

CHAPTER IV

EVALUATION OF ASEAN'S CONSTRUCTIVE ENGAGEMENT POLICY ON BURMA

In an interview with Termsak Chalermpanupap, a high official from ASEAN secretariat office, he said "we can say that the engagement policy on Burma – actually it is more than engagement, we can call it 'enhanced interactions' – is ongoing."¹ Inevitably, some questions will be raised in response to his statement. "The question is for whom has it been constructive? Was it constructive for the forces of democracy? Was it constructive for the Burmese people in general? Was it constructive for a limited business community? Or was it constructive for the military regime?"²

This chapter, therefore, will seek to evaluate ASEAN's constructive engagement as the association approach to promoting economic and political ties, while at the same time pressing for democracy, open markets and human rights in Burma. If they are successful in bringing development to the country and better the lives of the citizens and leaders through the door of trade liberalization and a market economy, their influence in the ruling circle is likely to grow rather than diminish.³ Thus, this chapter will include brief study of bilateral relations for economic and investments between a number of ASEAN members and the Burmese regime. The presence of rich natural resources and discovery of gas reserves attracted China and India to cooperate more with the regime and protected them from international pressures or persuasion.

Burmese economist Mya Than points out: "Burma is physically connected with China and India and these countries would like to have better relations with the ASEAN members - in terms of political, security and economic perspectives. Burma wanted to benefit from both sides by playing cards; playing China card against ASEAN and playing ASEAN card against China. Also Burma is playing China card against India and

¹ Interview via internet with Termsak Chalermpanupap, a high official from ASEAN secretariat office. 20 August 2007.

² Aung San Suu Kyi raised these questions to criticize ASEAN's constructive engagement policy from Zaw Oo and Kai Grieg, 1999. p. 106.

³ Minn Naing Oo, "Constructive Engagement: A Critical Evaluation." Legal Issues on Burma Journal. No. 7, Burma Lawyers' Council, December 2000.

Indian card against Chin. By doing so, ASEAN's pressure would be less on Burma and more economic and military aids from India and China flow into Burma. China is trying to persuade its influence in Burma to have political and economic stability because the instability would affect China's Yunnan Province. At the same time Burma starts to learn from China on some economic reforms. But still not in practice, for example, the SPDC very recently raised the fuel prices into 2 - 5 times and it will create more economic instability. India woos Burma for its energy needs and to wipe out its insurgencies at the India Burma border by supplying military hardware and economic aid- financial for infrastructure development and investment in gas exploration in the Bay of Bengal."⁴ Thus, the last part of this chapter will highlight the country's internal development, Burma's natural resources in the context with two giant neighbors, China and India. This is also one of the factors that prevent the ASEAN to achieve any good results in their policy.

4.1 Positive aspects

With the constructive engagement rationale, the ASEAN officials maintained that the constructive engagement policy had produced some improvements in the human rights situation in Burma, citing the release of Aung San Suu Kyi and other political prisoners, thus taking credit for their quiet diplomacy.⁵ The military regime released Aung San Suu Kyi from six years house arrest in July 1995 when the regime applied for full ASEAN membership during this year. "I think certainly the release responded to the pervasive effort on the part of the ASEAN organization to pursue constructive engagement," said former Thai Foreign Minister Surin Pitsuwan.⁶ Mary Callahan wrote that the Burmese government freed Aung San Suu Kyi in 1995 because of the pressure from Burma's Asian neighbors, including many courtesy calls by Singaporean investors, the visit of high-ranking Japanese Keidanren delegations, and the request by ASEAN representatives, especially the June 1995 visit of Edi Dudradjet, the Indonesian Defense

⁴ Interview via internet with Mya Than. 20 August 2007.

⁵ "ASEAN stand on Burma draws flak." *The Nation*. Bangkok. 25 July 1992.

⁶ Jeremy Wagstaff, "Suu Kyi's Release a Boost to ASEAN-Burma Tie." *Reuter*. JAKARTA. 11 July 1995.

Minister. Callahan observes that her release was also enmeshed with Burma's internal political situation, specifically the junta's renewed confidence.⁷

For the period between 1997 and beginning of 1998, Tin Maung Maung Than and Mya Than, Burma scholars, note: "The country's political temperature has been lowered by government conciliatory gestures towards the opposition National League for Democracy (NLD) and its leader Daw Aung San Suu Kyi.Hence, Myanmar's ASEAN membership seems to imply a trend towards a more relaxed political atmosphere that would be conducive to bringing about a genuine reconciliation between the SPDC and its political opponents."⁸

Likewise, some attribute the influence exerted by ASEAN members, Burma's worsening relations with China and Thailand over drug-trafficking and pressure from ASEAN neighbors as the causes of her second release in 2002.⁹ From Burma Studies group, Thawngmung and Sarno also notes: "A careful analysis of Aung San Suu Kyi's various releases will reveal that an engagement policy can generate positive changes as long as ASEAN members do not fail to stress the importance of dialogue, reconciliation, and improved human rights records, if not outright transfer of power or multiparty elections."¹⁰ When the military regime faced pressures from within ASEAN after the 30 May 2003 incident, the newly appointed Prime Minister, General Khin Nyunt, announced that his government intends to take a series of steps that would lead Burma to democracy, commencing with the reconvening of the long-stalled constitution drafting body, the National Convention. In October 2003 the heads of states and governments meeting in Bali welcomed the positive steps taken by the SPDC in presenting the roadmap in August 2003.¹¹

⁷ Mary Callahan, "Burma in 1995: Looking Beyond the Release of Aung San Suu Kyi." *Asian Survey*, 36 (2) 1995 p. 153-165.

⁸ Tin Maung Maung Than and Mya Than (b), "ASEAN Enlargement and Myanmar." *ASEAN Enlargement Impacts and Implications*; edited by Mya Than and Carolyn L. Gates Singapore: ISEAS 2000. p. 257.

