

JAPAN'S OFFICIAL DEVELOPMENT ASSISTANCE AND ITS IMPACTS ON MYANMAR

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บทคัดย่อและแฟ้มข้อมูลฉบับเต็มของวิทยานิพนธ์ตั้งแต่ปีการศึกษา 2554 ที่ให้บริการในคลังปัญญาจุฬาฯ (CUIR)
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เนื่องจากปัจจุบันการให้ความช่วยเหลือเพื่อการพัฒนา มีบทบาทสำคัญในการดำเนินความสัมพันธ์ระหว่างประเทศมากขึ้น ญี่ปุ่นเองก็ได้มีการพัฒนารูปแบบการให้ความช่วยเหลือแก่ประเทศต่างๆ จากค่าปฏิกรรมสงครามในเอเชียในช่วงปี 1955 จนกลายมาเป็นการให้ความช่วยเหลือเพื่อการพัฒนาในรูปแบบที่เห็นกันในทุกวันนี้ โดยการให้ความช่วยเหลือของญี่ปุ่นนั้น อยู่ในกรอบของกฎบัตรเกี่ยวกับการให้ความช่วยเหลือเพื่อการพัฒนา (ODA Charter) ซึ่งประกาศใช้ในปี 1992 และมีการปรับปรุงอีกครั้งในปี 2003 ซึ่งการให้ความช่วยเหลือของญี่ปุ่นต่อประเทศใดประเทศหนึ่งนั้น ย่อมส่งผลกระทบต่อประเทศผู้รับไม่มากนัก

ในการศึกษา ผู้ศึกษาได้เลือกศึกษากรณีการให้ความช่วยเหลือของญี่ปุ่นแก่ประเทศเมียนมาร์ เนื่องจากความสัมพันธ์ที่แน่นแฟ้นของทั้งสองประเทศนับตั้งแต่สมัยสงครามโลกครั้งที่ 2 เป็นต้นมา อย่างไรก็ตาม ความสัมพันธ์ที่ใกล้ชิดระหว่างญี่ปุ่นและอเมริกานับว่าเป็นปัจจัยหนึ่งที่ส่งผลต่อการตัดสินใจให้ความช่วยเหลือแก่ประเทศเมียนมาร์ ดังนั้น จึงเป็นเรื่องที่น่าสนใจว่า ทำไมญี่ปุ่นจึงให้ความช่วยเหลือเมียนมาร์มาตลอดแม้จะมีแรงกดดันจากสหรัฐอเมริกาและประเทศตะวันตกก็ตาม

ในการศึกษา ผู้ศึกษาได้ใช้กฎบัตรเกี่ยวกับการให้ความช่วยเหลือเพื่อการพัฒนาของญี่ปุ่น และนโยบายของญี่ปุ่นต่อประเทศเมียนมาร์ รวมทั้งการแสดงท่าทีของญี่ปุ่นต่อสถานการณ์ในเมียนมาร์เป็นเกณฑ์ในการวิเคราะห์ โดยแบ่งผลกระทบจากการให้ความช่วยเหลือของญี่ปุ่นออกเป็น 3 ด้าน คือ ด้านเศรษฐกิจ ด้านการเมือง และด้านสังคม ซึ่งผลจากการศึกษา คือ การให้ความช่วยเหลือของประเทศญี่ปุ่นแก่ประเทศเมียนมาร์นั้น หากมองในมุมมองของพม่าหรือประเทศตะวันตกแล้ว อาจจะไม่ประสบความสำเร็จเท่าไรนัก เนื่องจากโครงการเกี่ยวข้องกับการให้ความช่วยเหลือของญี่ปุ่นนั้น บางโครงการก็นำไปสู่การละเมิดสิทธิมนุษยชน และเป็นการสนับสนุนรัฐบาลทหารในทางอ้อม แต่หากมองจากมุมมองของญี่ปุ่นแล้ว ถือว่าการให้ความช่วยเหลือค่อนข้างประสบความสำเร็จ โดยเฉพาะในด้านการพัฒนาประเทศไปสู่ความเป็นประชาธิปไตย และการพัฒนาระบบโครงสร้างพื้นฐานของเมียนมาร์

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Nowadays Official Development Assistance has played a major role in international relations. Japan started to give ODA as war reparation exclusively to Asian countries in 1955 and it has been gradually developed to present day assistance. The framework of Japanese assistance is the ODA charter which was declared in 1992 and was revised in 2003. However, Japan's ODA has impacted recipient countries in one way or another.

