

CHAPTER III

DILEMMAS OF ENGAGING THE BURMA'S MILITARY REGIME

Since Burma's admission into ASEAN in 1997, a number of contradictory views on the association's potential role in helping to resolve the country's ongoing political standoff have emerged. In July 1999, Burmese pro-democracy leader Aung San Suu Kyi wrote an open letter to the leaders of ASEAN calling on the regional grouping to "nudge Burma towards democracy".¹ Aung San Suu Kyi wrote that the international community-ASEAN in particular- could "persuade or put pressure on the present regime to convene the Parliament that was elected by the people".² A few days later, Thailand's Deputy Foreign Minister Sukhumbhand Paribatra wrote a reply in the English-language daily, *The Nation*,³ explaining that since ASEAN had decided upon a policy of 'constructive engagement' with the Burma's regime, it would do little good now to take a more confrontational approach. While conceding that ASEAN could adapt (but not abandon) its policy of non-interference in the internal affairs of member nations, Sukhumbhand insisted that pursuing a policy of exclusion, including economic sanctions, was not likely to achieve that desired end.⁴

This chapter deals specifically with ASEAN action taken collectively under regional institution to a significant extent towards promoting change in Burma. The association's such action is portrayed in its engagement policy. ASEAN's primary mission is "promotion of regional peace and stability". The intense conflicts of the 1960s and 1970s that greatly undermined the stability of the whole region gave a major impetus for the ASEAN countries to establish a framework for regional order.⁵ Since its foundation, the ASEAN hopes eventually to include all Southeast Asian countries under its umbrella and has invented its own logic for integrating new members into the

¹ *The Nation*, 13 July 1999.

² Aung Zaw, 2001, p. 37.

³ *The Nation*, 16 July 1999.

⁴ Aung Zaw, p.37.

⁵ Zaw Oo and Kai Grieg (a). "Carrots and Sticks for Democratisation in Burma: Policies of the EU and the ASEAN". in Stokke, H, and Tostensen, A. eds., Human Rights in Development: Global Perspectives and Local Issues. Kluwer Law International, The Hague, 1999 p.94.

association. In this context, this chapter attempts to analyze interactions and dilemmas between the association and Burma.

3.1. Historical context

Burma was invited to become a member of ASEAN in 1967 when ASEAN was founded. However, at that time Burma was as a founding member of the Non-Aligned Movement, adhering to the five principles of peaceful co-existence and neutrality, thus decided not to join ASEAN.⁶ After ASEAN's initial interest in Burma, it disappeared from the ASEAN agenda for the next two decades. ASEAN and Burma had little interest in each other as ASEAN managed its own affairs and Burma retreated into isolation. And also the association felt that Burma's isolationist foreign policy insulted it from engagement. Burma's economic collapse under the weight of Ne Win's misguided "Burmese Way to Socialism offered ASEAN little economic incentive for engagement. Marvin Ott notes, "ASEAN emerged in the 1970s and 1980s as a close knit club of like-minded states focused on high economic growth. Burma was outside the club, out of step and increasingly irrelevant. Only Thailand, which shared 2,100-mile border, had any sustainable interest at stake."⁷

However, the end of the Vietnam-Cambodia entanglement, with the signing of the 1991 Paris Peace Agreement, and the end of the Cold War in 1989 forced ASEAN members to re-examine their regional integration goals. The Cold War imposed logic on Southeast Asian security affairs that subsumed many local disputes.⁸ For instance, the creation of the ASEAN Regional Forum (ARF)* in 1993 was significant that the association responded to numerous strategic considerations and external political pressures. Furthermore, ASEAN's expansion to the mainland of Southeast Asia rapidly

⁶ Mya Than. "Myanmar in ASEAN: Regional Cooperation Experience." Singapore: The Institute of Southeast Asian Studies (ISEAS) Publications, 2005, p. 84.

⁷ Marvin Ott. "From Isolation to Relevance: Policy Considerations" in Burma: Prospects for Democratization. Washington, Brookings Institute Press, 1998, p. 71.

⁸ Narine, 2002. p.102.