⁹ M. A Myoe, "Will the Failed Coup Attempt Derail the National Reconciliation and Political." *Singapore: Institute of Defense and Strategic Commentaries* 2002.

¹⁰ Ardeth Maung Thawngmung; Paul Sarno. "Myanmar Impasses: Alternatives to Isolation and Engagement?." *Asian Journal of Political Science* 1 September 2006 p. 55. 21 August 2007.

¹¹ Peter Wallensteen, Carina Staibano and Mikael Eriksson, "Routes to Democracy in Burma/Myanmar: The Uppsala Pilot Study on Dialogue and International Strategies." Department of Peace and Conflict Research: Uppsala University 2004.

At the end of November 2004, the regime launched a program of mass prisoner releases including around 200 political prisoners among 1,300 political prisoners who are still incarcerated in the various prisons around the country. The regime also released some prominent student leaders such as Min Ko Naing, Ko Ko Gyi and etc who have been arrested since 1989. This happened on the sidelines of the ASEAN Summit in Vientiane in 2004. As the SPDC wanted ASEAN's satisfaction and support for its chairmanship in 2006, they just worked for cosmetic change in the country.

4.2 Negative aspects

One of the main arguments against constructive engagement is that it grants an aura of legitimacy to an otherwise illegitimate government.¹² This is certainly the case in Burma where free and fair democratic elections were held and a government elected through that process. The military regime that seized power does not have the mandate of the people of Burma to govern. By engaging with the junta, the countries that do so are recognizing that the regime possesses the legitimacy to represent the interests of the Burmese people when it has none and because of this, it perpetuates the myth of its legitimacy. In gaining membership to ASEAN, the military regime in Burma gained the backing of a powerful regional grouping, particularly in its skirmishes with the Western nations.

Although 1996 marked the nadir in Burma's human rights track record as the government brutally crushed a pro-democracy uprising, Burma became a member of the Association in 1997. Indonesian Foreign Minister, Ali Alatas, publicly defended the policy by saying it was better "quietly talking them out of their shell and asking them to see the benefits of being open".¹³ The key question to ask is whether it actually promotes engagement or quiet persuasion in changing the regime's policy towards respecting international norms including human rights and in accelerating a political reform process. The regime has used ASEAN as a way of managing international criticism which place ASEAN in a dilemma. To apply the principle of noninterference in Burma's affairs gives

¹² Minn Naing Oo. 2000.

¹³ Zaw Oo and Kai Grieg (a). 1999. p.106.

the regime a degree of international protection and legitimacy which would enable the regime to arrest all movement towards democracy.

In 1998, after Burma became a membership of ASEAN, the military regime launched a massive campaign of repression against the NLD and other political parties, detaining and dismissing MPs, and forcing others to resign. In one such crackdown, the regime arrested at least 200 NLD MPs and 800 party members following renewed efforts to convene Parliament in September 1998. When Aung San Suu Kyi spoke with a journalist from Cambodia Daily in February 2000, she criticized that they (the SPDC) have turned out to be most oppressive between 1998 and now.

In September 2000, just after Burma hosted several ASEAN meetings, including the first ministerial meeting involving economic ministers in early May and later a labour minister's meeting, Aung San Suu Kyi was put under house arrest again for attempting to travel outside Rangoon. The regime has made it a habit of flaunting its oppressive stripes in the face of ASEAN since it was invited to become a member in 1997. The 'Depayin Massacre' in May 2003 was a significant example that the SPDC has been using membership in ASEAN as a shield to protect pressures from the international community over its dismal human rights record. In the interview, Malaysia Foreign Minister, Syed Hamid, said that even though they (ASEAN leaders) were concerned over this event and situation of Daw Aung San Suu Kyi, the West particularly the US could not pressure ASEAN over Burma case. He told AFP: "We have problems but you can't just simply intimidate or threaten a whole regional organization that has served well its people and has created peace and stability in Asia. You cannot just say: 'follow my law'."¹⁴

By most accounts, Burma's human rights record has not improved at all since 1990. The latest reports by the Special Rapporteur of the UN Commission on Human Rights on the situation of human rights in Burma list a litany of unabated human rights violations including suppression of political activity, torture, non-observance of due process in the judicial system, imprisonment of political opponents, forced relocation, extra-judicial killings and forced labour. Even on the economic front, the Special Rapporteur reports that it is "in a very weak state, characterized by extreme poverty, lack

¹⁴ "Malaysia rejects US threat to boycott ASEAN." Agence France Press 6 December 2004 <<http://six.pairlist.net/pipermail/burmanet/20041206/000591.html>>.

of food security"¹⁵ The regime, as shown by its attitude towards the West sanctions, may have grown even bolder in its repression, strengthened perhaps by the knowledge that it can always turn to ASEAN for support and assistance.

This can be seen in ASEAN's statement after the defeat of a U.S.-sponsored resolution in the UN asking Burma's military government to free detainees and move toward democracy. The draft resolution called for the release of opposition leader Aung San Suu Kyi, a 1991 Nobel Peace Prize laureate, who has been held in confinement for 10 of the past 17 years. ASEAN nations said "the U.S. resolution, which was vetoed by China and Russia,"¹⁶ wasn't wise because Burma doesn't threaten global security. Indonesia, a rotation member of the Security Council, abstained from the vote. Malaysian Foreign Minister Syed Hamid Albar said in an interview in Cebu: "China and Russia have done the right thing on the question of principle. There have been too many abuses of the security council's role by bringing matters and issues that are not security issues to the security council."¹⁷ He also said: "Myanmar has been dragging their feet for too long. While they have been making some progress, they should get ASEAN engaged. They should have more confidence and trust in ASEAN."¹⁸

The SPDC regime called the veto of the resolution "an achievement of the people of Burma," according to the state-run television's Web site. The military government thanked China and Russia for exercising their veto power on the resolution, according to the statement.