This research focused on Japanese ODA to Myanmar. This selection is based on the fact that both countries have had a long and deep relationship since World War II. Moreover, since Tokyo has close relations with Washington, it is interesting to examine why Japan has been provided her aid towards the country while there were many pressures from the U.S and other Western countries.

The analysis was based on Japanese ODA Charter as well as statements made by Japanese government and other policies concerning with Myanmar. The analysis on the impact of Japanese ODA was divided into 3 areas; economic, political and social. For Myanmar's and the Western countries' point of view Japanese assistance towards Myanmar was quite unsuccessful as some projects concerning with ODA led to human rights abuses and indirectly supported the Burmese military junta government. However, in the Japanese point of view, the assistance was rather successful especially in terms of democratization and infrastructure development.

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BHN	Basic Human Needs
BIA	Burma Independence Army
BSSP	Burmese Socialist Programme Party
CLMV	Cambodia, Laos, Myanmar and Laos
DAC	Development Assistance Committee
FY	Fiscal Year
GMS	Greater Mekong Sub - region
JIBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
LDP	Liberal Democratic Party of Japan
LLDC	Least Less Development Assistance
METI	Ministry of Economy, Trade and Industry
MITI	Ministry of International Trade and Industry
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
NAM	Non - Aligned Movement
NGO	Non – Governmental Organization
NLD	National League for Democracy
ODA	Official Development Assistance
SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

CHAPTER I

INTRODUCTION

1.1 Rationale/Background of the study

Post World War II, Official Development Assistance (ODA) has developed quickly, and it has played a significant role in international relations. Japan started to give ODA as war reparation exclusively to Asian countries. Japan's ODA has impacted recipient countries in one-way or the others.

The study focused on the impact of Japanese ODA on Myanmar¹ during the period of 1955 to 2010. The analysis of the study relied on the fact that the two countries have had a long and deep relationship, especially among the military leaders. Since Tokyo has close relations with Washington, it is interesting to examine how Japan has managed to implement its ODA policy towards the country, which has been under sanctions by the U.S and other Western nations.

Since World War II, the Japanese government has been inclined to perceive Myanmar sentimentality as Asian countries with the closest diplomatic relations towards Japan. The Japanese government has also kept an eye on Myanmar's natural resources such as gas and minerals, for its economic survival. In contrast, Burmese junta leaders have alternately viewed Japan as opportunity or threat.

After World War II and following the independence of Myanmar up to the present day, Japan has been an important aid donor to the Myanmar's government. However, Japan was at a diplomatic crossroads with Myanmar after the Burmese

¹ According to Burmese Government policy, this research refers the country as Myanmar. However for the direct quote that refers the country as Burma, it would retain that usage. In addition the common usage of Burmese is referred to all the citizens of the country including the ethnic minority groups, while Burman is referred to the majority ethnic group.

junta rejected the result of the general election in 1990. Consequently, Japan's non intervention policy was changed to the promotion of democracy and Human Rights in its relations with the Myanmar's government.

Although the relationship between Japan and Myanmar is quite close, Japan's trade and investment are surprisingly small. Under the ODA program, Japan is one of the largest aid donors, on the other hand, it falls short of having normal economic relations with Myanmar.

Research on the Japan-Myanmar cooperation is relatively limited if compared to Japanese with ASEAN or other countries, such as Thailand, China or, Malaysia, counterparts of this research studies is divided into three periods:

1. 1941-1945: This period had a lasting impact on Burmese development later.
2. 1954-1988: The relationship between the two countries was mostly based on economic issues, with ODA from Japan playing an important role in the Burmese economy.
3. 1988 onwards: Tokyo uses economics as a tool to promote liberalization (both political and economic) and to resist the growing influence of China, South Korea and India.

