influence has waned significantly.⁶⁸ More importantly, the current gene-

quoted in *South China Morning Post*, 12 November 1998). The Myanmar people in general also maintain a much more positive attitude towards Japan than do others in the region, who suffered Japanese occupation.

⁶² For a detailed analysis of Japanese aid to Myanmar and its consequences during the socialist period, see Donald M. Seekins, 'Japan's Aid Relations with Military Regimes in Myanmar, 1962-1991', *Asian Survey* 32(3): 247-262 (1992); David I. Steinberg, 'Japanese Economic Assistance to Myanmar: Aid in the "Tarenagashi" Manner?', *Crossroads. An Interdisciplinary Journal of Southeast Asian Studies*, 5(2): 51-107, (1990).

⁶³ The Japanese cut off aid in August 1988, before most Western countries. This reflected concerns over Myanmar's failure to use Japanese aid effectively.

⁶⁴ From 1990-98 Japanese assistance to Myanmar amounted to an average of U.S.\$67 million per year (Government of Japan, Ministry of Foreign Affairs, *ODA White Paper*, various years).

⁶⁵ According to IMF statistics, Japan ranked as the sixth largest investor in Myanmar from 1995/1996-1999/2000 with a disbursement of U.S.\$87.2 million, or 3.2 percent of total investments for the period. Japanese-Myanmar trade in 1999/2000 amounted to 5.1 percent of Myanmar's total exports and 9.9 percent of imports. IMF, *Myanmar: Statistical Appendix* (Washington, DC, 2001), available on-line at: www.Myanmarfund.org/Pathfinders/.

⁶⁶ The obvious exception here is the relationship with the NLD, which has been extremely critical of Japan's engagement with the military regime and perhaps not always sufficiently aware of the positive influence Japan has exerted to the opposition's benefit. In one particular incident in 1998, the Japanese Embassy induced the military authorities to allow the NLD to hold a party anniversary, only to be snubbed by NLD leaders, who never acknowledged their help (ICG interview, January 2001).

⁶⁷ This view, which is shared by many older Japanese, appear to be rooted in positive personal experiences with Myanmar and the Myanmar people, as well as a certain sentimental yearning for Japan's own past, which they see reflected in Myanmar's strong Buddhist culture and rice-based agricultural economy.

⁶⁸ Where not otherwise noted, the following analysis is based on ICG interviews with Japanese officials and diplomats in Tokyo, Washington, and Yangon in August 2000 and August 2001.

ration of Myanmar military leaders were commissioned after World War II and neither have the personal links with Japanese policymakers of their predecessors nor seem to share the older generation's feelings of closeness. Bilateral relations, however strong and many-faceted, do not go to the very top. They exist only at the working level, which in the strongly hierarchical Myanmar military system is often irrelevant, at least on major policy issues.

The position of Japan in Myanmar today does not so much reflect special historical circumstances or personal ties as general characteristics of international relations. Japan has actively sought to build goodwill with the new military leaders (particularly Khin Nyunt and his associates, whom are seen as the most progressive and potentially most valuable contacts). Moreover, Japan has chosen to push for democracy through quiet and private persuasion rather than the highly critical and public diplomacy of some Western governments.

The Japanese, in other words, are engaging the military leaders as equals; they offer experience and expertise, but do not tell them what to do (and do not push for immediate or major change). The generals, not surprisingly, appreciate this and at the same time probably calculate that Japan remains the most likely source of increased bilateral aid and other support. They have been careful not to criticise Japan for the ODA suspension, although this is one of the most damaging measures taken by any country and has had serious economic consequences.⁶⁹

One reason why the relationship has been overestimated perhaps lies in another common misperception: that Japanese policy is driven primarily by a wish to resume ODA and expand

private economic links. This creates an image of common interests which is at best only partly true. The SPDC's main interest in Japan is clearly economic. The junta has made direct requests for economic assistance to facilitate economic reforms.⁷⁰ It is also very interested in loans for large-scale infrastructure projects, which traditionally has been the major focus of Japanese ODA.⁷¹ However, Tokyo has firmly rejected these requests.⁷²

Contrary to common assumptions, there seems never to have been a decisive coalition within the Japanese foreign policy establishment in favour of resuming ODA. The Ministry of Foreign Affairs has consistently encouraged the military regime to liberalise the political and economic system and, on occasion, expressed displeasure about continued crack-downs on the opposition by postponing promised aid.⁷³ The Ministry of Finance has become increasingly frustrated with Myanmar's failure to repay its massive debt. While significant repayments were made in the early to mid 1990s, they have since fallen off. Japanese business has also expressed frustration over the general economic environment in Myanmar, as well as the

⁶⁹ According to Brig-Gen Kyaw Win, deputy director of OSS: "Japanese policy towards Myanmar is practical... We do not have any specific requests. Japan used to be one of the biggest donors in the past. Of course, there are various reasons Japan cannot extend fresh ODA to Myanmar. But we believe, in the near future, Japan may be able to extend assistance for education and other sectors" (interview with *Japan Times*, 5 February 1999). Deputy Foreign Minister Khin Maung Nyunt expressed similar sentiments last year when he emphasised his country's appreciation of Japan's attitude toward Myanmar-related issues in international venues and promised to respect Tokyo's advice and suggestions, including those regarding the ILO mission (*Japan Times*, 24 May 2000).

⁷⁰ For example, the SPDC informally asked Japan to provide U.S.\$1.45 billion in aid under the so-called Miyaza Plan (a package of assistance measures for countries hit hard by the Asian economic crisis), arguing that the money was needed to provide a social safety net in case of a unification of the exchange rate (*Japan Times*, 11 February 2000).

⁷¹ There is today an increasing focus on agriculture and grassroots projects, reflecting a realisation that Japanese aid has had little sustainable economic impact in target countries over the years and a desire to increase its efficiency.

⁷² While Japanese assistance to Myanmar is significant in relative terms, by far the biggest component has been debt relief (i.e. grants-in-kind given to match Myanmar debt repayments). Japan has contributed only small amounts of foreign exchange, usually tied to specific humanitarian – or at least non-military and non-political – projects.

⁷³ The Japanese line on ODA to Myanmar was established soon after the military take-over in 1988, when the embassy in Yangon publicly stated that in considering its future assistance, it would be important that "a political settlement of the situation reflecting the general consensus of the Myanmar people be reached", and that "efforts be made for economic reforms and for opening up of the economy" (quoted in David I. Steinberg, 1990, op.cit., p. 69).

losses suffered by specific companies.⁷⁴ Rather than being the basis for close cooperation, economic matters have become a significant source of tension.

Japanese influence? Japan has been widely credited with having influenced the SLORC's decision to liberalise the economy, as well as several later political concessions, notably the release of Aung San Suu Kyi from house arrest in 1995. It would appear, however, that such interpretations are based more on the presumption of a 'special relationship' than on any concrete evidence. Japanese officials themselves appear uncertain about their influence. As one senior diplomat from the Embassy in Yangon noted recently:

When I first arrived a few years ago, I was shocked to discover that we had no influence whatsoever. I think that might have changed a little bit since, in [a] positive direction, for two reasons: First, we have done something. Secondly, the Myanmar government has become a bit more receptive to voices from the outside. However, our influence certainly is not determining.⁷⁵

The same diplomat also put his finger on a sore point when he pointed out that "Japan may have more opportunities than other countries to talk with high-level officials about these issues, but what can we say except repeat and repeat. It is unrealistic to think that they will be influenced at all on key issues, by anyone".⁷⁶

The truth in these comments has perhaps come out most clearly in the on-going Japan-Myanmar economic structural adjustment project. This initiative, which involves over 50 Japanese and Myanmar scholars and officials in an extensive cooperative

research program aimed at developing a blueprint for economic reform in Myanmar, is explicitly non-political and non-coercive. Yet it was clear from the beginning in June 2000 that the Myanmar side was largely uninterested in the technical aspects and agreed to participate primarily to obtain monetary assistance (which Japan is unwilling to provide). After sixteen months, the project – which had all the right intentions and was designed to circumvent the obvious obstacles – appears to be heading towards a dead end. Myanmar has failed to provide key data and reportedly remains adamant that it cannot unify the exchange rate, an essential early step.

There is no doubt that Japan has an important role to play in restoration of the Myanmar economy once the regime embarks on the necessary reforms. Yet, in the absence of special connections at the highest level, the Japanese have had little more success than others in nudging the SPDC in that direction.

2. China

From Burma's independence in 1948 until 1988, Sino-Burmese relations were relatively distant, characterised by official declarations of friendship, which served to cover and contain significant underlying tensions. Since then, shifts in the domestic policies and foreign policies of the two governments have facilitated increasingly close cooperation in military and economic affairs. Many in the West have accused China of deliberately propping up the junta, while regional countries fear the regime is being drawn into Beijing's embrace and could become a corridor for Chinese military influence in South or Southeast Asia. Such views, however, appear to overstate the shift in relations.

Past and present Sino-Myanmar ties. Burmese leaders have always watched their giant neighbour with some trepidation. They have been particularly concerned about Chinese intervention in support of the Burmese Communist Party (BCP), as well as the more diffuse threat from the country's huge population. For four decades (1948-88), this provided the backdrop for Burma's 'neutralist' foreign policy, which was in fact always deferential to Chinese interests. Beijing, on its part, has had to consider the possibility that Burma could be used by extra-regional powers as a base from which to launch an attack on its territory.

⁷⁴ When Ajinomoto recently opened a factory in Yangon to produce artificial seasoning, it was almost immediately faced with a Myanmar government campaign warning consumers not to buy their products, which were said to be unhealthy; the factory was closed after a month. In another case, Toyota had to close down a sales shop for used cars because it was denied a license for further imports (*Asahi Evening News*, 29 May 2000).