4.3 More bilateral relations for business and investment than political cooperation

Other important dynamic includes bilateral relations between a number of ASEAN members and the Burmese regime for economic exchange and investment. In Burma, only the military elite group controls the country's entire economic and

¹⁵ "Report of the Special Rapporteur of the Commission on Human Rights." 24 January 2000 and "Interim report of the Special Rapporteur of the Commission on Human Rights." 31 July 2000.

¹⁶ At the United Nations Security Council on 12 January 2007 a draft resolution titled "The situation in Myanmar" and jointly tabled by the US and UK was defeated by a double veto from China and Russia.

¹⁷ Arijit Ghosh, "Asean Says It Needs to Push Myanmar Toward Democracy (Update2)." Bloomberg.com: Asia. 14 January 2007. Bloomberg.com. 1 Sep 2007 Available from: <http://www.bloomberg.com/apps/news?pid=20601080&sid=aeT73TGbKnE0&refer=asia>

¹⁸ Ibid.

investments. The military have monopoly over state enterprises and joint ventures in banking, tourism, import and export of foodstuffs, gems and jade mining, construction, and several major manufacturing productions.¹⁹ There has been no legal protection for the public against bank crisis or for private banks and companies against government seizure, for example.²⁰ In the meantime, preferential treatment was extended to relatives and associates of the top brass, which create 'a business environment in which personal connections to the generals, rather than business skill or technical merit, are the most important factors for corporate success'.²¹

Singapore

Singapore Prime Minister Goh Chok Tong visited Burma in March 1994. The invitation to Burma's intelligence chief, Lieut. -General Khin Nyunt to visit Singapore by Singapore government in May 1993 was in essence an attempt to persuade Myanmar to move away from the Chinese orbit.²² The group accompanied him was the delegation of business people. Prime Minister Goh Chok Tong argued that it was Singapore's eagerness to buttress bilateral trade and investment in Burma. Consequently, a US \$3 million Myanmar Technical Fund was set up by Singapore to accelerate the process.²³

The Singapore government through Morgan Guaranty Trust Company based in New York, set up a huge business deal in Burma by formulating a group named the Myanmar Fund. The registration of the Myanmar Fund was undertaken in Jersey, Channel Islands, as a tax-free fund. The business partner of Myanmar Fund in Burma was the company in the name of Asia World owned by former drug warlord LoHsing Han and his son Steven Law. Morgan Guaranty Trust Bank (a J.P. Morgan subsidiary separate from the Trust Company) and Singapore's largest government-controlled financial institution-the Government of Singapore Investment Cooperation (G.I.C) were recorded as a pivotal shareholders in the Myanmar Fund. Not surprisingly, officers and directors of

¹⁹ Peter Robertson. "Sanctions Are Working in Burma." *Irrawaddy*. 26 August 2003. <<http://www.irrawaddy.org>>.

²⁰ "Burma Country Commercial Guide." US Commercial Service Rangoon, Burma 2002: US Commercial Service; Myint Thein. "What Is There Behind Burma's Political and Military Reshuffle?" *Mizzima News* 12 August 2005.

²¹ US Commercial Service, 2002. p. 11.

²² *Asia 1995 Yearbook*. p.96.

²³ Robert Taylor, "Myanmar: New, but Different?" *Southeast Asian Affairs*. Singapore: Institute of Southeast Asian Studies 1995 p. 250.

GIC were top-ranking Singaporean politicians like Senior Minister Lee Kuan Yew; his son, Deputy Prime Minister Brig.Gen. Lee Hsien Loong; and Finance Minister Dr. Richard Hu. Director of Foreign Operation as Singapore's Trade Development Board, Tay Thiam Peng clearly defined the policy of Singapore toward Myanmar in 1996. "While the other countries are ignoring Myanmar, it's a good time for us to go in. You get better deals, and you're more appreciated...Singapore's position is not to judge them and take a judgmental moral high ground."²⁴ In an interview, Jean Tang, a spokesperson for the Singaporean embassy in Washington, validated that the capital share of the GIC in the Myanmar Fund accounted for 21.5% which was worth \$ 10 millions.

At the beginning of 1996, Singapore had 53 projects in Burma, which was worth nearly \$ 1.2 billions. The major business target, the Myanmar Fund have been investing in Burma, was a chain of luxury hotels such as the Traders and Shangri-La. With the passage of time, the Singaporean investment in Burma had seemed to raise its stake. Singapore's G.I.C in the Myanmar Fund amplified its investment by 4.3% in 1996. Another evidence of willingness of Singapore to invest in Burma was the introduction of the construction of Sinmardev, a new, \$ 207 million industrial park and port on the outskirts of Rangoon. The construction was operated in a joint venture among a Singaporean consortium, the military government, the Myanmar Fund, Asia World Company and other international shareholders. The Myanmar Fund owns a 10% interest in Sinmardev. Singaporean businessman Albert Hong referred to the project as the biggest foreign investment in Burma apart from the energy field.²⁵

Malaysia

Malaysia also contributed her investment in the market of Burma together with Singapore. Malaysia's Kemayan group based in Singapore found appropriate way for investing in Burma by generating joint venture operation with the Union of Myanmar Economic Holding Company to open the Myanmar Gems Center in Rangoon. The most promising local business group in Burma, Asia World Group, also introduced joint venture business with Malaysian business tycoon Robert Kuok to import Kuok's cooking

²⁴ The Nation. 13 June 1997.