Besides that, much work focused on overall relations between Japan and Myanmar (under the period mentioned above) such as "The Implementation of Japanese Engagement Policy towards Myanmar: 1988-Present" by Assistant Professor, Dr. Suppakarn Pongyelar, "Burma and Japan since 1940: From the 'Co-prosperity' to 'Quiet Dialogue' " by Donald M. Seeking, "Sengonihon no Tai Biruma Kankei: Bisyoku kara Taiyou Gaiko made (Japan's Postwar Relationship with Myanmar: From Reparation to 'Sunshine Diplomacy)" by Nemoto Kei, and "Myanmar and Japan: How close friends Become Estranged" by Kudo Toshihiro. Some works mention the implementation of Japanese ODA policy and how Japanese companies benefited from this policy e.g. "Japanese ODA diplomacy towards Myanmar: A Test for the ODA Charter" by Patrick Strefford. There is also a piece of work dealing with economic

relations between these two countries, for example: “The Role of the Japanese in Myanmar: Economic relations between Japan and Myanmar in historical perspective” by Thanyarat Apiwong and Yoshihiro Bamba. And there are many works regarding how Japan responds to the Human Rights and democratization issue in Myanmar “Japan’s Official Development Assistance and Its Impact on Promotion and Protection of Human Rights in Burma” by Kamigori Kaori. These works will be discussed in the literature review section.

1.2 Objectives

The objectives of this study are to examine how Japanese ODA affected the citizens of Myanmar and ethnic groups and, as well as Myanmar economic and social development in general and its people and ethnic minority groups in particular and to analyze the real motives behind Japan’s ODA policy toward Myanmar.

1.3 Research questions

The study will address questions as follows in order to achieve the above-stated objectives:

1. How does Japan’s ODA impact Myanmar’s economic and social development in general?
2. Do the Burmese people and minority groups benefit from Japanese ODA?
3. What is the real objective (hidden agenda) of Japanese ODA policy towards Myanmar?

1.4 Major Arguments/Hypotheses

Japanese aid does not reach Burmese and minority groups in Myanmar ; nevertheless, some ethnic communities do from this assistance, particularly those living in States facing borders such as the Chin, Shan and Kachin.

Though Japanese aid has not contributed significantly to Myanmar's economic and social development, it has created a market for Japanese companies. In terms of social development, the aid has been quite rather unsuccessful in raising the living standards of the Myanmar people. However, it has been partially successful in human resources development, specifically on health and education issues.

In terms of main objectives of Japanese policy towards Myanmar, the evidences pointed out that Japan would like to have influence on the Myanmar economic development as well as, access to natural resources, especially energy resources. Food security strategies are vital to Tokyo, as she lacks the natural resources needed to support her economy and her people. Thus, Japan's ODA to Myanmar has served first and foremost its own national interest; Myanmar's social and economic development has been only a secondary concern underlying ODA policy towards Myanmar.

1.5 Literature Review

The literature under review related to this study broadly classified into three overlapping groups. The first group concerns the overall relations between Japan and Myanmar. The second group concerned with Japan's ODA policy toward Myanmar, and the last group is relevant to Japanese ODA's controversy especially the issues on human rights, undemocratization and Japan's economic policy in Myanmar.

Since the primary discussion focuses on the impact of Japanese ODA on Myanmar, the study covers the overall relations between these two countries; Japanese ODA and its policy (development, classification and administrative agencies and its major characteristics); and the result of Japan's ODA towards Myanmar.

BURMA AND JAPAN SINCE 1940: From 'co-prosperity' to 'quite dialogue' by Donal M. Seekins

This book illustrated Japan-Myanmar relations since World War II up to 2004. The author mentioned that the Japanese policy to Myanmar in different periods guided

by the national interest, economic interest, not for Myanmar and its people. The author criticized the Japanese indecision and an ambiguous approach to the post – 1988 incident. The author also looked at the wider context of their relations, such as the failure of the international community to respond creatively and flexibly to the Burmese crisis.

The Implication of Japanese Engagement Policy towards Myanmar: 1988 – present by Dr. Suppakarn Pongyelar

This work investigated the roots of Tokyo's internal and external policy influences towards Yangon. Dr. Suppakarn agreed that the motivation of Japan's involvement in Myanmar, affected by both internal and external implications, is the search for maximum national interests and its challenge to change political-economic circumstances in both the East Asia and Southeast Asia regions. In this aspect, it shows how important Myanmar is in overall Japanese international strategy.

The Role of the Japanese in Myanmar: Economic relations between Japan and Myanmar in Historical perspective by Thayarat Apiwong and Bamba Yoshihiro

This research explored the role of Japan in Burmese economic during several periods of times. Japanese assistance has provided to the country an opportunity for Japanese private companies to engage deeply with Burmese economic sector as the money flew to many mega-infrastructure projects. Then, the peak of Japan-Myanmar economic cooperation was during the 1970s-1980s. However, Japan has reduced her assistance after the political crisis in 1988. Other accuse which made Tokyo lose her position in Myanmar's economic was the border trade between Yangon and other neighboring countries.