⁷⁵ ICG interview.

⁷⁶ *Ibid.*

While the Communist Party of China at times provided significant material and other support for the BCP, the government generally upheld friendly relations with its counterpart, drawing a somewhat forced but useful distinction between government-to-government and party-to-party relations. Such pragmatism was evident also in the Chinese response to the 1988 uprising in Burma. The government-controlled Chinese press at first defended the socialist government, then as the demonstrations escalated gradually went over to supporting the protestors, before abruptly ceasing coverage after the military take-over.⁷⁷ After that it was 'business as usual', only more of it.

China was the first country to recognise the new military regime in 1988, and reciprocal high-level visits soon paved the way for agreements on military, economic, and other cooperation. As peace came to the border areas between Myanmar and China following the demise of the BCP in 1989, local ties between Northern Shan State and Yunnan also increased dramatically. Most attention internationally has focused on military ties, which have included large arms deals and Chinese assistance in the construction of Myanmar military facilities along the coast, as well as intelligence sharing and training.

These initiatives, however, are just one element of the extensive commercial ties that have developed, most involving local authorities or purely private interests. Exact figures on Chinese investment, trade and aid are not available, but they are without doubt significantly larger than those from any other country. Chinese goods are everywhere in Myanmar and so, increasingly, are Chinese investors and traders. China has also provided substantial economic and technical assistance for infrastructure and factories, with a particular emphasis on improving roads from the border into the Myanmar heartland.

Relations since 1988. There has been much speculation about the nature and implications of the new 'friendship'. Analysts have suggested that a special affinity has developed between the governments, which motivates Chinese moves to prop up the military junta and might produce even more direct support in case of a direct challenge to

SPDC's authority.⁷⁸ Others have warned that China might want to use Myanmar as a springboard for projecting its military power into the Indian Ocean and charged that Myanmar has become a "client state".⁷⁹

The official rhetoric from Yangon and Beijing, not surprisingly, is full of mutual praise.⁸⁰ Myanmar officials and Chinese Embassy staff reportedly discuss Myanmar diplomacy and propaganda regularly.⁸¹ Myanmar military leaders deny that this adds up to a political alliance against the

⁷⁸ See, for example, John Bray, *Myanmar: The Politics of Constructive Engagement* (London: The Royal Institute of International Affairs, 1995), pp. 45-46; Donald M. Seekins, 'Myanmar-China Relations: Playing with Fire', *Asian Survey*, 37(6), 1997, pp. 531-33.

⁷⁹ These fears have been expressed by defence analysts, scholars, and journalists alike. See, for example, Swaran Singh, Institute for Defence Studies and Analyses in New Delhi, interview by Mizzima News Group, 6 July 2000 [on-line: www.mizzima.com]; London's International Institute for Strategic Studies, "China and India Jockey for Influence in Burma", published in *The Straits Times*, 3 August 2000; Mohan Malik, "Myanmar's Role in Regional Security: Pawn or Pivot?", *Contemporary Southeast Asia*, 19(1), June 1997.

⁸⁰ Sen.Gen. Than Shwe, for example, has referred to China as "the Myanmar people's most trusted friend". Address to visiting Chairman of the Chinese People's Political Consultative Assembly in December 1995; quoted in Chishad Liang, "Burma's Relations with the People's Republic of China: From Delicate Friendship to Genuine Co-operation," in Peter Carey (ed.), *Burma: The Challenge of Change in a Divided Society* (Houndsmills; MacMillan Press, 1997), p.80. Chinese leaders, in turn, have praised Myanmar for its historic support for the People's Republic of China and firm adherence to a 'one China' policy (*People's Daily*, 18 July 2000). Myanmar was one of the first countries to recognise the new government in 1949 and supported its claim for China's seat in the UN.

⁸¹ Far Eastern Economic review, *Asia Yearbook*. Hong Kong; 1992, p. 92. More specifically, Chinese leaders are said to "have advised the Myanmar to keep dissident activity under wraps so as to demonstrate for international consumption that Rangoon military government is in complete and legitimate control," to "have admonished the SLORC to play down the martial law basis of its rule and seek negotiated settlements with opposition groups", and to "have assured the Myanmar that Beijing has no disagreement with the SLORC's stated plans for a lengthy process of constitution drafting (Frank S. Jannuzi, 'The New Myanmar Road: Paved by Polytechnologies?', in R.I. Rotberg (ed.), *Myanmar: Prospects for a Democratic Future* (Washington, DC.; Brookings Institution Press, 1998), p. 198.

⁷⁷ Wayne Bert, 'Chinese Policy Toward Democratization Movements', *Asian Survey*, 30(11): 1066-1083 (1990).

democratic forces in Myanmar and abroad, asserting:

We have developed a good relationship with China, because China is among the countries that have assisted and supported us... But Myanmar is a friend of all nations. We are nobody's ally.⁸²

The Chinese authorities, on their part, have not exclusively sought a relationship with the military junta, but reportedly maintain contact with various political forces, including the NLD and ethnic minority groups.⁸³ Moreover, while the two governments generally support each other in international forums on matters of mutual interest, Beijing has not gone out on a limb to protect the Myanmar junta.⁸⁴

There is, in principle, the basis for a close political alliance between the Politburo in Beijing and the military junta in Yangon. The two councils have both been on the defensive against international criticism of their democracy and human rights records since popular uprisings in the late 1980s. They have also responded in similar ways by arguing for the distinctiveness of Asian values and the need for developing countries to give priority to economic growth over political liberalisation.

While these similarities may generate a sense of solidarity, there is nothing to suggest, however, that China is overly concerned about the SPDC's survival. High-level Chinese officials reportedly show little interest in Myanmar,⁸⁵ and it is questionable whether they have enough concern to risk upsetting more important relations by directly allying themselves with a pariah regime. More likely, Beijing will cooperate with any government that comes to power in Yangon in the interest of stability and smooth economic relations.

For many governments in the region, the primary concern is not Chinese support for the SPDC, but the prospect that China might use access through Myanmar and naval bases along the Myanmar coast to project its power into the Indian Ocean. This would challenge India's supremacy there and could potentially threaten strategic sea lanes. Such fears have fuelled a school of thought that views arms sales and military assistance as a precursor for the establishment of Chinese naval bases and argues that Chinese-funded roads and bridges in the border areas are to provide a military corridor to the coast.⁸⁶

Other analysts reject this perspective. The People's Liberation Army, they counter, is primarily selling arms for commercial purposes, and the transport corridor through Myanmar is intended simply for export goods.⁸⁷ This argument is echoed by both Myanmar and Chinese officials, who are adamant that their relationship is based on mutual sovereignty and reject speculation that Myanmar will become a base for Chinese forces.⁸⁸

In the absence of firm evidence for or against either view, clues can be sought in China's general foreign policy orientation. Beijing's immediate security interests are in the Taiwan Straits and the disputed Spratly Islands. Beyond that, Chinese foreign policy appears to be aimed primarily at promoting stability in the region and strengthening commercial links in support of the country's economic and social development program. These priorities were reflected in Beijing's encouragement of Myanmar's accession to ASEAN, which both Myanmar and ASEAN members saw as protection against China.

One can assume that Beijing is alert to the long-term benefits of strengthening its political and military influence in a strategic neighbouring

⁸² Brig.Gen. Kyaw Win, interview with *Japan Times*, 5 February 1999.

⁸³ *The Irrawaddy*, May 1997.

⁸⁴ NCGUB, *Report on Burma at the 53rd Session of the UN General Assembly*. New York; Burma UN Service Office, National Coalition Government of the Union of Burma, 1998. The report comments on Chinese participation in UN Myanmar-related matters since 1991.

⁸⁵ David Arnott, *Burma and China: A Dysfunctional Relationship*, unpublished paper.

⁸⁶ See, for example, *Japan Times*, 13 May 1999; *The Straits Times*, 3 August 2000; also Far Eastern Economic Review, 21 December 2000.

⁸⁷ See, for example, John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century* (Seattle, University of Washington Press, 2001); Saw Thu War, 'Burma in the Arms of China,' *Burma Issues*, 4(11), November 1994.

⁸⁸ Erin E. Lyall, *Report from Conference on Strategic Rivalries on the Bay of Bengal: The Burma/Myanmar Nexus*, 1 February 2001, Washington, DC, Georgetown University, p. 11.

country. However, Myanmar most probably is regarded as a link to the vibrant economies in Southeast Asia (and the less vibrant ones in South Asia) rather than a beachhead for military intervention.

Whether Myanmar is becoming a 'client state' is a matter of degree and terminology. Clearly, the magnitude of Chinese involvement in the economy brings some leverage. However, claims that the SPDC has become dependent on Beijing for its survival and therefore effectively unable to resist Chinese demands underestimate both the regime's own resources and strategic abilities and the strength of Myanmar nationalism.

While Myanmar certainly would be hurt if China were to sever political, military, or particularly economic ties, the military regime has very deliberately and with some success been expanding links with other countries. It does not depend on China alone for any strategic resources. Moreover, the military leaders can be counted on to resist any attempt to exercise undue influence. In 1998, they unilaterally shut down border trade with major economic disruptions in Yunnan as a consequence. They have also yet to agree to the development of a transport corridor through Myanmar, which would provide access for Chinese goods to a deepwater port on the Indian Ocean. Such actions demonstrate the SPDC's autonomy.

The expansion of ties between the two countries is most credibly explained by a historically unique confluence of interests and opportunities. The SLORC in 1988 was in urgent need of arms to suppress domestic opposition, as well as capital and goods to placate the general population and revive the economy. China, eager to find new outlets for its arms industry and fuel economic growth in its impoverished and isolated south-western provinces, jumped at the opportunity.