²⁵ The Nation. 20 October 1997.

oil to Burma. Another overtures of Asia World-Kuok cooperation in Burma business environment was plan to manufacture ready-mix cement and polypropylene bags in Burma. The two expensive construction hotel projects namely Traders Yangon* and Shangri-La Yangon, also made the large involvement of Robert Kuok in investing in Myanmar.²⁶

In 1996, the total amount of Malaysia' investment in Burma reached above 227 million and was ranked as the sixth largest foreign investor in Burma. In December 1996, a Burma trade delegation composed of Finance Minister and Central Bank Chairman visited Malaysia to boost the level of Malaysian investment in Burma. The delegation was warmly accepted by the host and met with Deputy Prime Minister Anwar Ibrahim who later encouraged the Malaysian business circles to keep constant eyes on Burma's market. In addition, the meeting reached agenda to address the issue of double taxation and investment guarantees for increasing investment opportunity in Burma. The signing of a series of agreement on Malaysian credit facilities for Burma was also included in the agenda of the meeting.²⁷

Another important step for Malaysia's investment in Burma was the launching of the 27-member Malaysian delegation headed by Malaysian Minister of Transport Dato Seri Dr. Ling Liong Sik to Burma. Among the members were the leading industrialists, tour operators and transport magnates of Malaysia. The construction of railroad, connecting Singapore and Kunming via Burma was the main focus of the discussion between Malaysians and Burma officials and Malaysian business illustrated their awareness on railroad and road transport sectors of Burma. Malaysian delegation did not exclude the prospects of booming tourism industry for which the inflow of Malaysian investment was largely predictable.²⁸

Indonesia

Changing policy of Indonesia toward Burma reflected two significant tendencies for bringing Burma into ASEAN's realm. First, the inclusion of more brutal and

* The military regime changed Rangoon which was a former capital of Burma to Yangon in 1989.

²⁶ Gordon Fairclough. " Good Connection." *FEER*, 15 August 1996, p.67

²⁷ " Malaysia to Coordinate Investment Efforts in Myanmar." *Xinhua News Agency* 14 November 1996.

²⁸ "Malaysia Seeking More Investment Chances in Myanmar." *Xinhua News Agency* 24 December 1996.

repressive regime of Burma into ASEAN would alleviate the image of Indonesia as the most oppressive and cruel government of Southeast Asia. The Suharto government had been persistently portrayed as the most notorious, and accusation not altogether groundless in view of the bloodshed in East Timor, Aceh and other provinces. Indonesia's commercial interest in Burma was another motive for Suharto's government. From 1990 onwards, the booming Suharto family-linked business had started to penetrate Burma's market. The Burma's admission into ASEAN would generate Indonesian businesses a comprehensive timing for organizing of the ASEAN Free Trade Area (AFTA) in the year 2003.

The trading activities of Indonesia with Burma began to take off in August 1991 when the Indonesian PT Indomiwon Citra started to export monosodium glutamate to Burma. This company shares joint ventures with South Korea's Miwon and Indonesia's PT Sambada Widyacita in which the then President Suharto's second son Bambang Trihatmojo was one of the major shareholders. Two years later, the barter of Indonesian-made machines was conducted to Burma by another company in Suharto's circle, PT Prima Comexindo Trading. Following the path of these companies, Suharto's youngest son, Hutumo Mandalaputra Suharto, (also known as Tommy Suharto) reached a decision to operate export of oil drilling explosives to Burma through PT Bina Reksa Perdana in which a 55% of shares are in the hand of the said Tommy. Another enormous Indonesian trading moves to Burma were auto export orchestrated by PT Astra International which is well-known for the production of Toyota cars and as the largest automotive producer and assembler in Indonesia. Astra, in fact, became the importer and sole distributor in Burma of BMWs and Land Rovers.

All these trading activities prepared the ground for further business inroads into Burma. The first company, which began to fuel the business drive for investment in Burma was PT Rante Mario via a joint venture with a Burma state company, Myanmar Timber Enterprise by establishing a \$ 75 million wood processing and plywood facility in Burma.²⁹ Suharto's son Bambang also increased his investment by building telephone central units for 256 subscribers in Rangoon as a prologue for further lucrative deals with

²⁹ Moe Aung, "Myanmar and the Western Pacific Triangle." International University of Japan 2000 p. 45.

Burma military regime. Another Suharto-related business pierced the Burma market was the one operated by Hashim Djojohadikusumo. He significantly achieved the signing of memorandum of understanding with a Burma state company, the Union of Myanmar Economic Holding Limited, to build one –million-ton-per-year cement factory. The \$ 210 million joint venture was anticipated for full production in 2000. Meanwhile the Salim Group, the largest business conglomerate in Indonesia enjoyed the signing of a major infrastructure deal with Burma military government. The project would be implemented to introduce a \$200 million industrial zone and harbor near the capital of Burma. PT Astra sought to begin oil exploration business in Burma. Another Indonesian company Meta Epsi Duta, owned by father in law of Suharto's daughter Tutut, also saw benefits from dealing contracts for exploring oil in Burma. In June 1995, Burma's military leader General Than Shwe paid state visit to Indonesia where the agreements were reached to purchase airplanes manufactured by the Indonesian aircraft industry, Industri Pesawat Terbang Nusantara (IPTN). The military industries under the guidance of Suharto's Research and Technology Minister, B.J. Habibie were suspected to sell arms and weapons to Burma discreetly.³⁰

In February 1997, the Indonesian President Suharto did break ground for the flow of massive Indonesian business in Myanmar by visiting the country. During the visit, Indonesia and Burma leaders promoted business between Union of Myanmar Economic Holding Ltd., and Suharto's eldest daughter Siti Hardiyanti Rukmana's own company, Citra Lamtorogung. Indeed, Suharto paved the way for the unique blend of business and diplomacy in Burma. Suharto cunningly exploited the ambition of Burma military government, which was willing to imitate Indonesian style of military-dominated regime in Burma. It was the doctrine of ' Dwifungsi' which can be interpreted as the (Armed Forces) Dual Function for the justification for contribution of the role of military in the politics. More or less, the military regime created flexible conditions for the Suharto's family-dominated businesses in Burma.³¹

³⁰ George Aditjondro, " Dictators United: The Suharto-Slorc Business Connection." Multinational Monitor, Washington Vol.18, Iss.9September 1997.