* The eighteen founding members of the ARF were the six ASEAN states (Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand), ASEAN's dialogue partners (Australia, Canada, the European Union, Japan, South Korea, New Zealand, and the United States), and China, Laos, Papua New Guinea, Russia, and Vietnam.

emerged in the post-Cold War period.⁹ Shaun Narine notes: "An expanded ASEAN has a better chance of being an economic and political counterweight to the large powers of the region, China, Japan, and India."¹⁰ In the case of Burma's admission to the association, ASEAN leaders were afraid that "the country's isolationist tendencies would reassert themselves if they did not act quickly."¹¹

In 1988, the political tensions in Burma exploded as the largest mass uprising in modern Burmese history occurred in the month of August. However, it was brutally cracked down by the military and following month of this year the military declared the martial law and assumed power as the State Law and Order Restoration Council (SLORC)*. As a consequence, financial support from many Western countries was cut off in protest of the military's use of force against civilians. Japan, the UK and the USA stopped assistance to Burma. The military sought help from other governments with less stringent human rights policies. The regime also changed the policy of foreign investment, so that the military leaders could earn hard currency to support the country's economy. In the opening speech of Gen. Khin Nyunt¹² for "International Symposium on Interaction for Progress: Myanmar in ASEAN", he said:

"Since 1989, Myanmar has laid down and pursued new policies that would be worthwhile and of benefit to the State, and in accordance with these policies established contacts with the outside world."¹³

3.2 Origins of Constructive engagement

3.2.1 ASEAN's response to the Burmese regime after the elections in 1990

In May 1990, the NLD, led by Aung San Suu Kyi, who was awarded the Nobel Peace Prize in 1991, won more than 80% of the seats in a general elections supervised by the SLORC. But the latter did not hand over power to the NLD. Instead, the regime announced that the elections had been held to select a constitutional assembly, not a

⁹ Narine, 2002. p. 113.

¹⁰ Ibid, p.113.

¹¹ Ibid. p.119.

* SLORC changed its name to the State Peace and Development Council (SPDC) in 1997.

¹² PM Gen Khin Nyunt was dismissed and arrested amid allegations of corruption, spurring a series of purges in the military on 19 October, 2004.

¹³ Proceeding of the Symposium on "Interaction for Progress Myanmar in ASEAN", 23-24 October 1998 Yangon, Myanmar, p.8.

parliament. In response, the West and Japan imposed various sanction against Burma. By contrast, ASEAN expressed its disapproval of Western "meddling" in Southeast Asian affairs. Kay Moller, notes: "Thailand admitted Burmese refugees only to repatriate them later and allowed the Burmese military to use Thai territory during operations against the Karen minority's armed resistance. Singapore sold small arms and ammunition to the SPDC, and Malaysia was the first country to send an ambassador."¹⁴

The West criticized ASEAN for such commercial links with Burma because they had strongly put a pressure to the regime for democratic reform in Burma since the military coup in 1988. ASEAN responded by adopting a policy of 'constructive engagement' at its annual ministerial meeting in Kuala Lumpur in July 1991. In July 1991, the question of ASEAN's position on Burma was raised by Western diplomats in Malaysia at a meeting of ASEAN Foreign Ministers and their dialogue partners, where Thai foreign minister Arsa Sarasin first used the term "constructive engagement". As a matter of historical record, the policy was initiated in 1991- by Thailand's Anand Panyarachun government and later "regionalised" as an ASEAN policy. Thai Deputy Foreign Minister, M.R. Sukhumbhand Paribatra also explained "in implementing the policy after 1991, emphasis was placed on quiet diplomacy and confidence-building measure, aimed towards encouraging the Myanmar government to see the benefit of integrating the country into the region and the mainstream of the international community."¹⁵

As early as 1992, the Thai government had suggested to its ASEAN partners that they invited Burma to that year's foreign ministers' meeting in Manila as an observer. Indonesia, Malaysia, and Brunei had objected because of Rangoon's treatment of its Muslim Rohingya minority on the border to Bangladesh. Burma itself still regarded ASEAN as a remnant of colonialism. In meetings that year with the Philippine foreign minister who was acting on behalf of ASEAN, the SLORC turned down his proposals for a multilateral dialogue and insisted instead on meeting ASEAN members on a bilateral basis.

¹⁴ Moller, 1998, p. 1088-1089.

¹⁵ M.R. Sukhumbhand Paribatra. "Engaging Myanmar in ASEAN." at the Conference on "Engaging Myanmar in East Asia" Organised by Institute of Strategic and Development Studies, Inc., The Republic of the Philippines, and Konrad Adenauer Stiftung, 29 November 1998

Later, by middle of 1990s, when Indonesia and Malaysia had begun to see investment opportunities in Burma, they wanted to admit the country in the association and played a critical role for that. Furthermore, bringing in more authoritarian regimes would create a solid front against external criticism of the repressive practices not only in Indonesia but in the majority of the ASEAN states. Ideologically, "ASEAN brotherhood" is being defined as a brotherhood of authoritarian states ranged against liberal democracy, human rights, and other "western biases."¹⁶