Over time, the early quick deals have been replaced by broader cooperation, with increasing emphasis on more conventional economic ties as Myanmar military procurement has fallen and also increasingly shifted to alternative suppliers. At the same time, government policies have been overtaken in importance by local initiatives and increasingly complex cross-border links of a both legal and illegal nature. The result, more by de fault than design, has been an extensive network of interweaving ties at various levels of society,

which have bound North-eastern Myanmar and South-western China closer together.

This has obvious national ramifications, perhaps particularly for the military leadership in Yangon. However, government-to-government relations have not experienced a seismological shift. They are cordial but cautious, the result perhaps as much of 1,000 years of latent enmity as of a decade of pragmatic cooperation.

The Cooperation balance sheet. Contrasting assessments of relations ultimately reflect different readings of two secretive regimes. Yet, if we consider the advantages and disadvantages the governments have derived from their new relationship since 1988, we may get an indication of where that relationship is heading.

From the Myanmar perspective, there have been several benefits from expanding links. Chinese arms and goods were critical in enabling the military leaders to hold power in the late 1980s. China has also provided badly needed development assistance to the basically bankrupt Myanmar state. The assumption that China would oppose any moves towards compulsory, global sanctions against Myanmar has had a dampening effect on the Western push for increased coercive pressure. The SPDC, however, has a growing dilemma. While it needs China's support, many officers are reportedly unhappy about the reliance on a historic enemy, which runs contrary to nationalist ideals about total sovereignty.⁸⁹

Yangon is also (or should be) concerned about the structural consequences of bilateral trade. The influx of cheap Chinese consumer goods undermines nascent domestic industry and could "harden the already dependent economic relationship between Myanmar as an exporter of raw materials and China as a provider of manufactured goods".⁹⁰ This problem is compounded by the influx of Chinese immigrants and money into Northern Myanmar, which amounts to a de facto sinisation of large areas, including the cities of Mandalay and Lashio, and could lead to social unrest. Most critically perhaps, from the regime's perspective, dynamics in the border region increase

⁸⁹ ICG interview, January 2001.

⁹⁰ Donald M. Seekins, "Burma-China Relations: Playing with Fire", *Asian Survey* 37(6), 1997, p. 531.

the strength and autonomy of the Wa and Kokang minority groups, making it increasingly unlikely that Yangon will be able to establish control over these remote areas.

Indications are that Beijing, too, is far from happy about relations. China has significant strategic interests in Myanmar and benefits from intelligence-sharing, even if its actual access to Myanmar military facilities might be limited. It also derives substantial economic benefits from the increase in border trade, particularly development in the poor provinces of Yunnan and Guizhou. There is, however, reportedly increasing Chinese frustration over the reluctance or inability of Myanmar to repay loans and cooperate on developing the coveted transport corridor to the Indian Ocean.⁹¹

China also has increasing social costs from criminal activities in Northern Shan State. Heroin production in the Myanmar part of the Golden Triangle rose dramatically in the early 1990s, following cease-fire agreements between the SPDC and the remnants of the BCP, and trafficking through China soon became a major problem. Local drug use along the trafficking routes has become increasingly common, followed by outbreaks of HIV infection. The result has been falling health standards and rising crime rates, particularly in Yunnan.⁹² The roots of these problems lie with criminal elements and in socio-economic conditions on both sides of the border. However, the failure of the Myanmar military to move against the main culprits contrasts with the forceful approach of the Chinese authorities and raises questions of the SPDC's ability and willingness to offer the necessary cooperation.

Looking to the future. Myanmar's relationship with China has traditionally been, and remains, a mixture of deference and defiance. There is acute awareness of the immense difference in power, size, and population, perhaps compounded by the memory of past Chinese invasions. The Myanmar leadership can be expected to shy away from

behaviour that would openly provoke Beijing. But it is deliberately moving to diversify political, military, and economic links to balance reliance on China, despite impediments from Western sanctions.

Even as it remains greatly dependent on China, the junta upholds the traditional Myanmar insistence on doing things their own way. In fact, Myanmar's military leaders might turn anti-Chinese if pushed too far (at least if guaranteed support elsewhere). The Chinese government, on its part, has shown no desire to push the junta or in any way counteract Myanmar's attempt to 'wriggle' out of its embrace. If Yangon is beholden to Chinese interests, it is perhaps not so much to national ones as to the activities of Chinese crime syndicates in the border areas and the growing influence of Chinese money in Northern Myanmar. These problems reflect the fundamental weakness of the Myanmar state and may become a future area of cooperation between the two governments and armies.

Whatever the actual implications of the increasingly active relationship between Myanmar and China, it has sparked age-old fears in the region about Chinese expansionism and Great Power ambitions, as well as more immediate concerns about market shares and economic gain. India and Thailand, in particular, but also Japan and Singapore, have found it necessary to increase contacts with Yangon, at least partly in order to counteract Chinese influence.

3. India

Myanmar leaders often talk about the danger of living between two giants. However, while India's position in Myanmar – culturally, demographically, and of course geographically – is a mirror image of China's, relations have taken a rather different course. Somewhat paradoxically, they are characterised by a lesser degree of direct threat, but a higher degree of enmity.

The Burmese have harboured hostility towards Indians since colonial times. The British encouraged Indian immigration to Burma to fill the need for skilled labour and administrative staff. With more than 1 million arrivals, Indians dominated the cities, particular the new capital, Rangoon, and assumed a major economic role. In the 1930s, many peasants lost their land to Indian

⁹¹ ICG interview, August 2001.

⁹² According to a U.S. State Department official interviewed in the mid 1990s, China's main concern in Myanmar was the drugs trade, which was beginning to affect its own people. Barbara Victor, *The Lady: Burma's Aung San Suu Kyi* (Chiang Mai, Silk Worm Books, 1998), p. 180.

moneylenders, who became a symbol of capitalist exploitation.

The first government of independent Burma enjoyed good relations with India, due in large part to a close personal relationship between Prime Ministers U Nu and Nehru. Burma received significant military and economic assistance from India in the 1950s, which helped it survive the first difficult years of insurgency. However, the nationalisation of most of the Burmese economy after 1962 hurt many Indians and caused an exodus, which cooled government-to-government relations significantly.

After 1988, India initially took an approach similar to that of Western countries. It scaled down diplomatic contacts and was the only Asian government to publicly criticise the SLORC. It also offered direct support for the pro-democracy movement by accepting political refugees and allowing them to continue their activities. By late 1992, however, Asia's biggest democracy signalled an interest in resuming closer relations, and the junta responded in kind. Since then, increasingly frequent high-level visits have resulted in agreements on security and economic affairs.

The governments cooperate closely on border management, including anti-insurgency and anti-smuggling efforts. India also provides assistance for infrastructure projects in North-western Myanmar and is a major importer of agricultural products. The decision to cooperate with the SLORC was not easy for Indian policymakers, who carry their democratic credentials with pride. However, by the early 1990s the SLORC was consolidating its power and New Delhi feared being left behind as others strengthened their links. The increasingly close military and economic ties between Myanmar and China raised the spectre of an outright military alliance that would leave India 'encircled' by pro-Chinese states.⁹³ There were also important issues regarding border management and longer-term economic interests in Southeast Asia.

Equally interesting is perhaps the shift in the SLORC's line. According to one observer, the junta had been worried about the potential for Indian military intervention, supported by the Western powers, on the NLD's behalf.⁹⁴ In fact, he suggests, this was a significant factor in pushing Myanmar toward China.⁹⁵ As Myanmar became increasingly dependent on China, however, military leaders came to see India as an important counter-balance and enmity was gradually replaced by cooperative policies centring on common concerns.

Unlike China, India has not developed close military ties with Myanmar. The two armies have cooperated against insurgents in their common border areas. However, New Delhi has not sold arms to Myanmar or provided military training. In fact, India remains publicly committed to democratic change in Myanmar and pursues a two-track approach, which seeks to strengthen links with the junta while allowing individuals and organisations to criticise the regime and support the exile community. The SPDC, in turn, has been surprisingly cooperative. It has not only accommodated several of India's concerns in the border areas, but has elevated contacts with New Delhi to the highest level. This indicates a strong concern in Yangon about dependence on China. Apparently, the military leaders are prepared to overlook India's two-track policy in order to increase their strategic freedom.

It is possible that India could revert to a more hard-line policy if it considered the junta's position to be shaky. For the moment though, relations are driven by hard-nosed realist thinking. The differences in political and economic systems, compounded by historical antipathies, rule out any role for New Delhi as a mediator or advisor in a military-dominated transition process in Myanmar. However, India could play an important role in development of isolated areas along the common border.

D. SOUTHEAST ASIA

Traditionally, Burma's links with its neighbours in Southeast Asia have been quite weak and strictly

⁹³ According to India's foreign secretary at the time, J.N. Dixit: "Myanmar's geo-political position makes it imperative for India to ensure that Myanmar does not become part of an exclusive area of influence of other great powers" (quoted in John W. Garver, *op.cit.*, p. 270).

⁹⁴ *Ibid.*, p.261.

⁹⁵ *Ibid.*, p.258.

bilateral. As many other things, this has changed since 1988 when SLORC signalled its intention to open up the economy. Thailand, Singapore and Malaysia, in particular, moved quickly to expand diplomatic and economic ties. In 1992, the Association of Southeast Asian Nations (ASEAN) adopted 'constructive engagement', which culminated five years later in Myanmar's controversial admission to the grouping.⁹⁶ Today, ASEAN and its individual members play a key role in the SPDC's foreign policy strategy. However, closer relations have brought mutual frustration.