³¹ " In Burma, Suharto will mix diplomacy with some business." The Asian Age, 21 February 1997.

Thailand

Within ASEAN, it was Thailand that took the lead and its early bilateral relations with Burma were brokered by the military elite on both sides of the border. The Thai army commander-in-chief, General Chavalit Yongchaiyudth, visited Rangoon in December 1988. During his visit, the cordial and close relationship between the two armies was established, including agreement on concessions for Thai companies to exploit Burma's rich natural resources. The official policy of Chatichai's administration to turn the battlefields into markets facilitated further rapprochement between two neighbours, and business dealings with Thai companies, particularly concessions on timber, minerals, and fishing rights, expanded on a massive scale.

In September 1994, a memorandum of understanding was signed by Burma and Thailand to import gas to Thailand from Yadana gas field situated in the Gulf of Matarban in Burma waters. In February 1995, a contract between Burma and Thailand was undertaken for the fulfillment of Thailand's energy needs. The \$1 billion Yadana gas deal had been targeted to assemble a 260 km pipeline in connection with the gas fields in Yadana of Burma side to Ratchaburi province in Thailand through joint cooperation among Total, Unocal, the Petroleum Authority of Thailand, and the Myanmar Oil and Gas Enterprise. The deal collected international criticism from environmentalists insofar as subsequent pipelining would pose a great danger to the natural settings of both Thailand and Burma. The military regime's insistent use of forced labor and threat of ethnic insurgent group to proposed deal appeared as significant obstacles for the advancement of the project. In response to these barriers, Thailand's government proclaimed the conformity to the agreement espoused at an August 1994 meeting of ASEAN that demanded to broaden economic coverage and collaboration to Burma aiming to link it into international ring.

Another major oil transnational corporation, Texaco, explored another gas field named Yetagun southeast of Yadana in 1992. Later Texaco submitted its finding to Thailand's authority following the revelation of Yetagun's potential reserves. Thai officials then began talks with Burma counterparts when Texaco claimed the possible delivery of gas by about year 2000. The plan of constructing pipelines would be aimed across the Thailand's southern peninsula to the Khanom/Nakhon Si Thammarat area

which is an industrial center of oil and gas infrastructure that will probably emerged as the hub of Thailand's ambitious Southern Seaboard Development plan.³² A second agreement between Thailand and Burma for the exploration of Yetagun gas field was reached.³³

Thailand also eyed on the possible use of Burma ports on the Andaman Sea as an option for Thai goods, which are being exported to Europe. Presently 75% of Thai export to Europe has been shipped through the Malacca Straits from Thailand's ports. If this project is successful in the future, the cost and time for transport could be reduced for Thai side. Thai Deputy Prime Minister and Industry Minister Korn Dabbaransi announced that the Thai Ministry was surveying the feasibility of paving roads, connecting Thailand and Burma's ports of Tavoy, Bokpyin, and Kauthaung.³⁴ The Sahaviriya steel company and Ital-Thai development has expressed their interests in the construction of roads to Bokpyin and a deep-water port in Tavoy.³⁵

With regard to the border security issue, Thailand encountered many turbulent moments in 1995 in relations with Burma. A number of issues addressed the growing tensions between Thailand and Burma, which could spoil the border trade between them. In February, Burma forces launched a massive military operation against major insurgent camps along Thai border. The attack resulted in the influx of refugees to Thailand that created the heavy burden for Thailand leadership. On the other hand, Burma military regime had been blaming Thailand for discreet support of ethnic insurgent groups and the border checkpoint Mae Sot-Myawaddy was closed in April by Burma side as the revenge. What followed was the closure of Mae Sai-Tachileik checkpoint after the assault based on Thailand soil and initiated by troops of Shan drug warlord Kun Sa. The last border checkpoint, the Ranong-Victoria Point, was also shut down in response to the killing of Burma crewman aboard a Thai trawler when a conflict arose under a Thai-Burma fishing agreement.

Thai business community, gaining a huge amount of benefit from border trade with Burma fell victim to the closure of border checkpoints. Furthermore, Rangoon

³² Anonymous, "Green Light Given for Myanmar's First Offshore Development." *Oil & Gas Journal*. Vol.93, Iss.7 13 Feb 1995.

³³ *Strait Times* 3 October 1996.

³⁴ "Thailand Eyes Myanmar Ports on Andaman Sea." *Xinhua News Agency*. 1 March 1997.

³⁵ *Bangkok Post*. 2 May 1997.

widened the suspension of links while halting the construction of Thai-Burma Friendship Bridge on the Moei border river as to eliminate the illegal entry of Thai businessmen to Burma territory. Under these circumstances, the reopening of border turned out to be a considerable issue since Thai business circle held some potential in Thai foreign policy making. Consequently, General Chavalit, former golden guest for the military regime in the early 1990s, sailed his visit to Burma to settle the border problems. Unfortunately, the military regime shrewdly faced the Thai counterpart with tough stance that resulted in the return of General Chavalit with empty hand. When bilateral relations could not provide the acceptable outcome for Thailand, Thailand took another initiative by making attempts to moderate the coming United Nations resolution on Burma, claiming persistent support to the policy of “constructive engagement” and Burma’s admission to the ASEAN community. Foreign Minister Kasem mentioned that ASEAN was an organization with “a good code of conduct that helps members who come in to become reasonable and sensible.”³⁶

4.4 Internal Development within Burma with China and India

The regime is gradually dependent upon resources that are linked with the two giant neighbours, China and India. This kind of internal development within the country is also one of the factors that prevented the ASEAN to achieve any good results in their policy.