Walden Bello, the 2003 recipient of the Right Livelihood Award (also known as the Alternative Nobel Prize) 'for playing a crucial and complementary role in developing the theoretical and practical bases for a world order that benefits all people' and one of the leading critics of the current model of economic globalization, combining the roles of intellectual and activist, points out: "The current enlargement effort is centered on bringing in Burma. It has been mainly pushed by President Suharto, who has deployed all his resources as the "grand old man" of ASEAN, the only chief of state who was in power when the formation was established in 1967. Real politics is a major consideration in Suharto's moves, and this is the real politics of authoritarianism. Suharto is increasingly worried about the pressures for democratization in Indonesia, which he sees as being influenced by the rising pressures for greater democracy throughout the region. Bringing in more non-democratic regimes would strengthen the authoritarian pole in the balance of power within ASEAN: it would serve to neutralize the formal democratic regimes within ASEAN -the Philippines and Thailand -and prevent them from following foreign policies that would be more sympathetic to democratic movements on the ground."¹⁷

3.2.2 Business Interest

ASEAN's reaction to the SLORC was primarily motivated by commercial interests. For example, in 1988, Thailand's military engaged in lucrative logging and finishing deals with the SLORC regime. By 1989, China consumed 43% of Burma's exports, followed by Singapore (17%), India (16.9%), and Thailand (10.2%). Japan was the most important source of imports, providing 33.2%, with the PRC runner-up at 27%.

¹⁶ Walden Bello. "Which Direction for ASEAN?" The Nation. 1997.

¹⁷ Ibid.

Two years later, Singapore and Thailand held leading positions in both imports and exports, and by early 1997 Singapore and Malaysia were among the top five investors in Burma (the other two being the U.K., including the British Virgin Islands, and the U.S.). In 1998, more than 50% of all foreign direct investment in Burma originated in ASEAN.

According to Marvin Ott, "much of the impetus for constructive engagement comes from the perception of burgeoning economic opportunities in Burma".¹⁸ However, investment has not promoted sustainable economic growth. The initial mini-boom in the early 1990s fizzled as much of the money that came in was used to maintain foreign currency reserves, not for investment. The regime has also used much of its hard currency to pay for badly needed imports, rather than invest in any kind of production. A common view of investors was that the tourism and manufacturing sectors were poised for growth. But the hotel and tourism industries have not met their expected goals, as the projected number of tourist arrivals has fallen far short of anticipated figures. For the manufacturing sector, the abundance of cheap labour has not proven as advantageous because other labour markets – most notably China – are just as cheap. Furthermore, an underdeveloped infrastructure has driven up production and transportation costs. Frequent electricity shortages have plagued the manufacturing sector. Furthermore, the squeezing of investors for pay-offs and the large amount of bureaucracy paperwork to do business has deterred investors. Part of ASEAN's interest in Burma was that it would develop into a market able to absorb ASEAN exports, but persistent economic mismanagement and infrastructural inadequacies have hindered its development into such a market.

3.2.3. China's influence on Burma

For ASEAN, concern over China's increasing influence in Burma and a belief in the country's economic potential combined to override other objections. Burma and China forged a close relationship in response to the international disapprobation that followed their military crackdowns on anti government demonstrators in August 1988 and June 1989, respectively. For Burma friendship with Beijing provided diplomatic

¹⁸ Ott . 1998, p. 79.

support and protection at the UN, economic aid to support its moribund economy and military equipment to consolidate power and bring ethnic separatists under control.

Thailand based Irrawaddy magazine's editor Aung Zaw notes: "in the past, the Chinese government's support for Burmese communists had concerned the leaders in Rangoon. This support had decreased since the 1980s, and, in 1989, the Burmese Communist Party broke up over conflict between its Burman leadership and ethnic cadre. This cleared the way for smooth relations between Rangoon and Beijing and the beginning of voluminous trade, especially in arms."¹⁹ The Burmese regime took the flow of Chinese assistance in terms of military hardware, trade and investment. In 1994, China and Burma conducted \$1.5 billion worth of trade; Chinese engineers were busy improving the country's infrastructure; and Burma's military purchased Chinese arms worth \$1.4 billion.²⁰ Furthermore, there were reports about China involvement in the construction of Burmese naval bases, expanding its ability to project power in Asia. Therefore, ASEAN frequently responded to Western criticism of its policies toward Burma with the assertion that isolating Burma would only drive it more deeply into China's embrace.