Myanmar and Japan: How Close Friend Became Estranged by Kudo Toshihiro

Kudo mentioned in his discussion paper about many impacts that caused a special relation (or a historically friendly relationship) between Japan and Myanmar changed. After the 8888 Uprising, Japan pressed the military junta government to encourage a

move toward national reconciliation between the Burmese government and the NLD which is leading by Aung San Suu Kyi. However, Tokyo failed to use such of her influence due to Myanmar's open-door policy which made Burmese economic has been more and more depended on her neighboring countries, Thailand and China, and the decrease of her influence in international society as her position between the U.S, and the economic engagement allies such as China, India and Thailand. On the other hands, Tokyo still kept her role as the one who inform and accurate information on Burmese politics, economy, social and history to the rest of the world.

Japan's Official Development Assistance and its impact on promotion and protection of Human Rights in Burma by Kamigori Kaori

This research examined the implication of Japanese ODA Charter on human rights and democratization in Myanmar through some case studies. The finding of this work showed the ineffective result and negative impact of Japanese ODA in improving human rights situation and democracy in the country. These were the results of both internal and external factors such as Tokyo's lack of seriousness considering of human rights and International pressure, especially the U.S, on Japan's aid policy to Myanmar.

How Japan's post-war relationship with Burma was shaped by Aid by Patrick Strafford

Strafford stated about the reasons behind the complicated bilateral relations between the two states since World War II and the aftermath: the foundation of independence Myanmar, the role of Japanese ODA, as the result the relations between both countries has been based on economic development assistance. However, their relationship was under the sanctionist allies' pressure as well as the rising of Chinese influence and the engagement with ASEAN countries. Then, Japan found that she had gradually lost her position in the country. However, she tried to balance her position between the West, as introducing democracy to Myanmar and improving human rights situation in the country, and the pro-Myanmar engagement

lobby which had engaged more deeply in Burmese economic and social to ask for any change in the country.

Most of the above discuss the merits or drawbacks of Japanese ODA to Myanmar from the perspective of whether it has promoted Japan's interests or whether it has promoted the Myanmar's military government; however, they hardly mention, whether Japanese ODA to the military government has contributed to improving economic, politic, and social development in Myanmar. It is worth exploring what the Burmese people and ethnic minority have gained from Japanese ODA and whether or not Japan's ODA policy implementation has conformed to its ODA Charter.²

1.6 Methodology

This study mainly employs a qualitative approach based on documentary data. Since this study focuses on the ODA agreement from the Japanese government given to its counterpart in Myanmar; it is inevitable to look into official documents in detail; policy statements and relevant document concerning Japan-Myanmar relations such as ODA Charter, Annual ODA Report, economic white paper, diplomatic blue book and others, especially relating to Myanmar.

Apart from official documents, it will be necessary to the study diverse pieces of information about Japan-Myanmar foreign policy, Myanmar's political environment, Japanese ODA towards recipient countries, while focusing on Myanmar and interest groups that have influence on policy-making such as private companies, political party factions in the government, Keidanren (Japan Business Federation) and etc. The research in this category contains both positive and negative analyses in order to balance the policy research. This secondary material will be necessary in order to develop the argument and analyze Japan's role in Myanmar.

² It is a basic document which specifies a framework of Japanese assistance to other countries.

Besides information from the Internet and papers, written in both Japanese and English, the study also interviewed people with various backgrounds and fields of work. Since this paper focuses on Japanese policy and its impact, the key informants are including, a Burmese student, Dawei Chamber of Commerce Chairman, local people, and Karen minister.

In summary, the study consists of policy research, documentary research and interviews with people directly and indirectly concerning with Japan-Myanmar relations.

1.7 Analytical framework

The analytical framework for this thesis primarily based on the analytical notion of Thomas Berger.

In his work, Japan in international politics the foreign policies of adaptive state, Thomas the idea of analyzing tradition of Japanese foreign policy called 'Liberal Adaptive State', because the policy became more liberal as Japan implicates its foreign policy to promote Human Rights issue and to support international cooperation. The cause of this change is Japan's internal factor including pluralist political system which makes civil society, especially NGOs, gradually increase their roles in policy - making process. As a result humanitarian issues such as public health and food shortage resolution became main matters of ODA program instead of providing aid to large scale – infrastructure projects.