4.3.1 China

The military government has become adept at exploiting Burma's geo-strategic position and at manipulating the concerns of its regional neighbors. It has been quite comfortable about using its close relationship with Beijing and the possibility of its becoming an ally of an expansionist China to gain attention in important councils like ASEAN and to attract support from influential rivals like India and Singapore.³⁷ The SPDC would no doubt be prepared to play the China card again, if it felt the need. Since the discovery of extensive natural gas fields off the western coast of Burma, the regime

³⁶ James F. Guyot, “Myanmar: Several Endings, No Clear Beginnings.” *Southeast Asian Affairs 1996*, Institute of Southeast Asian Studies, Singapore. 1996 p.272-273.

³⁷ William Ashton, “Burma Receives Advances from Its Silent Suitors in Singapore.” *Jane's Intelligence Review*, March 1998. p. 32-4.

has another lever it can use to keep its more powerful, but energy-hungry, neighbours on side. It has been estimated that Burma has up to 89.7 trillion cubic feet of natural gas, which gives it the potential to become a major exporter. It has also been reported that the China National Offshore Oil Corporation is interested in developing the resource.³⁸ Chinese academics also recently proposed a pipeline from Sittwe, or possibly Bhamo on the Irrawaddy River, across Burma to Kunming in Yunnan that would allow China a more direct means of accessing Middle East oil.³⁹ A rail link has also been contemplated along with the pipeline.⁴⁰ This proposal would provide an alternative means of getting Middle East oil to China without having to transit the Straits of Malacca through which an estimated 60% of total oil imports flow.⁴¹

China has much to gain from a close relationship with Burma. A longtime scholar of Burma, Andrew Selth notes: "Beijing is also keen to develop the economy of southern China by exporting goods through a transport corridor stretching from Yunnan to the Irrawaddy River at Bhamo and then to the Bay of Bengal. Burma is already exporting timber, agricultural and marine products, and precious stones to China, and it is receiving light industrial machinery and consumer goods in return."⁴² China's low-interest loans and barter programs financed the technical assistance to construct naval facilities on the Andaman coast.

Despite ASEAN wishes, China's economic and political leverage over Rangoon is much greater than the ASEAN can counter, and Chinese influence is gaining ground in the wake of ASEAN decline and economic crisis. From a Burmese perspective, "having a powerful ally with a permanent member status in the UN Security Council guarantees its protection from any potential multilateral action against the regime," while much-needed military hardware can be obtained at a friendly price, particularly in the wake of the EU

³⁸ "Myanmar to Become Major Natural Gas Exporter." *Xinhua News Agency*. 22 March 2004.

³⁹ Jane Perlez, "Across Asia, Beijing's Star Is in Ascendance," *New York Times*, August 8, 2004.

⁴⁰ "Chinese Scholars Propose Building Oil Pipeline from Burma," *BBC Monitoring Asia*, July 15, 2004.

⁴¹ "Burmese Give China's Import Pipe Bid Boost," *Upstream*, October 8, 2004.

⁴² Andrew Selth, "Burma and Superpower Rivalries in the Asia-Pacific." *Naval War College Review* Vol. LV, No. 2 Spring 2002.

arms embargo. Since the ASEAN cannot substitute this 'protection', Burma is unlikely "to play the role of an independent or pivotal player in regional security affairs".⁴³

Domestic developments in Burma in 2003 and 2004 helped strengthen Sino-Burmese relations. Following the attacks on Aung San Suu Kyi's entourage by pro-SPDC militias on May 30, 2003 in the town of Depanyin, the United States, EU and Japan tightened sanctions against Burma, increasing the country's reliance on China for economic sustenance. The downfall of Prime Minister Khin Nyunt in October 2004, widely regarded as the architect of Sino-Burmese relations, was initially seen as a blow for China, especially when SPDC Chairman General Than Shwe paid a state visit to India just a week later. Nevertheless, within days of Khin Nyunt's ouster, his successor, Lieutenant General Soe Win, was in Beijing, followed by Lieutenant General Thura Shwe Mann, Than Shwe's heir apparent. These visits were no doubt intended to reassure Beijing that the SPDC still valued China as its most important ally.

The continued closeness of relations was underscored in July 2005 when, in a gesture of solidarity with the SPDC after pressure from other members of ASEAN forced it to relinquish the rotating chair of the organization, Chinese Foreign Minister Li Zhaoxing boycotted the ASEAN Regional Forum meeting and headed for Rangoon for talks with the junta. Moreover, when the SPDC suddenly relocated the capital from Rangoon to Naypyidaw, 400 miles to the north in November 2005, the Chinese government provided much of the new capital's telecommunications infrastructure and air defense systems.⁴⁴

4.3.2. India

Despite close links with Beijing, the SPDC continues to diversify its foreign relations in an attempt to lessen its dependence on China. India has been the main beneficiary. Once New Delhi committed itself to a policy of remaining silent on the political situation in Burma, relations with the SPDC improved rapidly. In November 2000, General Maung Aye, the second highest ranking member of the SPDC hierarchy

⁴³ Mohan Malik, "Burma's Role in Regional Security - Pawn or Pivot?" in Robert I. Rotberg (ed.), Burma: Prospects for a Democratic Future. Washington D.C: Brookings Institution Press, 1998.