3.2.4 ASEAN Regional Forum (ARF) and Burma

In July 1993, the ASEAN Regional Forum (ARF) was founded. The ARF has a structure that might be best characterized as one of concentric circles. The core, or inner circle, is the ASEAN member countries, who have the initiative in setting the agenda.²¹ The next circle is made up of the seven "dialogue partners", which include, among others, the United States, Australia, and Japan. An outer circle is made up of Russia and China, ASEAN's "consultative partners," followed by the periphery composed of "ASEAN observer states," namely Papua New Guinea, Laos, Burma, and Cambodia.

At the ASEAN meeting in Singapore in 1993, ASEAN and the West agreed to disagree over the Burma issue. In the view of Kavi Chongitavorn, "With the Western dialogue partners inside a new regional security framework the Burmese issue began to

¹⁹ Aung Zaw. 2001. p.41

²⁰ Narine. 2002. p.115.

²¹ Walden Bello. 1997.

be pushed to a back seat as the suppression continued in Burma."²² ASEAN answered criticism of its policies toward Burma by arguing that it was pursuing "constructive engagement," a policy of quiet diplomacy combined with increased economic relations in an effort to induce the SLORC to reform its internal policies.²³ Indonesia had become concerned about Chinese activities in the Andaman Sea through Burma. Malaysia had found evidence for "encouraging progress" in Burmese domestic politics,²⁴ and Singapore's Prime Minister Goh Chok Tong had ended the SLORC's international isolation with an official visit in March 1994.

In July 1994, Thai Foreign Minister Prasong Soonsiri invited Burmese Foreign Minister U Ohn Gyaw to attend the ASEAN meeting in Bangkok as an observer, bringing the Burma issue back into the spotlight. This meeting was significant to the extent that it was held in conjunction with the first session of the ASEAN Regional Forum (ARF), in which Rangoon would be able to claim membership after acceding to the association.²⁵ However, ASEAN made it clear that it wanted Burma to join the organization but stipulated that gestures on the domestic front were necessary before accession was possible.

In 1995, Burma made key gestures signaling its interest in joining ASEAN. These gestures included the voicing of its intentions to accede to ASEAN's Treaty of Amity and Cooperation (TAC) and signed the ASEAN Nuclear Weapons Free Zone Treaty at the Fifth ASEAN Summit in Bangkok.²⁶ Shortly before the ASEAN meeting in Brunei, the regime released Aung San Suu Kyi from six years of house arrest.²⁷ Burma applied for full ASEAN membership during the 1995 ASEAN Ministers Meeting (AMM). At that meeting, ASEAN expressed its commitment to incorporate all of Southeast Asia by 2000, regardless of the economic and political difference between the current ASEAN-Seven and its prospective members.²⁸ In July 1996, Burma became an official observer of

²² Kavi Chongkitavorn, "The Evolution of Constructive Engagement." in From Consensus to Controversy: ASEAN's Relationship with Burma's Slorc Bangkok: Alternative ASEAN Network on Burma 1997. p. 20.

²³ Narine. 2002. p. 115.

²⁴ Far Eastern Economic Review (FEER) 3 March 1994 p. 27.

²⁵ Moller, 1999. p. 1090.

²⁶ David Steinberg, Burma: The State of Myanmar. Georgetown University Press, 2001 p. 238.

²⁷ Aung Zaw, 2001. p. 42.

²⁸ Narine, p.115.

ASEAN and a member of ARF. This set the stage for Burma and Laos to become members a year later, on the 30th anniversary of ASEAN's creation.

Making Burma a member of ASEAN would mean bringing an extremely controversial actor from the periphery to the very center of ARF decision-making, and this can only bring a great deal of opposition and criticism from many of the key dialogue partners, opposition which is justified, since the Burmese junta is a totally illegitimate regime that is in power in defiance of the clear cut results of a democratic election in 1990.²⁹

3.3 Burma's perspective

The SLORC saw participation in ASEAN as a way to end its international isolation and enhance Burma's economic development. Khin Ohn Thant analysed the regime's decision to join ASEAN; "First, towards at the end of the millennium, internal and external conditions had changed in the country. Domestically, Myanmar had expended large resources on internal security measures for decades, and now the government had signed peace treaties with most of the rebels, who have laid down their arms. This now allows the Myanmar Government to devote more attention to external matters, including ASEAN. Second, in this age of globalization and regionalism, the country realizes that it cannot continue to isolate itself. It needs to identify with a sympathetic group, which will treat it as one of them, and a group that will not exploit Myanmar's weak situation."³⁰ The military regime needed development assistance and economic cooperation with ASEAN which was sympathetic to the country since Burma was facing economic sanctions imposed by the West. The SLORC regime expressed its attitude in its daily newspaper: " (1) Myanmar through ASEAN, could now meet the group wishing to pose a threat to her collectively, and make her attitude known to them in specific and precise terms and act accordingly. (2) Opportunities emerge to open the door wider politically and economically with the help, understanding and sympathy of other fellow ASEAN members. (3) With greater co-operation with the friend in the region in

²⁹ Bello, 1997.