1. ASEAN

When ASEAN was established in 1967, General Ne Win and his Revolutionary Council declined an invitation to join. They saw the close military alignment of several of the founding members with the U.S. as a threat to Burma's neutralist foreign policy and, over the following two decades, regularly accused the Association of being a Western colonial tool. Military leaders, however, remained open to the idea of regional cooperation, and by the early 1990s the SLORC indicated an interest in joining ASEAN as part of its policy reorientation. Members responded cautiously, but Myanmar was eventually invited to the annual ministerial meetings in Bangkok in 1994 as special guest of the host. Full membership came in July 1997.

The SLORC's decision to reverse its predecessors on ASEAN was facilitated by the end of the Cold War, which eliminated the threat of being drawn into superpower rivalry. The new military leadership appears also to have been motivated by both short- and long-term considerations. It needed to counteract Western attempts to isolate Myanmar when it was trying to attract foreign aid and investments. ASEAN had expounded the policy of 'constructive engagement', which in direct opposition to Western pressure for sanctions

emphasised engaging the military regime, politically as well as economically. Myanmar's military leaders expressed hopes that membership would provide protection against Western criticism and at the same time offset loss of Western investment and trade.⁹⁷

More generally, a point often overlooked, the SLORC was concerned about finding a formula for opening up the economy while maintaining national control. The generals view globalisation not only as a force for progress, but also as a new form of Western dominance and exploitation, which must be treated with much caution:

The globalisation process has brought with it new opportunities as well as new challenges, particularly to the developing nations. In these times, no nation can stay aloof and in isolation. To overcome these challenges, the developing nations must learn to cooperate with each other in the most effective and efficient way possible... The Asian nations need to work together to thrive and to progress.⁹⁸

From this perspective, the xenophobic but pragmatic generals saw ASEAN as a 'half-way house', a safe access point into the global economy. The nature of the grouping, which operates according to consensus and non-interference in the internal affairs of member states, lessened the threat to Myanmar's much valued autonomy.

For the existing members of ASEAN, the inclusion of Myanmar (together with Laos and Cambodia) fulfilled a long-standing vision of an ASEAN-10 encompassing all of Southeast Asia. More

⁹⁶ The policy of 'constructive engagement' supposedly aimed to facilitate change in Myanmar through economic and political interaction with the military regime. It had little impact on actual relations with Rangoon, however. Essentially a 'non-policy,' constructive engagement left it up to individual member states to formulate their own policy on Myanmar. While critical voices were raised over SLORC's policies from time to time, there were few attempts to make economic engagement constructive in a political sense.

⁹⁷ The junta may also have been concerned about increasing dependence on China (although this only became evident a few years later. Myanmar governments, as argued above, have always been extremely sensitive to the vulnerability that comes from 'putting all your eggs in one basket'. Here again, membership of ASEAN held out the promise of protection, should China attempt to exercise undue influence, as well as new opportunities to diversify the sources of strategic resources.

⁹⁸ Lt.Gen. Khin Nyunt, Address to the Third BIMSTEC Trade/Economic Ministerial Meeting in Yangon, 15 February 2001, quoted in Government of the Union of, Information Sheet, 16 February 2001.

specifically, they saw inclusion of Myanmar as a way to counter China's growing influence in the country.⁹⁹ ASEAN faced significant opposition from pro-democratic forces in Myanmar and abroad, who argued that membership would give the military regime license to continue repression and tarnish the Association's image. However, proponents, led by Malaysian Prime Minister Mahathir Mohamad, expressed confidence that the SLORC would adjust its behaviour and become a valuable member of the "Southeast Asian family".¹⁰⁰ Apparently they believed the military leaders would take their advice on how to build a strong state with international legitimacy (in other words, to become like them).

As a member, Myanmar has become involved in a host of multilateral activities, primarily focusing on regional economic cooperation. However, given the loose structure of the Association and the SPDC's reluctance to enter institutionalised arrangements, most key issues continue to be negotiated bilaterally. Thailand, for example, has been left to deal with the outflow of drugs and refugees from Myanmar largely on its own. Region-wide cooperation has yet to go much beyond generalised statements of intent. The SPDC has regular diplomatic exchanges with all other member states, but substantial ties only with Thailand, Singapore, and Malaysia.¹⁰¹

2. Thailand

Myanmar and Thailand share a common history, religion, and culture, as well as a 2,400-kilometre border, which make for an extraordinarily complex relationship. Extensive flows of people, goods, and

capital across the common border bind local communities and economies closely. Yet, government-to-government relations are characterised by volatility and seeming irrationality, which reflect deep-seated antipathies and local border politics. While Thailand is Myanmar's third largest trading partner and fourth largest investor, political controversies often overshadow economic interests.

Historically, relations have been characterised by hostility tempered by distance. In the 18th century, Burman warrior kings twice destroyed the Thai capital of Ayudhya, creating a legacy of animosity and prejudices, which has been sustained through historical writings, school text books, and popular mythology. An extended 'proxy' war occurred in the 1960s-1980s when Thailand supported ethnic and economic insurgents along the common border as a security buffer. Since the SLORC take-over, cease-fires between the junta and most insurgent groups have greatly increased central government control of the border areas and brought Yangon and Bangkok in much closer contact. Yet increasing interdependence has developed alongside continued mutual distrust and misperceptions.

At first, a fragile 'friendship' seemed to be developing between the SLORC and Thai leaders. The junta's moves to open up the economy after 25 years of autarky coincided with a shift in Thai security policy from traditional balance-of-power politics towards new reliance on economic engagement and interdependence.¹⁰² General Chavalit, head of the Thai armed forces, was the first foreign dignitary to visit Rangoon in December 1988, where he negotiated lucrative logging and fishing contracts for Thai companies. The Thai government, in return, withdrew much of its support for the insurgents, who it came to see as an obstacle to the expansion of formal economic ties.¹⁰³ It was also Bangkok that first coined the phrase 'constructive engagement', which came to denote the ASEAN alternative to Western sanctions. In an interview in January 1989, SLORC Chairman, Senior General Saw Maung, referred to

⁹⁹ This objective was emphasised, for example, by Thai Deputy Prime Minister Supachaia Panitchpakdi (Far Eastern Economic Review, 28 July 1994) and Singapore ambassador-at-large Tommy Koh (*Thailand Times*, 9 June 1997). See also comments by regional analysts: *The Nation*, 5 June 1997, *Bangkok Post*, 5 June 1997.

¹⁰⁰ Malaysian Prime Minister Mahathir (*The Nation*, 16 August 1996); Thai Foreign Minister Prachuab Chaiyasan (*The Nation* 2 June 1997); Singaporean Prime Minister Goh Chok Tong (Reuters, 10 June 1997).

¹⁰¹ Indonesia also took a close interest in Myanmar in the mid 1990s. However, this relationship has weakened since the revolution in Indonesia and the internal problems which have plagued the country since. Other members of ASEAN – Vietnam, Laos, Cambodia, the Philippines, and Brunei – have few sustained links with Myanmar mainly due to the incompatibility of their economies.

¹⁰² In the words of then Prime Minister Chatichai, Thailand's aim was "to turn Indochina from battlefields into marketplaces".

¹⁰³ In 1995, during the decisive offensive against the strongholds of the Karen National Union, Thailand allowed the Myanmar army to cross into Thailand and attack the insurgents in the rear.

General Chavalit as his “brother”.¹⁰⁴ Two years later, he expressed support for Thai military leaders, who had staged their own coup.

The honeymoon was short however. In 1993, a new civilian Thai government allowed a group of Nobel Peace Prize winners to visit the Thai-Myanmar border from where they directed strong criticism against the military regime. This caused a marked deterioration in relations, which for the last eight years have been characterised by mutual criticism and cross-border ‘incidents’ that in 1994 and 2001 brought the two countries to the brink of war.

The main ‘bones of contention’ have shifted somewhat over the years, though certain themes have remained. The junta continues to accuse the Thai of supporting the few insurgent groups still fighting Yangon. They also complain bitterly about the business practices of Thai companies, which are exploiting Myanmar’s forest and marine resources with little regard for contract terms (if they have contracts at all).¹⁰⁵ Thailand, in turn, is unhappy about the influx of drugs, refugees, and illegal immigrants, which has escalated since the military take-over in 1988.¹⁰⁶

During the Chuan administration (1997-2000), relations fell to a new low when the Foreign Ministry introduced a new emphasis on democracy and human rights.¹⁰⁷ Foreign Minister Pitsuwan and Deputy Foreign Minister Sukhumband Paribatra also began pushing ASEAN to take an active interest in transnational security problems emanating from Myanmar, which affect Thailand and the broader region.

¹⁰⁴ *Asiaweek*, 17 January 1989.

¹⁰⁵ Thai loggers and fishermen have on several occasions been arrested, or even killed in skirmishes with the Myanmar army, further souring official relations.

¹⁰⁶ Much of the heroin produced in the Myanmar part of the Golden Triangle has been routed through Thailand, and in recent years the country itself has become a major market for Myanmar-made methamphetamines. Thailand has also received well over 100,000 refugees fleeing fighting and Myanmar army raids across the border, as well as an estimated 1 million illegal immigrants seeking better economic opportunities.

¹⁰⁷ The Myanmar military leaders greatly prefer to deal with their Thai counterparts. In fact, they seem to have deliberately manoeuvred to reinforce the military’s control of Thailand’s Myanmar policy by granting concessions to army leaders that they have refused politicians.

Over the last several years, the dominant bilateral issue has been drugs. Thai leaders consider the virtual flood of new synthetic drugs from Myanmar as their country’s biggest national security threat.¹⁰⁸ Prime Minister Thaksin, who took over in January 2001, has come out hard against drugs. At a seminar in Chiang Mai in February 2001, the finger for the first time was pointed directly at the Myanmar junta, which was accused of protecting, with the United Wa State Army, the main source of the illegal drugs. This came at a time when tempers were already running high over border skirmishes between army units and and raised the spectre of war.¹⁰⁹ The situation was only defused when Thaksin in June went to Yangon to talk to Sen-Gen Than Shwe.

