



# **INSIDE Myanmar**

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## **Reforms, Reconciliation Social & Ethnic Divide**



*Edited by  
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## Institute of Peace and Conflict Studies **Southeast Asia Research Programme (SEARP)**

Southeast Asia Research Programme (SEARP), as a part of its research focus has been organizing a series of events, discussions besides regular research on Myanmar.

With Myanmar becoming the primary focus of regional and international attention in Southeast Asia, it is imperative from a South Asian think tank perspective to pay more attention, as two of the SAARC members—India and Bangladesh share a volatile and porous border with Myanmar. Developments within Myanmar and extra regional interests and influences (or the lack of it) directly impinge on South Asia.

SEARP will also be publishing a series of commentaries and briefs on Myanmar. This report is based on a discussion held in New Delhi during the second half of 2012.

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Inside Myanmar: Reforms,  
Reconciliation, Social and  
Ethnic Divide

Ambassador Rajiv Bhatia  
Executive Council of World Affairs



## **Myanmar Today**

**Ambassador Rajiv Bhatia**

*Former Ambassador to Myanmar*

### ***Excerpts from the Keynote address***

The purpose of this conference is to attempt to set all important issues regarding Myanmar in proper context. The Institute of Peace and Conflict Studies is committed to generate and share knowledge about this particular region. Today, through this conference, the Institute has given us an opportunity to seriously think about some of the most interesting and topical issues as far as India-Myanmar relations are concerned. In order to understand how the new democracy era is unfolding in Myanmar, a fresh study by researchers on the issue is absolutely essential.

### **The Burmese Spring**

There was a complete dashing of democratic hopes in Myanmar and by 1990, it was all dead. The results of the elections were forgotten and the military was back in power. People hardly had any idea that military rule would continue for another twenty one years. The transition began in November 2010 with the conduct of elections, but it was a subset of the transition since, although elections had taken place, the government had not been formed. Transition in the true sense of the word, began when President Thein Sein was sworn in and gave his first reform speech at the Parliament. With the famous meeting between Thein Sein and Aung San Suu Kyi in August 2011, the whole consolidation process began triggering change and reforms in Myanmar. But, the point is that dark shadows linger and ethnic clashes and rebellions continue inside the country.

There are both positive and negative developments inside Myanmar. Amongst the positives, we cannot ignore and need to recognize that there is a precise public leadership, a new constitution, a new Parliament, a sense of freedom in the country and a new assertiveness on the side of the Parliament. The agenda of economic reforms is unfolding, foreign investors are coming in and everyone who visits Myanmar comes back with a clear impression that change is taking place. On the other side, it is unrealistic to ignore the dark shadows that also need to be taken into account. There are shadows of triple transitions that the country is going through now; whilst moving away firstly, from authoritarianism to democracy, secondly from command economy to market economy and thirdly, from conflict to peace in the border regions. There are at least six negatives. First of all, there is factionalism and

power strikes, then there are ethnic minorities who amount to 32 percent of the population and the remaining 62 percent are Burmese; this becomes complex as there is a divide between Buddhists and non-Buddhists.

So, clearly, this is a country of diversity and variety and any kind of monolithic or excessively homogeneous system planted on it is not going to work. This is the reason why at the end of the day, the military finally had to go. Essentially, what has been seen in the last six months in particular, is that there are serious problems between the speaker and President. They have political issues and power rivalry. The President has left the people to decide his future, which in small code means “I may need not retire in 2015”. It is very clear that leaders who should have been in power are in the opposition and the elections’ result has revealed Aung San Suu Kyi’s massive popularity. Also, it has been noticed on various occasions that Madam and the President have a strained relationship. It is basically due to her opposition on issues of rule of law, constitutional reforms and declaration of emergency.