³⁰ Khin Ohn Thant, "ASEAN Enlargement: Economic and Financial Implications for Myanmar", from ASEAN Enlargement Impacts and Implications; edited by Mya Than and Carolyn L. Gates. Singapore: 2001, p. 264.

various sectors, Myanmar does not have to place more emphasis on investments from the other parts of the world(Western hemisphere) than that from its own region. (4) With more contacts and communications among the peoples of the region in multifarious fields, the ten nations, with a common cultural traditions and colonial experience, can now formulate specific characteristics of ASEAN."³¹ Burma's military leaders hoped that membership would provide protection against Western criticism and at the same time offset loss of Western investment and trade.

ASEAN Regional Forum (ARF) is also one of the fora where Burma can actively engage in with the United States and its allies about their sanctions on Burma due to its alleged human rights violations. Burma has used these Forum meetings to defend its record on human rights and explain its:

"... endeavours to improve the security and stability conditions within the country such as the process which brought armed ethnic groups back to the legal fold, the constitutional process, situation on the narcotic suppression, and displaced persons, which will greatly contribute to the regional security and stability as well as to the world peace."³²

Burma also benefits from participating in ARF meetings in terms of sharing information with other participants from the region and "invaluable experience on security perceptions of forum participants as well as the interest shown by all to understanding one another and to find ways and means to work together to enhance confidence through increased understanding and transparence."³³

3.4. ASEAN's implementing the policies for political and economic development in Burma

3.4.1 Political Developments

Policy of Engagement

The intended objective of constructive engagement was defined thus by an editorial of the Straits Times, a government-leaning Singapore newspaper: "constructive

³¹ Thant, 2001 p. 264.

³² Kyaw Tint Swe and Aung Htoo, 1999, p. 188.

³³ Ibid, p. 189.

engagement means gentle persuasion and quiet diplomacy to prod the regime [the SLORC] into political liberalisation. This means keeping the dialogue with the SLORC leaders."³⁴ Thus, by applying the engagement policy, ASEAN aimed to achieve changes in Burma such as: (1) changes in the behavior of the military regime in dealing with the outside world; (2) changes in the economic policies to enhance greater cooperation on trade and investment, and finally (3) political changes that can lead to greater liberalization and improvement in human rights.

Although the ASEAN has often cited the principle of non-intervention, the desire to see 'peace and stability' was the central concern of the regional association when bringing Burma into its fold. Malaysian Foreign Minister, Abdllah Badawi, summed up its rationale when stating: "We see the membership of Burma in the ASEAN from various angles- strategic and growth of regions. It should be brought into the regional organization. (...) [W]e hope through our relations with Burma, we can bring changes to benefit its people."³⁵ In 1996, Malaysia assumed the ASEAN presidency that year, and Prime Minister Mahathir Mohamad used his chairman's prerogative to advance Burma's accession date from 2000 to 1997.³⁶ This decision aggravated some ASEAN members. The U.S. and European governments tried to use the development to include Burma among the security issues addressed by the ARF. Apparently, a few ASEAN members interpreted this as a useful division of labor between good cops and bad cops, as it were.³⁷ However, ASEAN members were not prepared to coordinate their policies regarding Burma.

This was especially apparent when the SLORC regime cracked down on its democratic opposition, detaining more than 250 NLD members and launched a new round of domestic repression on civil movements since the middle of 1996. Moreover, Burma has strongly rejected the idea that constructive engagement was ever meant to influence its domestic politics. Burma has defined the term to mean: "ASEAN would like to see Burma as an equal and has consistently rejected calls for democratic reform."³⁸

³⁴ Zaw Oo and Kai Grieg, 1999, p. 106.

³⁵ "Malaysia says Burma's entry into ASEAN promotes regional stability." Agency France Press 27 April 1997.

³⁶ Narine, 2002, p. 115.

³⁷ Far Eastern Economic Review (FEER) 1 August 1996, p. 14-15.

³⁸ Narine, 2002. p. 115.

The U.S and the European Union (EU) imposed sanctions on Burma, and ASEAN's member governments found their relations with the West increasingly strained over Burma. Malaysian Foreign Minister Abdullah Ahmad Badawi, in his capacity as chairman of the ASEAN Standing Committee, was sent to Burma to warn the regime that the recent crackdown could jeopardize its early membership.³⁹ Singapore, the Philippines, and Thailand questioned the plan to advance Burma's entry to ASEAN. Their reservations were expressed as uncertainty over Burma's ability to meet the conditions of the ASEAN Free Trade Area (AFTA), but they actually revolved around Rangoon's domestic conduct. Jakarta and Kuala Lumpur, however, insisted that Cambodia, Laos, and Burma join ASEAN in 1997. ASEAN eventually agreed to admit the three new states at the same time, without specifying a date for their accession.