⁴⁴ Ian Storey, "Burma's Relations with China: Neither Puppet nor Pawn." The JamesTown Foundation. Volume 7, Issue 3. 7 February 2007. 18 August 2007.

and reputed to favor closer links with India to balance China, visited New Delhi to discuss trade, transport links, counter-insurgency cooperation and arms procurement.⁴⁵

In 2001 Indian Defense Minister George Fernandes took a first step to balance China by visiting Yangon, overcoming his government's reluctance to engage Burma. General Maung Aye, Burma's deputy commander-in-chief, subsequently toured India with a large entourage, followed with exchange visits by both foreign ministers. In November 2003 Indian Vice President Bhairon Singh Shekhawat toured Burma, a de facto balance to Jiang Zemin's 2001 trip. India is restoring cordial relations, attempting to equalize China's burgeoning influence and prevent Burma from falling entirely into China's sphere.⁴⁶ At the conclusion of Shekhawat's visit, Khin Nyunt's spoke of escalating bilateral amity, "seeing the visit as helping to lay a solid foundation for the promotion of bilateral cooperation in the economic, trade, education, health, science, technology, and cultural exchange sectors." Both private and public investors from India are returning to Burma, facilitated through both countries' membership in BIMSTEC (the Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation forum).^{*} This demonstrates that ASEAN and China are not Burma's only Asian options for either military or economic assistance, or trade development.

Since then the two countries have exchanged high-level visits, including a visit by Indian President A.P.J Abdul Kalam in March 2006. India has supplied the Burmese army with tanks, artillery and helicopters, while the two countries' armed forces have conducted coordinated military operations against Indian insurgents. In addition to the interests listed earlier, New Delhi is in competition with China to exploit Burma's energy resources. The Indian government was particularly concerned with Sino-Burmese strategic links and the prospect of the Chinese Navy gaining a foothold in the Bay of Bengal. By engaging Burma, India hoped to lessen China's influence. Additionally, as

⁴⁵ Ibid.

⁴⁶ John H. Badgley, "Strategic Interests in Myanmar." Reconciling Burma/Myanmar: Essays on U.S. Relations with Burma Edited by John H. Badgley the sixty-sixth NBR Analysis(2004): p.20.

^{*} BIMSTEC began as BISTEC in June 1997 at a meeting of the trade ministers of four member countries, and in December 1997 expanded to include Myanmar, thus incorporating the entire rim of the Bay of Bengal within its membership. The director-general of the World Trade Organization attended the meeting of BIMSTEC trade ministers in New Delhi in April 2000. In February 2004, BIMSTEC members signed a landmark Framework Agreement for a Free Trade Area, which is widely seen as a major step toward greater free trade between South and Southeast Asia.

part of its "Look East" policy of economic reform, India saw Burma as its gateway to ASEAN. India also sought Burma's assistance in countering the insurgents in its northeast states, some of whom had taken sanctuary on Burmese territory. India also refused to vote in favor of UN Security Council resolution on Burma in January 2007.

The 'new' attitude is represented by Ambassador R.K. Bhatia's recent observation: "I wish to reassure my Myanmar friends that while India is proud to be a democracy, we are not in the business of exporting it."⁴⁷ Clearly India's aim is to secure access to some of the new off-shore natural gas resources in Burma's Rakhine State (a proposed \$1 billion US pipeline from Sittwe to Kolkata), and open possible land links by road through Burma to Southeast Asia. The most significant investment is India's involvement in the massive Shwe gas project, which will include a gas pipeline running to India. Indian companies ONGC Videsh (Oil and Natural Gas Company Videsh, India), and GAIL (The Gas Authority of India Limited, India) are partners in the gas project being led by South Korea's Daewoo. The project is expected to become the regime's largest single source of revenue, providing, on average, US\$580 million per year for the regime for twenty years, or a total of US\$ 12 billion.⁴⁸ India is now Burma's largest export market and the military regime has certainly gained in the public relations stakes from dealing with the world's largest democracy.

4.4. Is there Alternative?

July 2007 marked the 10th anniversary of Burma's admission to ASEAN. During the past decade, ASEAN's struggle to solve Burma's political deadlock has complicated efforts to build a genuine regional community. Also the regime's reluctance to push for democratic reform and the continued imprisonment of opposition figures like Aung San Suu Kyi- have severely damaged the credibility of ASEAN in the eyes of the global community. Pavin Chachavalpongpun, the author of "A Plastic Nation: The Curse of Thainess in Thai-Burmese Relations (2005)", writes: "Ten years on, the group needs to seriously reassess Burma's membership and its own failure in pressuring the junta to

⁴⁷ Hindustan Times, 3 June 2005.

⁴⁸ Burma Action Ireland's Press Release, 27 March 2007.

implement democratic reform. ASEAN must ask itself how Burma can participate as a worthy member in the organization's future development."⁴⁹

In the interview with HR Sukhumband Paribatra, a former deputy foreign minister of Thailand, he said ASEAN's 9 members must work together, try together and advance to promote a possible change in Burma. If ASEAN cannot stand together, it cannot persuade the military regime to move in the direction of political reform. For example, when the flexible engagement policy was introduced by Thailand in 1997, only the Philippines supported it. But after six years later, Singapore and Malaysia began to see things the same way. Now the flexible engagement method of dealing with Burma is supported by Singapore, Malaysia, Indonesia, Philippines and Cambodia.⁵⁰ Asda Jayanama, Veteran Thai diplomat, has the same opinion with him. He said in the interview with Irrawaddy News Magazine- "there are several examples where we have interfered in the internal policy of other countries, such as Malaysia. And there is the problem with the south of Thailand, which is criticized by Malaysia. So we can also criticize Burma. We can respect internal problems, but once a country's internal problems and internal policies become a problem for us then we have the right to criticize. We should begin to interpret the situation in our way, the Asean way. We should look at the Burma problem as an Asean collective responsibility. But Asean is not united versus Burma, and if Asean is not united it becomes very difficult."⁵¹

Therefore, in the case of Burma, where human rights are systematically violated by the military regime, humanitarian intervention should be considered as an alternative way which ASEAN can adopt as it did in case of East Timor. A former UN Secretary General Kofi Annan points out: "...if humanitarian intervention is, indeed, an unacceptable assault on sovereignty, how should we respond to a Rwanda, to a Srebrenica-to gross and systematic violations of human rights that affect every precept of our common humanity?"⁵²

⁴⁹ Pavin Chachavalnongpun, "The ASEAN Dilemma." *The Irrawaddy*. 1 August 2007
<http://www.irrawaddy.org/article.php?art_id=8048>.