Since Tokyo specified political liberation and Humanitarian matters as key issues in its 1992 and 2003 ODA Charters, so, Japanese assistance flows trends to provide to those countries having good condition on political freedom as well as Human Rights affairs.

The dynamics mentioned above play principal role in liberal foreign policy as the concept focusing on international institutions and international connection between

economic and social dimensions will spread peace and cooperation throughout the world.

In addition this research is to assess the impacts of Japanese ODA on Myanmar, based on Japanese ODA Charter as well as statements made by Japanese government and other policies concerning with Myanmar it will use these announcements as the basis for the evaluation.

1.8 Significance/Usefulness of research

As this project is a case study of the impacts of Japanese ODA on Myanmar's social and economic development, it should offer a better understanding of the underlying motivations and social and economic impacts of Japan's ODA policy towards Myanmar.

1.9 Content outline

In order to answer stated research questions and examine above hypothesis, the thesis composes of five chapters. After the introduction, the first chapter explains about Japanese ODA policy and how it developed. The second chapter describes the overall relations between Japan and Myanmar. The third chapter investigates Myanmar's foreign policy and foreign aid policy. The fourth chapter narrows down to specific bilateral case of Myanmar and examine how Japan's ODA has been induced and implement. The last chapter analyses the impacts of Japanese ODA on Myanmar's social and economic development and effectiveness of Japanese ODA towards Myanmar.

CHAPTER II

JAPANESE ODA AND ITS POLICY

This chapter will show the development of the Japanese ODA by examining historical background up to the current situation. Then, it concerns with how Japan's ODA has become one of the most important tools in Japan's foreign policy. Since nowadays ODA has been receiving more and more attention from international community, Japan declared its aid policy as the ODA charter for the first time in 1992 and revised it the year 2003. It examines the Charter's background and contents. Finally, this chapter shows ODA classification as well as major characteristic in Japanese ODA's decision making process.

2.1 Japanese ODA from its originality

After the War, international community considered more on the result of economic growth primarily the responsibility of newly independent countries. This tendency led to the establishment of several assistance programs for developing and underdeveloped nations. Japan itself started its economic cooperation with other Asian countries to promote economic and social development in Asia after Tokyo joined the British Colombo Plan³ in 1950.

At first, the main purpose for Japan to give her ODA to other nation is to repatriate both physical and psychological damages made by herself during the Pacific War. Thus, at the beginning, Tokyo started her aid in form of grant. In 1955, the first reparation payment was introduced to four countries in South and Southeast Asia; Brunei, the Philippines, Indonesia and India. However, since 1965, yen loan has

³ The plan was set up in 1950 for modest assistance from inter-governmental effort to strengthen economic development, primary activities focus on human resources development in newly independent countries in Asian-Pacific.

consisted as a major part of Japanese ODA as the fact that ODA grant is the means to create ASEAN economic dependence on post-war Japan (Kaneko, 1990: 49 cited in Kamigori, 2003: 27). At a result, from 1954 throughout 1970s ODA had gradually played a significant role and had been considered as the result of the desire to expand its economic interest as Hasegawa⁴ stated that *“Japanese aid was extended for the purpose of protecting Japan’s national interest and ultimately attaining its two main national goals: its own national development and international ascendancy.”* (Mori, 1995: 25) In 1970s newly appointed purpose of Japanese foreign aid is to recognize it as both diplomatic and political tool. In 1978, at Bonn Summit⁵, Prime Minister Fukuda declared the first aid-doubling plan within 5 years which emphasizes the importance of having strong relationship with Asia, especially Southeast Asia.⁶

The amount of assistance was continuously increased throughout the 1970s. Then in 1989, Japan became the top donor among DAC (Development Assistance Committee) countries for the first time and since 1991 throughout the decade, she was a quantitative donor. However, during the 1980s there were many factors that played significant role in Japanese ODA policy. One factor is Japan’s trade surplus (Inoguchi, 2000: 162), which brought a lot of critiques from other developed countries especially the U.S. Other factor is the discussion of the fact that Tokyo’s aid mainly emphasizes in the large scale infrastructure project (ibid.). The last trend was observed by Yatsumoto, who believed that during the period of 1980s to 1990s the politicization of aid was particularly significant, then it was influenced to the allocation and types of aids. However, the budget allocation for her ODA was

⁴ Sukehiro Hasekawa (長谷川祐弘) was Japanese diplomat at the United Nations during 1969-2006.