Thailand based Irrawaddy Magazine editor Aung Zaw notes: "ultimately, it may have been geopolitical considerations that tipped the balance of opinion in favour of granting membership to Burma."⁴⁰ Besides the fear that excluding Burma from ASEAN could be viewed as an invitation to China to take a more prominent role in the country, Western condemnation of the regime, culminating in sanctions imposed by the United States, was perceived by some as an attempt to impose alien values on the region. At a time when the supposed superiority of 'Asian values' was still a favourite theme of Asian leaders eager to argue that the region's increasing prosperity was deeply rooted in their countries' cultures, any attempt by the West to take the moral high ground was met with resentment and derision. For some Asian leaders, particularly Prime Minister Mahathir Mohamad of Malaysia, but to a lesser extent even others with more liberal views, admitting Burma was a way for ASEAN to indicate their rejection of Western condescension. In 1997, ASEAN admitted Burma as a full member of the association.

By 1998, however, ASEAN's protection on Burma against the Western criticism had declined in the aftermath of the Asian economic crisis. The association found that the Burmese regime had its own set of political priorities. The regime's inflexibility and determination to crush the opposition made international headlines in July 1998. When pro-democracy leader Aung San Suu Kyi attempted to meet her supporters outside of

³⁹ FEER 1996. p. 14.

⁴⁰ Aung Zaw, 2001. p.43.

Rangoon, the Nobel Peace Prize laureate was forced to return to her home after a series of protracted roadside standoffs.⁴¹

Reconsidering of constructive engagement policy

After that ASEAN's concern over the Burmese political situation became more pronounced when the association's policy of 'constructive engagement' yielded no progress. In response to the persistence of the regime's international pariah status, some ASEAN leaders began to consider alternative approaches. Burma economist Zaw Oo and Norwegian scholar Kai Grieg note: "Malaysia's former Deputy Prime Minister, Anwar Ibrahim, introduced the concept of 'constructive interventionism' and demanded that "Yangon should reciprocate by moving forward with its national reconciliation" after the ASEAN had given them a chance within the association."⁴² In 1998, at the ASEAN foreign ministers meeting in Manila, the Thai foreign minister, Dr Surin Pitsuwan, introduced the concept of "flexible engagement" as an alternative to constructive engagement. Rejecting the notion that ASEAN members had no right to criticize each other's domestic politics if they impacted upon other countries, Surin cited the flow of Burmese refugees onto Thai soil as an example of Burmese "interference". He told his fellow foreign ministers, "We do not seek to interfere in the internal affairs of any country but we will voice our opinion on any issues that impact our country's ability and our people's well-being."⁴³ He also urged Burma to solve political conflict through dialogue. "We are convinced that only through dialogue will there be a national reconciliation that will bring about a stable and prosperous Myanmar."⁴⁴ His views reflected the frustration of the Thai national security bureaucracy over the failure of its policy of constructive engagement towards Burma to achieve any results.

The purpose of 'flexible engagement' was to create an ASEAN regional community in which individual members had responsibilities as well as rights. Surin argued: "the dividing line between domestic affairs on the one hand and external or trans-national issues on the other is less clear. Many 'domestic' affairs have obvious external or

⁴¹ Ibid, p. 44.

⁴² Zaw Oo and Kai Grieg (a). 1999. p. 98.

⁴³ Aung Zaw, 2001 p.46

⁴⁴ Ibid.

trans-national dimensions, adversely affecting neighbours, the region and the region's relations with others. In such cases, the affected countries should be able to express their opinions and concerns in open, frank and constructive manner..."⁴⁵