Myanmar’s military leaders harbour strong distrust of Thailand rooted partly in ideological differences and partly in Thai government policies. According to a Thai specialist on Myanmar, “the military leaders see Thailand as essentially an agent of Western powers in the way we attack them in the areas of democracy and human rights”.¹¹⁰ They also continue to accuse Thailand of supporting ethnic insurgents, who although much weakened still operate along remote parts of the Thai-Myanmar border in the Shan and Karen States. Colonel San Pwint of the Office of Strategic Studies recently voiced Myanmar suspicions when he claimed that:

Myanmar outposts near the Thai border have been overrun by rebels under cover of shelling by the Thai military... These attacks have escalated since last September’s visits to Thailand by the U.S. Secretary of Defence William Cohen... The campaign was aimed at impressing U.S. anti-narcotics agencies and bringing

¹⁰⁸ The smuggling of an estimated 600 million pills per year to Thailand has caused a sharp increase in drug use among Thai teenagers.

¹⁰⁹ A widely believed anecdote floating around Yangon at the time recounted how Lt.Gen. Maung Aye, at a meeting with the regional commanders, had punched one in anger over a suggestion that the Myanmar army lacked the resources to take on the Thai Army.

¹¹⁰ ICG interview, July 2001.

down the censure of the international community on Myanmar.¹¹¹

Myanmar officers also exhibit a deep sense of superiority in their dealings with Thailand. This is partly rooted in Myanmar's ancient victories. However, they also look down on Thais for allegedly having sold out to Western influences.¹¹² This contrasts with their view of themselves. Essentially, the Thai are seen as having no self-confidence or dignity and having lost their national identity as a result.¹¹³ This probably helps to explain what can often only be described as Myanmar indifference to Thai threats and overtures for reconciliation alike. The Thai, in turn, continue to view the Myanmar army as fundamentally aggressive, a perspective which may be causing them to exaggerate the degree of ill-will towards in Yangon and the extent to which local border problems reflect high-level policy aimed at destabilising or in other ways harming Thailand.

As neighbours with a long, undemarcated and highly porous border, Myanmar and Thailand have good reasons to get along better. The SPDC's primary interest is to stop Thai government and other support for ethnic insurgents. At the same time, the junta must consider Thailand's strategic importance both as a balance to Chinese economic dominance and a factor in their position within ASEAN.

Thai leaders, on their part, need the cooperation of Yangon to solve the problems of drugs, refugees and illegal immigrants, which are having an increasingly negative impact on the social fabric of the country. The governments have set up several committees to increase cooperation on border and other economic issues.

The Thai, in particular, have tried hard to establish an institutionalised working relationship, evidently feeling that they pay the biggest price for the failure to move forward. However, the relevant authorities – whether national or local, civilian or military – rarely seem to see eye-to-eye, and negotiations are frequently suspended, leaving the problems to fester until another 'crisis' prompts renewed efforts.¹¹⁴ Personal diplomacy – often involving high level Thai military leaders, who have a better rapport with their counterparts than do political superiors – has saved the two countries from a disastrous border war but the underlying causes of tension remain.

How relations develop in the short-term will be determined primarily by the approach of the administration of Prime Minister Thaksin Shinawatra. While tough on the drugs issue and under strong public pressure to make progress there, the Prime Minister shares with other key leaders a fundamental philosophy that Thai interests are best served by increasing business and trade with its neighbours, including Myanmar. It seems likely that the two governments will gradually move towards normalising relations.

The bilateral problems, however, reflect deep-rooted structural conditions on both sides of the border. The inability of Myanmar to take serious measures against the outflow of narcotics, refugees and illegal immigrants stems from fundamental problems of national disunity and economic underdevelopment. Thailand, in turn, faces an uphill battle in cracking down on drug-related corruption and other criminal and exploitative commercial practices, which are often linked to the very top of national politics and business. In both countries, the absence of central government control over local authorities and private entrepreneurs in the border areas greatly complicates matters.

¹¹¹ Quoted in *The Nation*, 3 May 2001. A recent commentary in the Myanmar government-controlled media suggested that Thailand was "secretely arming the seccionist national races and [political dissidents]", so that Myanmar's resources, "which could be well spent for national development, would be needed to contain these groups". It further linked this to the close kinship between Thais and the Shan, which allegedly fuels a "distant dream of creating a Pan-Thai empire". (*The New Light of Myanmar*, 30 April 2001).

¹¹² ICG interview, September 2001.

¹¹³ Even ordinary people in Myanmar, possibly affected by government propaganda, regularly refer to Thailand as a "prostitute country".

¹¹⁴ Many Thai feel that their government has been too soft and too concerned about not upsetting overall economic relations and have increasingly pressured it to take a firmer stand on issues of concern to Thai society. During the recent border clashes such sentiments played a significant role as Thai military commanders, frustrated over their impotence in the fight against drugs, ignored government calls for moderation, evidently feeling that nationalistic feelings in the population gave them a constituency for a more hard-line approach.

In the longer-term, reconciliation and genuine neighbourly cooperation will depend on the ability of each government to solve these internal political problems and enforce national unity.

3. Singapore and Malaysia

Malaysia and Singapore – having the luxury of distance, and perhaps a greater degree of political affinity with the military leaders – have developed more cordial bilateral relations with Yangon than has Thailand. Yet they, too, have shown increasing frustration over the political situation and business environment in Myanmar.

Singapore's economic relations with Myanmar are second only to those of China. Moreover, as with China, they include military ties as well as conventional commercial ones and date back to the earliest days of SLORC rule.¹¹⁵ Diplomatically, Singapore has been vocal in support of the regime. In 1996, senior statesman Lee Kuan Yew warned that "Aung San Suu Kyi may not be able to govern her country and would be better off remaining a political symbol ... There is only one instrument of government, and that is the army".¹¹⁶ Singapore diplomats have also consistently supported Myanmar in international organisations. In November 2000, Singapore unsuccessfully tried to block the ILO from recommending sanctions. The following month Prime Minister Goh Chok Tong threatened to call off ASEAN-EU talks if the latter did not accept Myanmar's participation.¹¹⁷

¹¹⁵ The first of several shipments (and trans-shipments) of arms from Singapore arrived in Rangoon in October 1988, only a few weeks after the military take-over. Singapore has also helped develop a Cyber Warfare centre in Myanmar and provided various forms of military training (see William Ashton, "Myanmar Receives Advances from Its Silent Suitors in Singapore", *Jane's Intelligence Review*, March 1998).

¹¹⁶ Quoted in *The Sunday Post*, 9 June 1996.

¹¹⁷ The Singapore position appears to be driven primarily by a combination of strategic concerns and hard-nosed economic calculations. According to William Ashton (op.cit.), Singapore is worried about the growing influence of China in Myanmar and recognises that Myanmar has the potential to become an influential factor in the region's changing strategic environment. Further, having outgrown its small domestic base, Singapore is always looking for investment opportunities in the region and sees Myanmar "as the new frontier" (*Financial Times*, 9 June 1995). As Tay Thiam Peng from the Singapore Trade and Development Board has noted: "While the other countries are ignoring Myanmar, it is a good time for us to go in.

The military leaders obviously appreciate such rare support and have responded positively to Singapore's overtures for investment and trade. In 1993, Secretary-1 Khin Nyunt reportedly urged his ministers to give preference to projects arranged by the Singapore government.¹¹⁸ Four years later he commented that his country "considered itself fortunate to have good and supportive friends like Singapore".¹¹⁹ According to IMF figures, Singapore ranks as the largest foreign investor in Myanmar with investments of just over U.S.\$600 million during 1996-2000.¹²⁰ It has been among Myanmar's largest trading partners since the early 1990s.¹²¹

Myanmar-Malaysian relations were brought into sharp focus in the lead-up to Myanmar's admission to ASEAN, which was strongly supported by Prime Minister Mahathir. Malaysia since 1988 has been the third largest investor in Myanmar, which Kuala Lumpur sees as a land of rich investment opportunities.¹²² In the first three months of 2001 alone, four Malaysian ministerial delegations arrived in Myanmar to negotiate new investments and trade.

While both Singapore and Malaysia have greatly increased their economic ties with Myanmar since 1988 and have defended the junta against Western governments, neither is particularly happy about the situation in the country. Singapore and Malaysian companies have incurred significant losses as a result of opaque policymaking and corruption. In 1997, Singapore's Trade and Industry Minister, Lee Yock Suan, openly complained that foreign exchange controls were causing problems for investors and called for transparency and protection of investments.¹²³ Lee Kuan Yew was even blunter in 2000 when he

You get better deals, and you are more appreciated". (*The Nation*, 20 October 1997).

¹¹⁸ Leslie Kean and Dennis Bernstein, The Myanmar-Singapore Axis, *The Kyoto Journal*, No.38.

¹¹⁹ *Straits Times*, 6 October 1997.

¹²⁰ IMF (2001). Myanmar: Statistical Appendix. Washington, DC. (available on-line at: www.Myanmarfund.org/Pathfinders/).

¹²¹ In 1999/2000, Myanmar-Singapore trade accounted for 28 per cent of Myanmar's total imports and 11 per cent of its exports. *Ibid*.

¹²² Bilateral trade is also significant, amounting to US\$ 214 million in the first ten months of 2000, or 6.5 per cent of Myanmar's total foreign trade (*Xinhua*, 16 March 2001).

¹²³ *The Nation*, 5 October 1997.

stated that "The Myanmar have implemented policies that have aborted the process of development".¹²⁴ Malaysian officials have expressed similar concerns publicly and privately.