While the focus is on politics, in my view, it is very important to have some tangible results of the economic reforms. There is a general situation of misery in the country. If the political class of Burma does not read history and learn lessons from the past, it will derail the entire chain of reforms. There is a need to work on economic reforms and see where these are heading. Although there have been some positive changes by economic reforms, it remains to be seen whether these have brought some change in the life of ordinary people. Lastly, we need to look into the ethnic issue and the army’s game plan on whether it has truly turned democratic and reformist, or have a plan B as and when the need arises. Every uncertainty about the future of the country depends on this.

### **Myanmar’s Relations with China and India**

Earlier, there used to be tensions in Sino-Myanmar relations with all talks mostly being unilateral; but after Thein Sein was elected President, he paid his first visit to China, though it was not at a VIP level. The US has also jumped into the scene now and it remains to be seen whether this will be good or bad for India. During his recent visit to Myanmar, Prime Minister Manmohan Singh ascertained that Burma is the bridge between India and China which is an extremely important statement.

There is a need to work on India’s North-East Policy and Look-East Policy, of which policy towards Myanmar is a sub-part. Also, there is a critical need for better policies and effective marketing of India’s Myanmar Policy, as it is still not understood properly; due to which, claims that the policy is actually sane and balanced are completely drowned in the voices of those who severely critique it.

The dialogue between the countries at an unofficial level remains one-sided. Members of the strategic community sit together and merely discuss Myanmar amongst themselves. There is very little opportunity to interact at the strategic level between India and Myanmar. Sitting close to the border, India needs to push and advocate for dialogue between the research communities in India and Myanmar, so as to exchange ideas on a practical level.

## **I POLITICAL REFORMS, ETHNIC DIVIDE & RECONCILIATION IN MYANMAR**

### **Political Reforms in Myanmar**

**Baladas Ghoshal**

With her visit to the United States, Aung San Suu Kyi gave five clear messages to the world. Firstly, Myanmar has crossed hurdles yet, many more need to be crossed before it completes its democratic transformation. Secondly, she put forward the point that President Thein Sein is open and sincere to reforms and thirdly, she stressed that Myanmar has to pursue its own destiny without depending on others for pursuing its journey towards achieving democracy. Fourthly, sanctions need to be lifted as they have been counterproductive and people themselves



should bring about reforms in Myanmar. The fifth point was that the process of reforms is not confined to distance Myanmar from China, as she said that her visit to the United States should not be seen by the outside world as a step in the direction of distancing Myanmar from China. According to her, only when India, China and the United States have friendly relations can Myanmar proceed towards development. According to the speaker, some of the points made by Aung San Suu Kyi give a sense of direction to Myanmar's course of action.

Since the time of elections and formation of the first civilian government, several discussions have been taking place to bring about a structured change but nothing really changed until the news of the Arab spring reached Myanmar. Suddenly, lots of activities took place in the country because there was fear in the administration that the Spring could have an adverse effect on the country and trigger disturbances of all kinds. To summarize it all, today, there is a willingness to change but an incapacity to do so much as to bring about institutional change.

There is no political administration and the actual administration is controlled by the armed forces. So, any transformation from military to civilian rule will only be possible if administrative training is conducted first. But, it is a long term process and Myanmar really needs support in the form of human resources and human resource development. Present challenges are enormous; democracy will not come to Myanmar in another ten years, at least. There will be gradual changes, the army will transform, symptoms of which already exist. The process will go on a slow note like in the case of Korea, Thailand and Indonesia. In these countries, democracy did not come overnight. It came through economic development and the growth of the middle class. The weakest form of reform is in the judiciary. Unless the judiciary is reformed, democracy does not have much meaning and rule of law is impossible to achieve. The judicial system is practically in doldrums in the country, where most judges are controlled by army personnel.

### **Ethnic Divide and Conflict**

#### **C. Kuppuswamy**

The government of Myanmar, from 1962 until 2010, was looking for a military solution to what is a political problem and consequently, has given ethnic groups no other option but to engage in armed struggle. It is an ethnically diverse country where ethnic groups constitute around 40 percent of the population and land. The country has been rubbished by a civil war for sixty years and still continues thus. The reasons behind this are firstly, all of them have been low intensity armed conflicts. Secondly, ethnic groups have been weakening over the years and lastly, the ceasefire has brought a lull in the country. Earlier, Myanmar was divided into Burma proper or

ministerial areas and frontier or excluded areas. From that time on, Burma proper and Burma frontier have had a divide or animosity .