⁵ 4th G7 Summit held at Bonn, West Germany between July 16 and 17 1978

⁶ For this incident, Rix also describes that Japanese aid initiatives emerged in the 1950s and 1960s as part of a conscious aid and economic cooperation strategy for Asia (Rix, 1989 :466)

annually decreased around 10 percent. Thus, it brought to the debate that the more the quantity of ODA is limited, the larger the voice to improve the quality.

Okita mentioned that Japanese assistance has developed by five stages (Okita, 1989 cited in Steinberg, 2000: 348) :

1. Reparation
2. Lending and investment in economic cooperation
3. Economic cooperation with Asian countries
4. Responsibility as an economic major power
5. Role as a current account surplus country

2.2 Japan's ODA policy

2.2.1 ODA Charter as important foreign policy establishment

Since Tokyo began providing assistance in 1955, there was no formal guideline of these assistances. However, one year before the first ODA Charter's approval (1991), Prime Minister Kaifu initiated the four principles of Japanese ODA that include, (a) trends of military expenditure of the recipient countries; (b) trends to research on and production of weapons; (c) efforts in promoting democratization and in introducing a market-oriented economic system; and (d) condition of basic human rights and liberty (Tsuda and Elbo, 2001: 9 cited in Surichai and Saikew, 2007 : 95). In the ODA Charter declared in 1992, those four principles were written in principle section.

The factors which were a push for ODA Charter setting were rather external than internal one. The first factor was from the US and Tiananmen incident which caused by discussions of Japan's aid to China (Kamigori, 2003: p33).

After the Pacific War, Japan is always considered as an U.S. follower. Since the development of Japanese ODA, itself, was based on American concept of foreign aid introduced to Japan during the occupation period. Therefore, the U.S. influence

cannot be ignored. Thus, when Washington asks Tokyo how to deal with outcome issue such as China's democratization movement, Japan exposed no existence of aid policy to China (ibid.). It can say that the Tiananmen incident was the turning point of Japanese ODA policy in terms of re-examining of the attitude of ODA and demanding of aid policy guideline. This incident was one of a proof that Japan's foreign policy was influenced by the U.S. because although China is one of the most important recipient country and Japan would like to have a close relationship with her, but Japan had to freeze assistance to China as a pressure from the U.S. Another pressure that made Tokyo to clarify her aid policy was the Gulf War. Both cases, Tiananmen incident and the Gulf War, made International Community asked Japan to consider more about basic ideas on democracy, Human Rights and her ODA policy. Last reason that made Japanese government decided to set up her assistance policy was the fact that in the late 1980s and 1990s some donor countries adopted their own aid guideline. That means Tokyo had to create her own guideline as well.

In the ODA Charter approved by the Kaifu Cabinet in 1992, six elements are set (i) basic ideals with a humanistic viewpoint, recognition of interdependence, self-help, and environmental conservation; (ii) principles including environmental balance, military use of aid, socio – economic condition of the recipient countries, and Japanese relation with the recipients; (iii) priority which mentions Asian as important region and issues related environment and population, basic human needs, human resource development and technology infrastructure development and support for structural adjustment; (iv) measure for effective implementation of ODA; (v) means to promote freedom of information and develop education; and (vi) implementation system.

The first principle mentioned environmental convention since it is necessary in pursuing the assistance to the right path for development. The second is the prohibition on any use of Japanese ODA for military purpose and avoid supporting

military expenditure⁷ of recipient countries as well as strongly opposed supporting or involving in any conflicts and wars, and the last principle says, “*Full attention should be paid to effort for promoting democratization and introduction and if a market-economy, and the situation regarding the securing of basic human rights.*” This means that Japan promoted democracy and human rights situation in recipient countries.

Since the declaration of ODA Charter, the charter became a framework of all Japanese ODA projects at any stage should follow. However, the Ministry of Foreign Affairs of Japan (MOFA) created more sufficiency plans followed by the charter called medium term policy which is announced every 5 years and shows objectives to pursue during the years (ibid.: 32).

However, since 2002, Japan would like to be considered as superpower state, she pays more attention on New World Order especially on environment conservation, peace keeping, Human Rights and Democracy. Thus, Japan had to adjust its ODA policy to be more transparent and flexible while considering about the condition of recipient countries (Saikaw and Thirapol, 2011: 142-143). 10 years after the declaration of the 1992 ODA Charter, Japan revised her charter and it has been the foundation of Japanese aid policy until the present day.