It is unclear exactly what Singapore and Malaysia have done over the years to persuade the military junta to address these problems. It is in the nature of 'quiet diplomacy', that details are sketchy and hard to verify.¹²⁵ However, there has evidently been a reassessment following Myanmar's admission to ASEAN, which has led Mahathir, in particular, to take a more proactive approach to the SPDC (see below).

4. Myanmar in ASEAN: Record and Prospects

Myanmar's entrance into ASEAN was accompanied by heady rhetoric by all involved about regional security and national development. However, four years later the results have been largely disappointing for everyone. The SPDC has received little of the reinforcement it was counting on. While other ASEAN countries have provided some support against Western criticism, it has largely been in areas where regional or national interests were at stake and has had little effect in counteracting international pressure.¹²⁶

¹²⁴ *Asiaweek*, 9 June 2000. These complaints have not publicly extended to political issues. However, there have been several articles in *Strait Times*, generally acknowledged to be close to the government, which have been openly critical of lack of political progress and human rights abuses. See Editorial from *Straits Times*, reprinted in Myanmar Debate, September/October 1996; also editorial in *Straits Times*, quoted in *The Nation*, 4 June 1997.

¹²⁵ Lee Kuan Yew is said to have offered technocratic support for a comprehensive review of the economy and reorganisation of the administration, but to have been rejected (ICG interview, August 2001). Malaysia has provided technical training for Myanmar officials in several areas of development policy and management (see Bernama, 12 February 2001).

¹²⁶ ASEAN states appear to regard human rights as a tool directed against them by the developed countries in the emerging 'New World Order' and have taken collective action to protect national norms and autonomy against external pressure. They are also concerned about maintaining the unity of the grouping to maximise bargaining power with the West. This, rather than support for the SPDC as such, probably explains why they have voted against resolutions on Myanmar in the ILO and have

Moreover, since Myanmar's membership coincided with the advent of the Asian economic crisis, the country has not been able to attract regional investments or expand trade. On the contrary, foreign direct investment has all but dried up as capital flows both within and to the region have contracted. It seems likely that Myanmar membership of ASEAN has led some international actors to reassess the utility of applying sanctions against the regime and indirectly encouraged moves towards more persuasive and cooperative approaches. However, the military leaders' hopes of gaining legitimacy remain largely unfulfilled. This presents an obvious problem for the more progressive military officers in Myanmar, who have little they can use to demonstrate to their inward-looking colleagues that the country should continue to integrate with the international community.

Members of ASEAN have found Myanmar a troublesome addition. The Association's informal way of managing conflict requires much give-and-take.¹²⁷ The military regime, however, has made little progress in stopping drugs, which pose a significant security threat and economic burden particularly to Thailand, nor has it done much to accommodate requests from Malaysia and Singapore to improve the business climate. Instead, the inclusion of Myanmar cost ASEAN both goodwill and aid from its dialogue partners in the U.S. and Europe when it was much needed to help overcome the fall-out from the economic crisis.

There is also a sense that Myanmar has failed to conform with established norms of behaviour, including holding back in those private discussions during which ASEAN leader hash out the real issues before issuing a bland public communiqué. The junta has even turned down technical assistance from ASEAN countries to improve the legal and administrative framework necessary to conform with requirements for economic

stood up for Myanmar's equal participation in EU-ASEAN cooperation.

¹²⁷ In the words of one scholar, it is based on principles of respect (willingness to forego individualism by seeking other's advice and opinion), and responsibility (consideration of other members' interests and of the impact of one's domestic policy on neighbours). Mely Caballero-Anthony, 'Mechanisms of Dispute Settlement: The ASEAN Experience', *Contemporary Southeast Asia*, 20(1), April 1998, pp.52-53.

integration.¹²⁸ One Yangon-based analyst sums up the record of Myanmar's participation in ASEAN like this:

Myanmar's willingness to participate in meetings and workshops organised under ASEAN auspices cannot be disputed...[However,] Myanmar's ability, record and quality of participation in this ongoing policy dialogue are best left unmentioned... Despite considerable private persuasion and public urging by ASEAN leaders regarding the need for the Myanmar authorities to change, these efforts have not yielded substantive or noticeable results.¹²⁹

In the early 1990s, the SLORC was largely able to play the game according to its own rules, protected by the unwillingness of ASEAN members to open a Pandora's box by breaking the principle of non-interference.¹³⁰ This has changed since Myanmar became a member. In 1998, Thailand broke the taboo and suggested that ASEAN should discuss domestic problems with transnational effects. The suggestion was resoundingly snubbed but there has since been a de facto change in the approach of several ASEAN governments (if not by the grouping as a unit).

Malaysia's Mahathir has been a driving force behind the efforts of the UN Secretary General's Special Envoy to Myanmar, Razali, to facilitate talks between the SPDC and the NLD.¹³¹ The Prime Minister was instrumental in securing

Razali's appointment in April 2000 and personally went to Yangon in January 2001 to try to speed up the reform process. He has since been in regular contact with SPDC Chairman Than Shwe and is reported to have made efforts to get other ASEAN members more actively involved in this process.¹³²

Significantly, the SPDC has not reacted negatively to such coaching. According to Malaysian Foreign Minister Syed Hamid Albar, "Mahathir has developed a special relationship with members of Myanmar's ruling council by encouraging democracy without criticising the regime. He consults and discusses, and they feel he is discussing with them".¹³³ This seems to be borne out by events. However, factors other than sensitive diplomacy are no doubt also involved. Mahathir has personal goodwill among the generals and has apparently offered substantial unconditional rewards in the form of encouragement of Malaysian business in Myanmar. Most importantly, he is not requesting a transition to liberal democracy, or even any short-term changes in the distribution of political power.¹³⁴

What Malaysia and other ASEAN countries expect from the SPDC is more flexibility and willingness to address regional, and to some extent broader international, concerns. They simply want Myanmar to conform with behaviour critical to ASEAN's effectiveness as a political and economic grouping.

¹²⁸ ICG interview, August 2001.

¹²⁹ Confidential paper.

¹³⁰ Former Indonesian Foreign Minister Ali Alatas expressed a general concern when he warned that: "If we cross the line, we will return to the situation before ASEAN was born, with a lot of suspicion, a lot of tension... Underneath the grouping runs primordial fault lines of race, religion and language. For the past 30 years, the main business of ASEAN has been to manage relations among countries which would otherwise be at each other's throats" (quoted in *Far Eastern Economic Review*, 6 August 1998).

¹³¹ One can only speculate about what motivated Mahathir to take a more proactive approach. However, it seems likely that he felt personal embarrassment over the failure of the SPDC to conform with even minimal international expectations, since he had been one of the strongest advocates of its admission to ASEAN.

¹³² When Mahathir went to Yangon in January 2001, he should have carried with him a letter signed by other heads of state to support his message. However, people close to the process say that he has obtained support mainly from Singapore. Thailand and the Philippines – who earlier, under former foreign ministers Surin Pitsuwan and Domingo Siazon, were the two countries most openly critical of the SPDC – apparently have shied away from involvement. Bangkok seems to have decided that it serves best to leave Myanmar politics alone and concentrate on the festering cross-border problems. It probably fears upsetting the precarious 'truce' reached in June.

¹³³ *The Nation*, 27 February 2001.

¹³⁴ After his trip to Myanmar in January 2001, Mahathir warned that "people must understand that elections have limits and not use them to undermine authority" (interview in *New Straits Times*, 29 January 2001). More recently, Malaysian foreign Minister Syed Hamid stressed that "there should not be any pressure on Yangon to speed up the talks. It is important that they do it at their own pace" (AFP, 25 September 2001).

How Myanmar-ASEAN relations develop hinges, like the regime's foreign relations in general, on the outcome of the on-going talks between the regime and the NLD. If they break down, an escalation of tensions on all fronts, including between the regime and its ASEAN counterparts is likely. If too much pressure were applied, there could be a nationalistic backlash which would take Myanmar back to self-imposed isolation. On the other hand, if this is avoided – and ASEAN recovers from its current weaknesses – the prospects are that Myanmar will go along, albeit cautiously and reluctantly, with a region that increasingly is addressing political and economic accountability and transparency.

V. MYANMAR IN THE WORLD

Myanmar's current military rulers, having experienced three decades of economic autarky, understand, at least in principle, the value of international exchanges and the necessity of opening up to the world. Since 1988, they have effectively abandoned traditional neutralism and joined forces with their regional neighbours in an attempt to revitalise the ailing economy and ward off Western and domestic pressure for political reform. However, while these steps have changed the face of Myanmar diplomacy, a closer look reveals several anachronistic trends.

First, the SPDC remains cautious about balancing dependencies and strongly opposed to any formal military or political alliances. It also continues to exhibit a preference for informal bilateral relations over more institutionalised, multilateral ones.

Secondly, while the military government has relaxed Myanmar's long-cherished notion of territorial sanctity, the ideal of total sovereignty and the perceived need to insulate Myanmar from foreign influence survive. Each new opening is accompanied by control mechanisms to limit the impact of allowing foreigners into the Myanmar 'domain'. Some of these are very crude. For example, state personnel who meet with foreigners must file a report with military intelligence.¹³⁵

There is, however, a more fundamental and worrying trend (or rather several parallel trends). Since the military is seen by its leaders themselves as the only truly nationalist political force in the country, they perceive a duty to maintain a leading role in politics. In a similar vein, since the state is seen as the only economic entity committed to the common good, it supposedly must maintain a

¹³⁵ The government has also started courses in 2001 for Myanmar workers going overseas, apparently to 'educate' them on foreign cultures and how to resist being influenced by alternative political ideologies. Speaking at one of these, Labour Minister Tin Ngwe warned: "Before leaving the country to work abroad it is necessary that you have full understanding of the political situation there so that you may be constantly alert to ward off instigations by neo-colonialists and destructionists" (Address at the opening of a course in Yangon for workers heading to Singapore, Malaysia, and United Arab Emirates, quoted by AFP, 23 May 2001).

leading role in the economy. And since people are inclined to think too highly of foreigners and adopt foreign values and ways, they must be 're-encultured'.¹³⁶ Essentially, as the junta opens up and exposes the country to outside influences, it is trying to immunise the government, the economy, and society, so that they will not catch the 'foreign flu'. The vaccine is military leadership, state capitalism, and increased patriotic fervour.