Thailand's new policy of 'flexible engagement' was backed by the Philippines but failed to secure the endorsement of any other ASEAN members. It was bitterly criticized by Burma and publicly rejected by Indonesia, Malaysia, and Vietnam.⁴⁶ However, the new thinking was evident in the ASEAN decision to meet Aung San Suu Kyi, albeit informally. During 1998, the Malaysian Foreign Minister, Badawi and his Philippino counterpart, Siazon, met Aung San Suu Kyi, and for the first time the ASEAN departed from its official line to keep the dissident at a distance.⁴⁷ ASEAN Secretary General, Rodolfo Severino, also said: "a 'suggestion' to the regime to meet with the opposition should not be considered interference."⁴⁸ In September 2000, Aung San Suu Kyi was placed under house arrest again. But on the one hand, SPDC began 'secret talks' with her and after 19 months she was released. In this circumstance, Malaysia has played a key role in nudging Burma's military leaders towards reform.⁴⁹ Mahathir has written several letters recently to Sen-Gen Than Shwe, head of Burma's State Peace and Development Council (SPDC), urging him to work for national reconciliation and to release Aung San Suu Kyi when she was under house arrest.⁵⁰ After Burma gained full-member status in ASEAN, Mahathir had expected to see positive changes from Rangoon. But five years later, Burma remains politically deadlocked, dashing Mahathir's optimism and hopes as progress towards national reconciliation continues to move at a glacial pace.

After just over one year of freedom from house arrest, the SPDC re-arrested Aung San Suu Kyi on 30 May 2003, also known as "Black Friday". Her arrest followed an attack on her convoy while campaigning in northern Burma. The attacks were reportedly led by SPDC government supporters, Union Solidarity and Development Association (USDA) members, police, and soldiers.⁵¹ Several other senior leaders in the NLD were arrested.

⁴⁵ Thailand. Ministry of Foreign Affairs. Thailand's Non-Paper on the Flexible Engagement Approach. No. 743/2541 Bangkok, 27 July 1998.

⁴⁶ Thayer, 1999.

⁴⁷ "Malaysian foreign minister met Suu Kyi in Myanmar." Reuter 10 March 1998.

⁴⁸ "It's about Time for ASEAN Members to Air Their Differences." Asiaweek, 10 July 1998.

⁴⁹ Aung Zaw (b). "The Mahathir Touch." Irrawaddy 1 June 2002.

⁵⁰ *Ibid.*

⁵¹ "Black Friday and the Crackdown on the NLD." ALTSEAN Report, June 2003.

As a regional response, ASEAN issued unprecedented strong criticism of Burma urging the immediate release of Aung San Suu Kyi and transition towards democratic reform. Some have argued that this approach was due to an increasingly normative commitment to democracy and human rights within ASEAN, while it was more clearly also a reaction to international expectations that ASEAN do 'something'.⁵² It was following July 2003 rebuke from its fellow ASEAN states that the military regime ruling State Peace and Development Council (SPDC)^{*} in August 2003 introduced a new Prime Minister, General Khin Nyunt, who launched the "seven-step road map"^{**} for democratic transition. Helen James notes: "Here the timing is also undermined. At the Association of Southeast Asian Nations (ASEAN) summit in Bali on October 7 and 8, 2003, Khin Nyunt won diplomatic support from his ASEAN colleagues for his step-by-step plan. The announcement of this seven-point plan was endorsed by ASEAN leaders as an encouraging move toward returning Burma to democratic governance. This followed discussions on the road map in Yangon with former Indonesian Foreign Minister Ali Alatas and in Bangkok with Thai Foreign Minister Surakiat Sathirathai."⁵³

3.4.2 Economic Developments

Burmese Economist Zaw Oo and Norwegian scholar Kai Grieg note: "Another rationale underlying 'constructive engagement' was promotion of economic reform in Burma, which presumably would lead to prosperity, peace, and gradual development of a middle-class-led democratic transition."⁵⁴ With this justification, the policy allowed

⁵² Erik Friberg, "Burma/Myanmar and ASEM Enlargement 2004: What Lessons from Cambodia and ASEAN Enlargement in 1997?" *Policy Brief-European Institute for Asian Studies* July 2004.

^{*} SLORC changed its name to the State Peace and Development Council (SPDC) in September 1997.

^{**} (1) Reconvening of the National Convention that has been adjourned since 1996. (2) After the successful holding of the National Convention, step-by-step implementation of the process necessary for the emergence of a genuine and disciplined democratic system. (3) Drafting of a new constitution in accordance with basic principles and detailed basic principles laid down by the National Convention. (4). Adoption of the constitution through national referendum. (5) Holding of free and fair elections for Pyith Hluttaws (Legislative bodies) according to the new constitution. (6) Convening of Hluttaws attended by Hluttaw members in accordance with the new constitution. (7) Building a modern, developed and democratic nation by the state leaders elected by the Hluttaw, and the government and other central organs formed by the Hluttaw.

⁵³ Helen James, "King Solomon's Judgment." Robert Taylor, David Steinberg, Helen James, Seng Raw, Kyaw Yin Hlaing, and Morten Pedersen, *Reconciling Burma/Myanmar: Essays on U.S. Relations with Burma* edited by John Badgley, volume 15, Number 1, March 2004, p. 57.