The ethnic groups who were part of the frontier areas had a lot of self power but with independence, the tables turned and that animosity still persists. These ethnic groups are mostly close to China and Thailand though some are also in the mainland. They are diverse in so many respects like language, religion and ideology. These ethnic groups can be further divided into three categories; firstly those that entered into a ceasefire with the government and agreed to become border guard forces . Second were those who became border guard forces but did not agree to enter the ceasefire and the last ones still continue to fight. All these categories have changed post the 2010 elections.

The second ceasefire began with President Thein Sein's election and his forming of a peace group. Instead of all these initiatives, the struggle continues because ethnic groups once had a stronghold over the border areas. The national reconciliation has to be initiated with ethnic reconciliation. Instead of peaceful ceasefire, if the government is really interested in putting an end to this problem, the nationwide ceasefire may be a solution. Proportional representation is another suggestion for national reconciliation.

## Reconciliation and Transformation

**Bibhu Prasad Routray**

That Myanmar is undergoing a positive transformation in the past years is no longer a matter of debate. There is an agreement that a wind of change has swept the country. Since March 2011, changes have continued to occur in the administration; sanctions have been lifted and relations with other countries have been improving. However, the country is still far from fully achieving peace. A number of ceasefire agreements have been signed between the government and the ethnic and armed groups. There is distrust between the centre and the periphery; and the ceasefire agreement will continue to remain fragile unless an understanding between the government and the ethnic groups is reached.

In recent years, twelve ethnic groups have come under an umbrella organization, called the United Nationality and Federal Council (UNFC). The government has set up four stage solutions for the insurgents, which involves a preliminary ceasefire, initiating dialogues, national reconciliation processes and political participation. The government dropped certain demands to the groups, such as joining the border organization, which is why they agreed to enforcing the ceasefire. Ceasefires are used as a tool for political dialogue in Myanmar. Issues of forces crossing the borders will remain until there is a demarcation in the zones of control. The President has little control over the army and even after counter insurgency steps, problems and clashes persist.





Opinions are divided on the reform process in Myanmar. While one school predominantly comprising of the West and countries of South East Asia, argues that the reform should take place at the grassroots, the other argues the opposite. On relieving pressure, the fear is that reforms will slow down. The differences between hardliners, moderates and ethnic groups will decide the reform process of the country. Winning the confidence of the ethnic groups will remain a key challenge to the government, which further emphasizes the need to introduce economic packages for and instill confidence in the ethnic groups.

## II SOCIETY, ECONOMY & TRADE

### **Myanmar's Foreign Trade Patterns**

**Amita Batra**

The economic environment is critical to the debate on reforms in Myanmar. There is a need for organizational support given the fact that very less data is available on Myanmar and the authenticity of which, is highly doubtful. The development of India-Myanmar relations, in terms of trade and global integration of the Myanmar economy, holds potential because this is where India has advanced with effective efficiency. Organizational support and interconnectivity between the economies of the two countries is critical for Myanmar to be able to move forward. The changes that have very briefly occurred in the economy of Myanmar, include the fact that it is for the first time that Myanmar has opened its economy to the world. In 2011, according to an international study, GDP rose by 5 percent; though studies in Myanmar show its growth at 5.5 percent. Over the next year, it is projected to increase by 6 percent with inflation at around 6.75 percent. The rise in the future is based on reforms that include modernization of the financial sector, which is currently in a poor and rudimentary state. Privatization is extremely important to building a sustainable economy.