Thirdly, the military leaders are projecting their own values outwards rather than adjusting to international ones. This is evident not only in the rejection of Western human rights standards, but also in their position on ASEAN. When Thailand and the Philippines in 1998 expressed concern that rising tensions between government and opposition in Myanmar could lead to violence, they got a terse, uncompromising response from Yangon:

It is regrettable that such speculations based on unfounded premises and fabrications can only lead to misunderstandings among ASEAN members and adversely affect bilateral relations.¹³⁷

The SPDC has also come out strongly against the establishment of a new ASEAN troika to deal with political and security issues considered likely to disturb regional peace and harmony.¹³⁸

Finally, the junta speaks, behaves, and apparently thinks as if the region were an extension of the nation.

The newly reorganized ASEAN 10 may be viewed as the final victory over the divisive and diverse legacies of the colonial past... ASEAN has taken a step forward to achieve the objective of ten nations, one voice and victory ahead in international affairs through

unity ... ASEAN is the wall that stands strong and firm in the face of challenges and dictates from the outside... the wall that demarcates the extent of our domain.¹³⁹

These concepts of regional unity and resilience are analogous to concepts applied by the regime domestically, in particular the emphasis on national solidarity as a precondition for national sovereignty and territorial integrity. The military leaders, in other words, give little appearance of having become more internationalist, or even regionalist. They are merely expanding the core intellectually to include the region, a simple exercise that requires no reassessment of fundamental values.

To sum up, while the SLORC's decision to join ASEAN in one sense represents a major shift in foreign policy orientation, it was primarily driven by pragmatic considerations about securing its power base and does not reflect a change in basic outlook (although it may have this effect in the longer run). Myanmar's military leaders still associate external dependencies with vulnerability to interference and exploitation and equate national security with self-reliance.

How long this mentality will endure is hard to say. It is associated with a generation of leaders who grew up in the shadow of former strongman, General Ne Win, isolated from the world and subject to intense political indoctrination. A gradual change in outlook can be anticipated as increased interaction with the outside world improves understanding, and military officers gain the confidence necessary to fully engage the international community. Yet, any decisive shifts will probably have to await a changing of the guard. For now, Myanmar's rulers continue to treat the world with suspicion and harbour no intentions of giving up decision-making power or in any way diluting national autonomy.

International actors would do well to consider how their behaviour is interpreted from this perspective and whether it serves to alleviate or reinforce the psychological barriers between the military leaders and the world.

¹³⁶ The term 're-encultured' is borrowed from a recent study of the traditional cultural and religious underpinnings of Myanmar politics: Gustaaf Houtman, *Mental Culture in Burmese Crisis Politics*. Tokyo; Institute for the Study of Languages and Cultures of Asia and Africa, Tokyo University of Foreign Languages, 1999, p.40.

¹³⁷ AFP, 8 July 1998.

¹³⁸ See Far Eastern Economic Review, 10 August 2000; *The Nation*, 17 July 2000.

¹³⁹ Various military sources; quoted in Gustaaf Houtman, op.cit., pp. 74-77.

VI. CONCLUSION

The above analysis of the military's international outlook and foreign relations suggests a number of lessons for international actors seeking to influence the Myanmar regime.

Clearly, military nationalism is an overwhelmingly negative and limiting force. Myanmar's rulers are determined not to bow to outside pressure, or even to accept foreign mediation or any other form of 'intrusive' international participation in the solution of their political problems. This is perceived as a matter of national dignity, as well as personal pride.

Myanmar will neither succumb to the lure of carrots nor be cowered by the threat of sticks...¹⁴⁰ Our mentality is not to give in to any pressure. If there is pressure put upon us, we become more resistant...¹⁴¹ [We] would rather resolve such issues without external intervention... [We] hope the NLD will reciprocate in the same manner, instead of inviting outsiders to resolve a family issue...¹⁴²

The SPDC is also extremely wary of foreign economic penetration. Military leaders believe that political pressure inevitably follows international capital. More generally, they view capitalism as an essentially anti-national force and fear a negative impact of globalisation on national culture. Concern for national autonomy and identity is a significant obstacle to economic liberalisation, particularly – but not exclusively – in its external dimension.

The sense of threat from the outside further creates a barrier of suspicion, which greatly affects regime interpretation of international policies. The

generals, for example, do not acknowledge that support for the pro-democratic opposition could be motivated by concern for the welfare of Myanmar. They see it simply as an attempt to put in place a government subservient to Western political and economic interests. Similarly, the government basically ignores international reports on Myanmar political, economic, and social affairs, which are rejected as politically motivated and lacking objectivity, whatever their actual merits. In this environment, even genuine advice based on factual information and identification of problems is rarely accepted.

The military leadership's strong preference for self-reliance obviously also has far-reaching implications for relations with the outside world. As one Myanmar analyst points out:

The fact that there is an outside world, with opportunities to exploit markets, technology, development finance, technical assistance, and vast experiences with respect to alternative ways of doing things and solving problems... has somehow not been given sufficient attention over all these years.¹⁴³

The military leaders in many ways remain proudly aloof from the outside world, partly blind to the possibilities presented by cooperating with international actors. They continue to believe that Myanmar both can, and perhaps even is better off to, uphold the traditional emphasis on self-reliance.

The ethnocentrism of Myanmar's military leaders adds yet another layer of difficulties for international actors who seek to encourage political and economic reform. Over the years, the strong predisposition to look inwards for solutions, compounded by a fear of subversive ideas, has created an almost insurmountable barrier to the import of foreign technology and knowledge. Myanmar has been little influenced by intellectual trends in the outside world, including on human rights, economic development processes, and so forth. This makes it much harder to 'sell' these ideas to the military leadership.

Finally, it is important to understand that the military has monopolised the national project and

¹⁴⁰ Press release, Embassy of Myanmar, Washington, DC, 29 December 1998.

¹⁴¹ Foreign Minister Win Aung responding to EU pressure during a trip to Singapore in February 1999, quoted in *The Irrawaddy*, March 1999.

¹⁴² Interview by Radio Australia with Lt-Col Hla Min of OSS, 27 August 1998; printed in Government of the Union of Myanmar, Information Sheet, 6 September 1998. Response to question about whether the government would accept a mediating role by the UN Secretary-General.

¹⁴³ Confidential paper.

is using the close links between the pro-democratic forces and foreign governments as a basis for delegitimising challenges to their rule. As one scholar notes:

It is in the name of containing the threat to national independence posed by encroaching foreign interests that Aung San Suu Kyi and the democracy movement is confined.”¹⁴⁴

This presents an obvious dilemma for any strategy to induce change by supporting the ‘opposition’.

It is tempting to try to place foreign governments along some kind of continuum based on the degree of their amity or enmity with the military regime and use this as a measure of their value as interlocutors. However, this would be a rather futile exercise.

First, the military leaders’ perception of foreign governments is highly differentiated, even personalised. They distinguish clearly, for example, between governments within the EU and between different sections of the U.S. foreign policy establishment. In the case of Thailand, they have been quite hostile towards civilian officials, such as former Foreign Minister Surin, but are relatively cosy with certain military leaders, in particular the current Defence Minister Chavalit.

Secondly, there is a pronounced ambiguity in Myanmar’s relations with many countries. Since 1988, China has been the regime’s best friend, but the powerful neighbour may also be its biggest fear. In the case of Western countries, anti-imperialist rhetoric appears to be matched by a wish for acceptance and cooperation. Finally, the military leaders themselves generally refuse to differentiate between foreign governments. While there are elements of Asian chauvinism in their rhetoric, they cling stubbornly to the principle of friendly relations with all based on the Five Principles of Peaceful Co-existence. The current generals – like their predecessors – ideally want to be friends with everyone.

The SPDC’s primary priorities are at home in combating a half century of ethnic conflict, economic underdevelopment, and what it sees as general political instability. It feels that it cannot

afford to become involved in any form of international strife, or to alienate anyone who might provide valuable sources. The paradox of this inward-orientation is that the regime has failed to build any ‘real’ international friendships. The junta stands largely alone in the world (or at least at some distance from other actors), by choice as much as necessity. The highly nationalistic military leaders are suspicious of all foreigners who have shown more than a passing interest in Myanmar. Foreigners, in turn, generally find the generals difficult to deal with, as they live in their own world, preoccupied with their own problems.

It is hard to identify any foreign government or organisation that might be particularly effective as an interlocutor with the junta. For the moment, Malaysia appears to have some success. However, this is probably due to the personalities of Prime Minister Mahathir and UN Special Envoy Razali, as well as the limited nature of their demands and because they come bearing gifts. It matters less where the interlocutor comes from than whether personal rapport can be established with the top leaders in Yangon, and what is offered and requested.

There is no doubt that international actors have a critical role to play in Myanmar. The country’s needs for foreign capital, technology, and knowledge are immense. However, in the highly nationalistic environment, foreign governments and organisations are destined to operate at the margins of Myanmar politics for the foreseeable future.

The lack of international leverage and access, coupled with the military regime’s near absolute control over domestic society,¹⁴⁵ suggest that it may be time to reassess strategies for change.¹⁴⁶ By

¹⁴⁵ See ICG Asia Report No. 11, How Strong is the Military Regime 21 December 2000 and ICG Asia Report No. 27 Myanmar: The Role of Civil Society, 6 December 2001.