⁵⁰ Interview with MR Sukhumband Paribatra. The Latham Hotel Georgetown, USA 27 August 2007.

⁵¹ Asda Jayanama, "Asean's Albatross." *Irrawaddy* 24 March 2005.
<http://www.irrawaddy.org/article.php?art_id=4499>

⁵² Gareth Evans, "The Responsibility to Protect: Rethinking Humanitarian Intervention." *International Crisis Group*, 1 April 2004.

On the one hand, there is a consideration of sanction policy, which gives pressuring the onset of changing in Burma. "The choice of whether to use sanctions or constructive engagement has implications beyond the issue of persuading a nonconformist regime to adopt the norms of the majority."⁵³ It affects the welfare of the people in the target country. Constructive engagement allows the majority of the population to carry on their lives without undue hardship. On the other hand, sanctions, an alternative to constructive engagement, hurt the most vulnerable sectors of society first and hit them the hardest. And as long as the target government can suppress the opposition and maintain its grip on power, sanctions are unlikely to persuade the regime to loosen up.⁵⁴ Rather than use ASEAN's engagement policy, the West applies the sanction policy on Burma to combat the country's brutal regime.

However, Zar Ni, a Burma scholar and educator, points out: "For their survival, the generals don't need the West. The generals have China and India, on each side of the borders. They don't even much like Westerners coming in with their universal standards. But it is the Burmese people and the country that need the West. They need it for progressive ideas and ideals, for education, for technologies, for greater exposure, and for the growth of democracy."⁵⁵ He also writes: "Pro-isolationists among my fellow dissidents abroad and Daw Suu's Western supporters alike have argued that "constructive engagement" pursued by the ASEAN has not worked either. This is because it engages with only the generals and doesn't address real substance or sensitive issues. So what then is my prescription? The answer is, in a word, evolution. There should be evolutionary in the backdrop of the successively failed revolutions, including Aung San Suu Kyi's fearless 'revolution of the spirit'."⁵⁶

US billionaire financier, George Soros, agreed that neither the policy of isolation advocated by the West nor "constructive engagement" championed by Burma's Southeast Asian neighbours has succeeded. "Nothing works and yet something needs to be done," he told hundreds of students, academics and some diplomats. "Clearly if the international

⁵³ Address by H.E. Mr. Pitak Intrawityanunt, Deputy Foreign Minister of Thailand at the Conference on Constructive Engagement in Asia: Multi-Dimensional Approaches to Security, Bangkok 21 August 1997.

⁵⁴ Minn Naing Oo, 2000.

⁵⁵ Zarni, "Isolating Burma will not help Aung San Suu Kyi." The Independent. UK. 18 June 2005.

⁵⁶ Ibid.

community could get its act together -- if China, let's say, felt a strong need that something needs to be done -- as the West (has), then perhaps the international community could be more successful in bringing about a change."⁵⁷

Burma economist Zaw Oo, also urges that only China can effect Burma. He points out that the budget deficit in China-Burma trade relations was four times than the total budget deficit of the country in 2003. Meaning that despite Burma success in trading with other countries, their huge economic dependence on China will continue to exist if we can not make a counter balance with this. It also indicates that China's economic influence on Burma is very crucial."⁵⁸

From ASEAN's perspective, Beijing's policy of noninterference in Burma's internal affairs is frustrating efforts to pressure Rangoon for change.⁵⁹ At the 2005 ASEAN Summit in Vientiane, Laos, Chinese Foreign Minister Li Zhaoxing cut short his attendance to visit Burma instead, after the country received the strongest rebuke by the association, a major sign of departure from its traditional noninterference position. From Beijing's perspective, noninterference as a principle aside, the Chinese government values stability in Burma over democratic processes. Democratic processes could result in a period of uncertainty in Burma and large-scale unrest that could harm Chinese interests.⁶⁰

ASEAN has been pragmatic enough to recognize the importance of engagement rather than confrontation and accordingly adopted a strategy that aims at integrating China gradually into a regional web of economic interdependence, political dialogue, and security dialogue processes.⁶¹ In the case of Burma, as an alternative approach, ASEAN should have a strategic approach to China in dealing with the Burma's internal affairs, which still pose a problem for the association. A Burmese scholar has suggested that a

⁵⁷ "China needs to push Myanmar on reforms." Agence France-Presse. Singapore. 11 January 2006. >

⁵⁸ Zaw Oo, Interview with VOA-Burmese Service, Washington DC 30 August 2007.

⁵⁹ Jing-dong Yuan. "China-ASEAN Relations: Perspectives, Prospects and Implications for U.S. Interests." The Strategic Studies Institute. U.S. Army War College. October 2006.

⁶⁰ Seth Mydans, "China Woos Myanmar as ASEAN Seeks Way to Deal with Its Leaders." International Herald Tribune. 29 July 2005.

⁶¹ Zou Keyuan. "China's Possible Role in Myanmar's National Reconciliation." The Copenhagen Journal of Asian Studies. Vol.17, 2003. p. 59-77.

way to foster authentic democracy in Burma is by having tri-partite talks with pressure from UN, ASEAN, and China.⁶²

This strategy should use persuasion and critical engagement to further change in Burma. European scholar, Walter Woon points out an option that preaches the values of reforms and forcefully encourage these through persuasion. Boycotts and isolation would only produce a "sullen, rebellious Burma, a 'North Korea-like' Burma and we cannot want this."⁶³

⁶² Mya Than, 2007.

⁶³ Walther Woon, "Critical engagement with Burma." a joint Policy Dialogue to address the question "Isolation or Engagement-Can the EU and Asia agree on how to treat Burma?" European Policy Centre and the Friedrich-Ebert-Stiftung. 10 June 2004.