In the 2003 ODA Charter, MOFA stated that “*(T) he Government of Japan has revised the ODA Charter with the aim of enhancing the strategic value, flexibility, transparency, and efficiency of ODA. The revision also aims to encourage wide public participation and develop deeper understanding of Japan’s ODA policies both within Japan and aboard*” (MOFA, 2003).

To compare with previous charter, although many key policies point in both Charters are the same but in the new charter, there are more detail with new elements and

⁷ Military expenditure means the development and production of Mass Destruction Weapon (MDW) and import and export arms.

three new concepts; such as human security, assurance of fairness and utilization of Japan's experience and expertise; were added. In this sense, Mya Than questioned that it is inevitably controversial that Japan uses her ODA as a tool for the national interest since there will be technology transfer to recipient countries on whatever these countries are asking for (Surichai and Saikeaw, 2007: 97).

2.2.2 Major characteristics of Japanese ODA

2.2.2.1 Self-help effort

One of the principles that the revised charter reidentified is that *“To support the self-help efforts of developing countries in human resource development, institution building including legal system, and economic and social infrastructure building”* (Surichai and Saikeaw, 2007: 97). This policy shows Tokyo's basic viewpoint to her assistance that recipient state is the main actor to make progress and achieve economic and social development. This is based on what Prime Minister Kishi stated that for Japanese assistance the first thing is to recipient's welfare and secondly to gain new export market (Fukushima, 200: 156 cited in Kamigori, 2003: 36). In this sense, the recipient should have ownership as well as responsibility for development through receiving Japanese ODA, while Japan, who also experienced its own development from foreign aid, will put her best to fulfill the recipient's development. In other hands, Japan believes that the most important thing is recipient's willingness to progress and ownership in dealing with project, while Japan, herself, should plays a role as partnership for recipient's attempt. If the program is running without self-reliance of recipient countries any efforts by Japan will be worthless.

2.2.2.2 Requested base assistance

Requested based assistance is a result from self-help effort. It is one important means to receive a large amount of aid. This means, when other countries wish to receive ODA from Japan, they had to set proposal of the project and submit it to Japanese embassy and ask aid to carry out the project. Although, this system was

created under the concept that recipient countries are project finder and it seemed to be a response to Asian fears that Japan might use her assistance to intervene in their internal affairs (Seekins, 2007: 72), but in fact, the program gained money from Japan are those writing request by Japanese consult firms who knows how to write the plan and what the content should be. In this sense, they also provide a major engineering consultant companies with much if not most of their business (Orr, 1990: 60; Kamigori, 2003: 39). As a result, in the 1990s, although Japan had lower percentage of official assistance comparing with other donors countries, this system gave Japanese companies most of grant project contracts whereas those if loan project contracts were gave to non-Japanese firms (Seekins, 2007: 73).

2.2.2.3 Role of the private sector

Based on the critic about influence of private sector in aid processing It is inevitable to say that the relations between private sector and those who play significant role in decision making has been very strong.

At the first step of assistance policy development rather than “development cooperation”, Japanese policy makers believed that successful economic development could solve all problems in recipient countries.

During the 1960s and the first half of 1970s, Japanese economic development was closely connected with its ODA because her assistance provided market for Japanese as well as secure access to national resources of developing countries (Beaudry-Somsynsky and Cook,1999). AS Japan did not have a framework for her aid policy until 1990, business sector has played significant role in decision process with bureaucratic decision makers because these two players share common interests in ODA implementation.

One of the reasons that made private sector deeply involves in ODA process is the fact that Japanese ODA considers mainly on infrastructure project such as construction of airport, roads and development of telecommunication (Ariff, 1998: 171 cited in Kamigori, 2003: 114). Kusano and Watanabe considered that Japan’s ODA

promotes investment and should be related to commercial and export promotion (Kusano and Watanabe, 1991).

Thus, to accomplish its national interest, and business opportunities in foreign countries, Japanese government has to harmonize with its business alliance. In this sense, the Ministry of Foreign Affairs of Japan (MOFA) and Ministry of Economy and Trade and Industry (METI) play significant role, in other word, MOFA plays a role of middle person between protecting Japanese national interest and business opportunity abroad while compromise with international community. Along with MOFA, METI works closely with Kaidanren⁸, Japanese Business Federation, to promote Japanese economy and economic activities in other countries.