¹⁴⁶ The following argument echoes – and to some extent borrows from – former U.S. Deputy Assistant Secretary of State for Democracy, Human Rights, and Labour Catharin Dalpino, who in a recent book made a forceful principled argument for the advantages of emphasising political liberalisation over democratisation in attempts to open up highly authoritarian states. Catharin Dalpino, *Deferring Democracy* (Washington, DC.; Brookings Institution Press, 2000).

¹⁴⁴ Gustaaf Houtman, op.cit., p. 37.

seeking to force the military regime to democratise, Western governments in particular have not only exaggerated their own influence but have also conceded opportunity to induce or facilitate improvements in other areas.

While the need for Myanmar to return to democracy is paramount, a more feasible international agenda for the short term might focus on liberalisation, defined as a gradual loosening of military control over political and economic activities. Such an approach should build on and reinforce existing openings rather than try to impose external benchmarks. It would aim to transform relationships first – among members of the regime, between the regime, the state, the political parties, and the population, and among people in general – and institutions only secondly.

The potential advantages of this approach are three-fold. First, it recognises limits of international influence in Myanmar, reduces the risk of a nationalistic backlash, and increases foreign access to the military government, the administration, and society at large. Secondly, the gradual nature and incremental pace of liberalisation should serve to alleviate military fears of change. Thirdly, it allows both international and domestic actors to begin immediately to address the humanitarian situation in Myanmar, which has reached crisis levels.

This is not just an issue of poverty in its physical manifestations, but also of the psychological effects of stagnation, which particularly over the last several years has seen the Myanmar people sink into a state of despair and hopelessness. The two latter concerns overlap as the deterioration in the human condition and spirit greatly increases the risk of social instability, which could undermine the transition process and provoke an authoritarian backlash.

The experience of the last decade suggests that international actors who are willing to engage the generals as equals can create some space in Myanmar. By focusing on 'lower-order' goals – such as general political freedoms, basic human rights, and socio-economic development – they should be able to further expand that space, particularly if they target areas that the military leaders themselves have indicated as areas of concern. This approach requires patience; a presence in Myanmar, and a willingness to commit resources,

including monetary ones, even if it may strengthen the military regime in the short-run and there can be no guarantees about results. However, it is really no different from the approach in many other countries.

There are no easy solutions to the hugely complex and interrelated problems of political stability, nation-building, and socio-economic development. There are, however, steps that could be taken to broaden the intellectual space in which all people in Myanmar operate and thus open up room for discussion of solutions.

- Expanding media activities and educational broadcasts by the BBC and VOA to improve the flow of information into the country. Radio is a vital source of news and information about the outside world and should be expanded.
- Encouraging expanded ties in sciences, arts and technology. This could be done in both regional and international settings, providing more education opportunities for Burmese at home, at regional universities and in the West.
- Expanding humanitarian programs run by the United Nations and international NGOs with an emphasis on training local workers to run health and education programs. These groups will be an important source of trained workers should aid expand and will create capacity to handle assistance. This is essential to the success of any future aid.
- Encouraging a debate with all political groups on how the country might improve its economy without exposing itself to the feared side-effects of globalisation. People of all political stripes in Myanmar are fearful that opening up the economy and political system would result in a degradation of what they consider vital traditions. However there are ways to improve the economy while protecting a diverse culture. Debate could be encouraged through conferences, media attention and training in areas such as cultural and arts management, conservation, urban planning, and architecture.

- ❑ Expanding training for the diaspora community in government, management, conflict prevention, negotiations skills and foreign policy. A wider range of skills will be needed if Myanmar is to become more open. Training people within the country is essential but will be severely constrained. For a wider education and to bring in new ideas it will also be necessary to expand education among the diaspora.
- ❑ Expanding funds for diaspora academics and graduate students to study history, politics and society to ensure the continuation of a range of intellectual views. This should provide opportunities for study not just in the West but in regional countries with strong cultural links to Myanmar such as Sri Lanka and Thailand.
- ❑ Expanding availability in Burmese and minority languages of texts that might assist in the process of developing a diverse, tolerant society and a democratic political system. There is need for more vernacular versions of books on international systems and norms.

Bangkok/Brussels, 7 December 2001

APPENDIX A

MYANMAR'S THREE NATIONAL CAUSES AND TWELVE NATIONAL OBJECTIVES

The Three National Causes¹⁴⁷

1. Consolidation of sovereignty.
2. Non-disintegration of the union.
3. Non-disintegration of national solidarity.

The Twelve National Objectives¹⁴⁸

Political objectives

1. Stability of the state, community peace and tranquillity, prevalence of law and order.
2. National reconsolidation.
3. Emergence of a new enduring state constitution.
4. Building of a new modern developed nation in accord with the new state constitution.

Economic objectives

5. Development of agriculture as the base and all-round development.
6. Proper evolution of the market-oriented economic system.
7. Development of the economy inviting technical know-how and investments from abroad.

8. The initiative to shape the national economy must be kept in the hands of the State and the national peoples.

Social objectives

9. Uplift of the moral and morality of the nation.
10. Uplift of national prestige and integrity and preservation and safeguarding of cultural heritage and national character.
11. Uplift of dynamism of patriotic spirit.
12. Uplift of health, fitness and education standards of the nation.

¹⁴⁷ The three 'national causes' were published in 1989 and embody the military regime's primary objective of national security. They serve as goals, evaluative criteria, and justifications for action. They also provide the military regime with an identity and a *raison d'être*. As such, they have important effects on the perceptual processes of the military leaders who, in turn, are trying to inculcate them into society. Everyone who is seen to work against them are identified as enemies of the state and the people.

¹⁴⁸ The 'twelve national objectives' are a rather eclectic mixture of general policy statements and government aspirations but basically constitute a strategy plan for military rule in its current phase. On the one hand, they represent means for achieving national security. On the other hand, they are independent aims related to the development of the nation, politically, economically, and socially.

APPENDIX B

MAP OF MYANMAR



APPENDIX C

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (ICG) is a private, multinational organisation committed to strengthening the capacity of the international community to anticipate, understand and act to prevent and contain conflict.

ICG's approach is grounded in field research. Teams of political analysts, based on the ground in countries at risk of conflict, gather information from a wide range of sources, assess local conditions and produce regular analytical reports containing practical recommendations targeted at key international decision-takers.

ICG's reports are distributed widely to officials in foreign ministries and international organisations and made generally available at the same time via the organisation's Internet site, www.crisisweb.org. ICG works closely with governments and those who influence them, including the media, to highlight its crisis analysis and to generate support for its policy prescriptions. The ICG Board - which includes prominent figures from the fields of politics, diplomacy, business and the media - is directly involved in helping to bring ICG reports and recommendations to the attention of senior policy-makers around the world. ICG is chaired by former Finnish President Mart Ahtisaari; former Australian Foreign Minister Gareth Evans has been President and Chief Executive since January 2000.

ICG's international headquarters are at Brussels, with advocacy offices in Washington DC, New York and Paris. The organisation currently operates field projects in nineteen crisis-affected countries and regions across four continents:

Algeria, Burundi, Rwanda, the Democratic Republic of Congo, Sierra Leone, Sudan and Zimbabwe in Africa; Myanmar, Indonesia, Kyrgyzstan, Tajikistan, and Uzbekistan in Asia; Albania, Bosnia, Kosovo, Macedonia, Montenegro and Serbia in Europe; and Colombia in Latin America.

ICG also undertakes and publishes original research on general issues related to conflict prevention and management. After the attacks against the United States on 11 September 2001, ICG launched a major new project on global terrorism, designed both to bring together ICG's work in existing program areas and establish a new geographical focus on the Middle East (with a regional field office planned for Amman) and Pakistan/Afghanistan (with a field office planned for Islamabad).

ICG raises funds from governments, charitable foundations, companies and individual donors. The following governments currently provide funding: Australia, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Luxembourg, the Netherlands, Norway, the Republic of China (Taiwan), Sweden, Switzerland and the United Kingdom. Foundation and private sector donors include the Ansary Foundation, the Carnegie Corporation of New York, the Ford Foundation, the William and Flora Hewlett Foundation, the Charles Stewart Mott Foundation, the Open Society Institute, the Ploughshares Fund and the Sasakawa Peace Foundation.

December 2001

APPENDIX D

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APPENDIX E

ICG BOARD MEMBERS

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President, Center for Middle East Peace and Economic Co-operation

Cyril Ramaphosa

Former Secretary-General, African National Congress; Chairman, New Africa Investments Ltd

Fidel Ramos

Former President of the Philippines

Michel Rocard

Member of the European Parliament; former Prime Minister of France

Volker Ruhe

Vice-President, Christian Democrats, German Bundestag; former German Defence Minister

Mohamed Sahnoun

Special Adviser to the United Nations Secretary-General

William Shawcross

Journalist and author

Michael Sohlman

Executive Director of the Nobel Foundation

George Soros

Chairman, Open Society Institute

Eduardo Stein

Former Foreign Minister of Guatemala

Pär Stenbäck

Former Minister of Foreign Affairs, Finland

Thorvald Stoltenberg

Former Minister of Foreign Affairs, Norway

William O Taylor

Chairman Emeritus, The Boston Globe

Ed van Thijn

Former Minister of Interior, The Netherlands; former Mayor of Amsterdam

Simone Veil

Former Member of the European Parliament; former Minister for Health, France

Shirley Williams

Former British Secretary of State for Education and Science; Member House of Lords

Grigory Yavlinsky

Member of the Russian Duma

Mortimer Zuckerman

Chairman and Editor-in-Chief, US News and World Report