During Indian Prime Minister Manmohan Singh's recent visit to Myanmar, he took along some businessmen but there were no such initiatives made from the Myanmar side due to a lack in business sense. There is a need for Myanmar to develop this area if they want to continue foreign direct investment in areas beyond infrastructure and mining, which have so far been completely controlled by the Chinese. There is a need to boost agricultural



productivity and a higher level of gas exports needs to continue. Increased foreign investment in the energy sector is one big source of economic growth as far as Myanmar is concerned. Owing to sanctions, Myanmar is not really linked to the global economy, thus adversely impacting its own economy and contributing to the slow growth. In this regard, ASEAN being connected to other global economies like China, will have its own impact, aspects and prospects as far as Myanmar is concerned. There are changes occurring in foreign direct investment. Myanmar has finalized its new foreign investment laws, where it is giving lots of exemptions and concessions, but this has only just been signed this year and the results of its implementation have yet to be realized.

The rate of growth in imports is greater than the growth of exports and there is a dire need for the economy to diversify its exports. In particular, Myanmar is running a bilateral deficit with China and based on Chinese data, the deficit accounts to approximately 3.5 million dollars, which appears to be continually widening in 2012 and after. The existence of significant border trade with China and Thailand also suggests that there are major economic reforms on this front for the Myanmarese economy. Myanmar needs to implement economic reforms if it wants to integrate with the rest of the world. The import-export deficits will continue in a diversified manner in order to have high capital inflows, which it desires to have. Therefore, the government should focus on reforms to generate income. Myanmar needs to fulfill its commitment to reforms; and whether or not these are perennially implemented on the ground remains to be seen .

## Myanmar's Economy

Sampa Kundu

There are three cases that Myanmar should focus on, while it is on the road to development. Firstly, its age structure highlights how a majority of the population is young. Second, it is very rich in natural resources, which the country should use for its own development. Third, it plays a critical role in linking Asia with Southeast Asia. Myanmar's economy is very much dependent on its agriculture, followed by the services sector. Agriculture contributes to 38 percent of its GDP and industries' share is very low at about 13 percent. Agricultural activities involve 70 percent of the working age population.

According to some, the main problem is poverty. There is also the issue of an inefficient business sector, which is not modernized enough; it greatly lacks both skill and human resources. Then there is the problem of unequal distribution of wealth; it is a fact that the allocation of resources has affected the demography insofar as making the rich richer and the poor poorer. The lack of infrastructure, particularly in manufacturing and tourism, which can be two important sectors for Myanmar's development is also a huge issue. Another problem is inadequate access to capital investment.