⁵⁴ Zaw Oo and Kai Grieg, 1999. p.107.

ASEAN countries to conduct business with the SPDC. Prime Minister Mahathir of Malaysia advocated such links as a means of promoting economic reform introduced by the SPDC: "Poor neighbours are no asset to anyone. The problems of the poor are likely to spill over in the form of refugees, smuggling, black markets, etc. ... Helping neighbours to become prosperous is therefore mutually beneficial."⁵⁵ With this justification, the policy allowed ASEAN countries to conduct business with the regime. Burma economist Mya Than points out Burma's expectation benefits from ASEAN as a new member:

- As tariff rates and NTBs are reduced under the CEPT scheme, Myanmar should be able to export higher levels of agricultural goods to the ASEAN-6;
- Foreign investment confidence in Myanmar may be positively influenced by the relatively good reputation of the ASEAN-6 host countries (despite the recent crisis);
- Membership in ASEAN will support reform in Myanmar by providing assistance for- and potentially locking in - their current programmes, promoting continuation of the reform process, and providing support against some vested interests;
- Membership in AFTA and ASEAN can contribute towards easier access to world markets for Myanmar, and assist in trade negotiations;
- the ASEAN-6 can provide relevant economic development and policy advice;
- coordination of economic policies among the ASEAN-10, particularly in export industries such as textiles, garments, rice production, and agri-products processing, can expand both intra- and extra-ASEAN trade; and
- the enlargement may encourage sub-regional cooperation, particularly the Greater Mekong Subregion initiative, in which Myanmar is a member.⁵⁶

Burma's trade with ASEAN-6 has been growing faster than its trade with the rest of the world since it opened up its economy. Between 1985 and 1999, Cambodia, Laos,

⁵⁵ "Myanmar Monsters." *The Economist*, 15 March 1992.

⁵⁶ Mya Than, 2005, p. 110.

Burma and Vietnam's trade with ASEAN grew at the average annual rate of about 22 per cent compared with 19 per cent with the rest of the world.⁵⁷ ASEAN investment has helped the military government contain political dissatisfaction over inflation and assist its ailing economy. In 1988, when the Burmese Government opened its economy to foreign investors, foreign direct investment came in. "ASEAN investors had accounted for almost 60% of the FDI (foreign direct investment) prior to the crisis", according to David Abel, the regime's economic czar.⁵⁸ This helped the government stave off bankruptcy and maintain its control of the political system. Without Chinese and ASEAN investment, Burma would have been forced to make cuts in spending that could have incited protests or face international donors and their demands for political reform.⁵⁹

Burma has proved a goldmine for ASEAN's extraction of natural resources. Singapore and Thailand are ranked as the second and fourth largest contributors of approved FDI in Burma with \$604 million and \$422 million respectively.⁶⁰ There are strong connections between ruling Southeast Asian governments and businesses engaged in natural resource industries. For instance, Thailand has been involved in lumber and energy deals, such as the Yadana pipeline, which is one of the biggest foreign investment projects in Burma.⁶¹

According to Marvin Ott, "much of the impetus for constructive engagement comes from the perception of burgeoning economic opportunities in Burma".⁶² However, investment has not promoted sustainable economic growth. The initial mini-boom in the early 1990s fizzled as much of the money that came in was used to maintain foreign currency reserves, not for investment. The regime has also used much of its hard currency to pay for badly needed imports, rather than invest in any kind of production. A common view of investors was that the tourism and manufacturing sectors were poised for growth. But the hotel and tourism industries have not met their expected goals, as the projected number of tourist arrivals has fallen far short of anticipated figures. For the manufacturing sector, the abundance of cheap labour has not proven as advantageous

⁵⁷ Ibid, p. 111.

⁵⁸ "Myanmar says foreign investment plummets." *Reuters*. 26 May 1999.

⁵⁹ Aung Zaw, 2001, p. 50.

⁶⁰ Mason M, "Foreign Direct Investment; Trend, Determinants, and Prospects" in *Burma: Prospects for Democratization*, Washington: Brookings Institute Press, 1998. p. 211-213.

⁶¹ Aung Zaw, 2001, p. 50.

⁶² Ott, 1998, p. 79.

because other labour markets – most notably China – are just as cheap. Furthermore, an underdeveloped infrastructure has driven up production and transportation costs. Frequent electricity shortages have plagued the manufacturing sector. Furthermore, the squeezing of investors for pay-offs and the large amount of bureaucratic paperwork to do business has deterred investors. Part of ASEAN's interest in Burma was that it would develop into a market able to absorb ASEAN exports, but persistent economic mismanagement and infrastructural inadequacies have hindered its development into such a market.