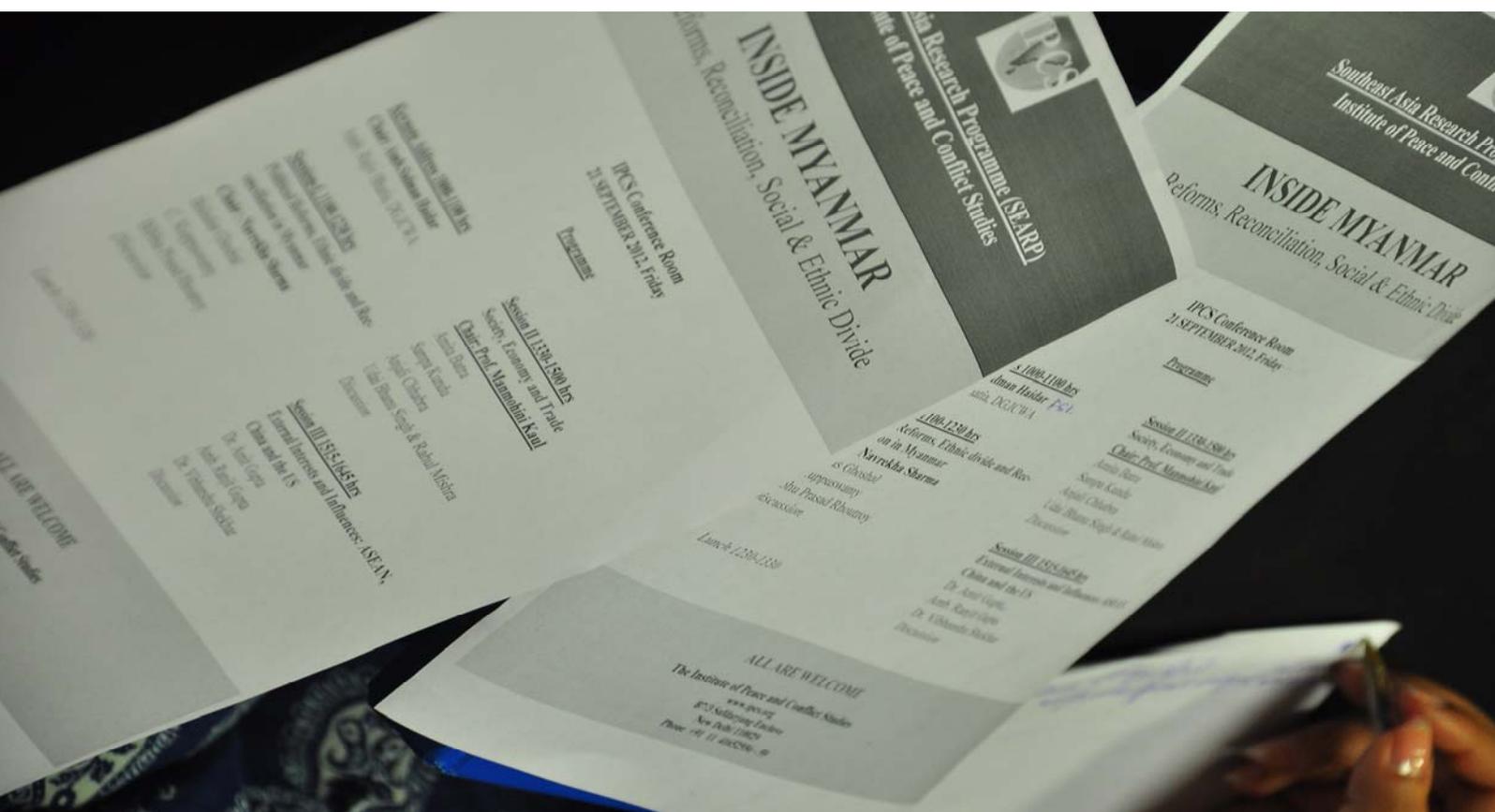
After President Thein Sein took office, his administration took certain measures that can be divided into three categories: social, political and economic. In the political sphere, it has freed a number of political prisoners' and allowed the parties in the opposition to contest elections. In the social aspect, the government is trying to adopt a new microfinance law, particularly in order to address rural poverty so that access to credit at a very affordable cost can be made a reality. In the economic sector, it is trying to modernize its finance system, is upgrading the banking system and has unified its currency. The President has announced certain changes to reduce state control in education, energy, forest, health-care, finance and telecommunications.

There is some skepticism about Myanmar's economic reforms particularly in the social and political system because the country is all set to organize the ASEAN summit in 2014. Critics have alleged that the reforms in Myanmar are just to ensure that the important forums take place in the country; but what ever may really be the reason behind the reforms, it should be taken as a welcome change since every country has its own unique transition process.

### Mapping Gendered Spaces in Myanmar

Anjali Chhabra

Never in history has any military rule done so much harm to women as it did in Myanmar, or erstwhile Burma. The state that could once boast of guaranteeing maximum freedom to its women was reduced to a state that today, is deemed as an abject violator of even basic human rights. In order to understand the position women hold in the



state of Myanmar, it is essential to go back in time and look at the traditional status that they held in society. In the 11th and 13th centuries, when there were hardly any discourses supporting political activism for women, Myanmar in the days of Bagan gave the world a queen whose political influence in those times is still admired. The lineage of effective women's rule continued till late 19th century. Society was matriarchal in nature. Constitutionally, women enjoy equal rights with men. So, they faced no discrimination in the spheres of education, property, share in inheritance, market spaces etc. However, military and religious leadership completely exclude females from participation. The religious superiority of males comes from the concept of *hpon* that accords an intrinsic quality of spiritual elevation to males. Women cannot undergo monkhood. A small number of Buddhist shrines, for example Mandalay's Mahamuni Paya, have small areas around the main holy image that are off-limits to women. Thus, subservience is often represented in spatial terms.

Following the 1962 military coup that brought Ne Win to power, the role of women in Burmese politics greatly diminished. Women became little more than puppets in the male-dominated administration. The period between 1962 and 1988 can be seen as a feminine "dark age" in Burma. Several politically active women after the 1988 uprising, have been held captive by the government as prisoners of conscience. Thus, the state now stands devoid of a politically aware middle generation of women, who could have significantly strengthened the pro-democracy movement.

The process of militarization has done immeasurable harm to the freedom of women. The highly repressive nature of the current military regime has further added to the misery. The country faces chronic underdevelopment today and is counted amongst the leading underdeveloped economies of the region. On development indicators like HDI, basic capacity index, gender equity index etc, Myanmar shows a dismal track record. The maternal mortality rate is one of the highest in the region (517 per one lakh). Further, a systematic policy of rapes, forced marriages, bonded labour, sex slavery; recruitment of child soldiers, and forced displacement through the four cuts policy has significantly altered the status of women in the state and has also resulted in problems such as trafficking and prostitution. The degree of economic, political and social independence that the women once enjoyed is no longer there. In such a scenario, minority women like the Rohingyas, face dual marginalization.

As of now, not much can be read into Thein Sein's acceptance of viewing Aung San Suu Kyi as a future President unless the government enables a fair election to take place. One can clearly witness the extremely dehumanizing attitude of the current military regime. Even then, the silence of the international community on the heinous war crimes and human rights violations that are being perpetrated is appalling. Any peace process would be rendered completely ineffective if it does not include issues of demilitarization with an arms embargo in place, a nation-



wide ceasefire accompanied with administrative reforms, justice in the case of war crimes and security for asylum-seekers. Further, it is extremely crucial that gender issues are mainstreamed at all levels of governance.

### **III REGIONAL AND EXTERNAL INTERESTS & INFLUENCES: ASEAN, CHINA AND THE US**

#### **How does Myanmar fit in the US' Grand Strategy?**

**Amit Gupta**

The United States' "Grand Strategy" is a long term strategy with a view to create a 'pivot' to Asia. With respect to its long term goals, it has always been clear about ensuring open markets and open society across the globe. In Asia, there are only two countries that do not fit the bill; one is North Korea and the other is Myanmar. About two or three years ago, strategy regarding Myanmar was not just on the backburner, but was also non-existent in the US' foreign policy considerations.

Four factors premise America's pivot to Asia. First is the US's stand that there is a need to reassert American leadership in Asia. Secondly, a huge economic boom is currently underway in Asia, which by 2017-2018, will see China at par with the US in terms of its economy and is projected to overtake it thereafter. Thirdly, there is a need to compete with China politically, militarily and ideologically and in that sense, Myanmar becomes interesting and extremely important. Lastly, Myanmar is a linking bridge between South and Southeast Asia. A closer look at official developments of the US in Myanmar shows that it will make its move very slowly in the country, as there is no government or stable economy to make secure investments in.

The US pivot to Asia is primarily to seek military to military connections as is the case with India; but the US army is unwilling to work with Myanmar's army which is a non starter in Myanmar's case. One other important area is education. Since 1999, the US has been carefully granting visas to Burmese students from high ranking families for educational purposes with the strategy that when they go back to Myanmar, they relay messages of prosperity; which by far, has worked well in America's favour.

#### **Chinese Interests and Influences in Myanmar**

**Amb. Rajiv Gupta**

Myanmar has been greatly viewed as being sandwiched between two giant countries, India and China. The people in Myanmar say that the country has maintained a conscious policy to remain equidistant from both India and China, but in practice, this has variably translated into a perceptible tilt in favour of China. This is because Myanmar has always harboured a primordial fear of China, given its long conflictual relation with the country.

China has always considered Myanmar a vassal state; this mental attitude has long dictated its relations with Myanmar. All successive governments in post-independence Myanmar, have tactically or privately learned to live with this reality. It has never perceived a threat or fear from India and during the Chinese aggression of India, Myanmar never had a say in it despite its leaders sharing good relations with their Chinese counterparts. China's footprint in Myanmar is the largest of all South Asian and ASEAN nations. China shares an all-embracing relation with Myanmar and is helping it develop its economy, transportation systems and overall infrastructure. Several Chinese Multi National Corporations are working on various projects in Myanmar and are steadily increasing their influence in all sectors. All these projects are designed to benefit China more than Myanmar.

The main drivers of China's Myanmar policy, particularly when the military took direct control over the country, was primarily to ensure that China becomes the preeminent power in Asia; as well as to guarantee permanent access to the Indian Ocean for strategic reasons. Myanmar is absolutely central to achieving both these objectives.

It is rich in oil and gas and investing in it will help China explore these resources. The recent democratic surge observed in the country is mainly due to the fact that Myanmar has finally realized that dependence on China has become dangerous, and its political and social isolation is only making the country poorer. Within six weeks of being sworn in as President, Thein Sein visited China to propose that relations between the countries be elevated to a strategic partnership.

It is unrealistic to assume that China's huge economic interest and presence in Myanmar is going to be significantly diluted any time soon. Given its geographical location and national power assertiveness, Myanmar will always try to keep China in good humour, as it can ill afford otherwise. However, what can be said with some degree of certainty, is that the Chinese will lose their undisputed eminence in Myanmar, which they have thus far enjoyed for over two decades.

## ASEAN and Myanmar

Vibhanshu Shekhar

Smaller powers like ASEAN do not matter much when big giants like India and China are in question, however, Myanmar has been trying hard to balance itself between these two. The country has been in the headlines for initiating democratic reforms and changes with ASEAN celebrating these very achievements. Over the last twenty years, both ASEAN and Myanmar have at some levels, been paying for each other and in November 2007, there was a point when Myanmar was short of threatening to pull out of ASEAN. This was a time when massive human rights violations were taking place in Myanmar. ASEAN was trying to promote its Charter and it was in this regard that there was a certain degree of tension. Myanmar can be a strong voice for ASEAN, given its resources and politics; while ASEAN could provide a platform for the country, where it could open itself up without being exposed too much at the same time. ASEAN has the capacity to place Myanmar in a process of proper integration and cooperation and for this to happen, there is a need for them to sail together.

ASEAN is capable of providing a smooth trajectory and by 2050, can achieve the three pillars of community-building at a quick pace; which is why it believes that a changed Myanmar can provide for a much smoother process, a better international image for the organization, and greater and fair engagement with its dialogue partners such as the US and the EU; both of whom have thus far had reservations about Myanmar's membership in ASEAN. Geopolitically, Myanmar is a bridge between ASEAN, India and China, connecting all three which implies that it can provide ASEAN with a huge market that is certainly going to benefit it in a huge way. Myanmar is also the ASEAN chair in 2014, making it imperative for the organization to ensure that the country conducts the process smoothly.

Myanmar for its transition, restructuring, reforms, change and development, could hugely benefit from the vast amount of expertise that ASEAN can provide from its own experience. What ASEAN does best is build institutions and capacity; it lays down solid processes for integration, cooperation and community building. Through these three things, ASEAN could engage Myanmar and change it to the level where it could benefit from the country's recovery and growth. ASEAN is trying to build its security community or political community and is also trying to have its own Charter; but this can be done only if all member nations agree, especially Myanmar and such kind of change cannot take place unless there is positive change in Myanmar. There is a fear within ASEAN that if changes do not take place within Myanmar, the military might relapse. Both ASEAN and Myanmar are moving towards change. The stakes are high, shadows linger and it has to be seen how the process will turn out in the next ten years.