2.2.2.4 High proportion of loan

This characteristic made a proportion of grant declined. This phenomenon is reflected on the fact that the percentage of Japanese grant element was 78 percent in 1998 which is the lowest among twenty – one DAC countries. While ten of DAC member states had 100 percent grant (Kamigori, 2003: 50). High ratio of loan might be a reason from self – help effort principle. For Japanese government, yen loan is considered as useful elements which plays significantly positive role to autonomy and development of recipient countries through repayment of Japanese aid (Economic Planning Agency, 1996: 17 cited in Kamigori, 2003: 50).

2.2.2.5 Infrastructure construction

One of the major characteristic if Japanese ODA is the connection in economic infrastructure which shares 32 percent among other sectors such as social infrastructure. This might be related to the influence of Japanese private sector

⁸ Kaidanren (経団連) comprises of 1,300 representative Japanese companies, 121 nationwide industrial associations and 47 regional economic organizations (as July 2013). The purpose of this organization is that to promote cooperation with individual and local communities for self-sustainable development of economy and improvement of quality of life of Japanese people.

because of an economic boom during the 1980s. As a result, Japanese economic cooperation with recipient countries lacked off social and civil consideration. Thus, Japan was independent and influential in local activities. The recipient cannot substantially gain an advantage from aid programs.

2.2.2.6 No philosophy

Since Japan has clear formal aid related law, many donor countries criticized on how Japanese aid flows or which sector that Japanese ODA will go in and it led to the idea towards aid come from (Kamigori, 2003: 35). Some critics mentioned that her ODA was based on Japan's industrial policy (Ensign, 1992: 11 cited in Kamigori, 2003: 35). As a result, Japanese aid flows do not reach a demand of recipient states.

2.3 Overview picture of Japanese ODA

2.3.1 Classification of ODA and its decision makers

Official Development Assistance can be divided into two different categories; bilateral and multi multilateral aid.

Multilateral assistance goes indirectly from a donor country to the recipient countries. This kind of cooperation provided financial aid through international organizations and international financial institutions such as ADB, World Bank, and UN agencies. Therefore, multilateral aid made use of professional knowledge, experience, global assistance networks that agencies have to enable aid to maintain political neutrality. Most of issues which multilateral assistance flows in are those are difficult to complete aims by bilateral aid such as refugee issue, and global warming problem etc. Additionally, it is also effective in a case where donor's lacking of information on aid method and clear understanding of situation of problem.

Japanese government is considered as a large donor to many international organizations especially to the United Nations Development Program (UNDP), the United Nations High Commissioner for Refugees (UNHCR), the World Bank and development banks.

Main Japanese agency concerned with implementing multilateral aid are Ministry of Foreign Affairs (MOFA), as the coordinator to international organizations, and Ministry of Finance who deal with implementing multilateral ODA to international financial institutions as well as allocate budget for the ODA. While the United National Industrial Development Organization (UNIDO) receives assistance from Ministry of Ministry of Economy, Trade and Industry (METI), Ministry of Health contacts with International Organization (ILO) and the World Health Organization (WHO).

However, according to ODA White Paper (2002), Japanese multilateral aid declined to 26.7 percent of its whole multilateral ODA comparing with DAC with an average of 32.7 percent.

Table 1: Ratio of multilateral aid in total ODA amount (two year average, %)

	94/95	95/96	96/97	97/98	98/99
Japan	28.0	22.2	21.5	24.5	26.7
DAC average	30.6	30.4	31.3	32.8	32.7

Source: ODA White Paper 2002

Graph 1: Progression of Major DAC countries' ODA (Net Disbursement)



Source :JICA: <http://www.jica.go.jp/english/publications/reports/annual/2010/pdf/17.pdf>

Although multilateral ODA is divided into grant and loan, much assistance is grant aid. Another category of aid is bilateral assistance. This kind of ODA is given directly towards other countries from donor country. It has been playing significant role in Japanese aid policy. The development of this assistance would relate with war reparation to Asian countries. That means, the tendency to focus on bilateral assistance has never change.

The reason why Japan focuses on bilateral aid might be because an ODA can build friendly and deep relationship between Japan and recipient countries as it contains both political and diplomatic factors, since aid policy concerns with the situation of recipient country and provides the most appropriately assistance in order to support projects required from recipient country and deal with their internal problems. Therefore, bilateral aid is suitable as it is flexible to meet the country's situation. To gain a good relationship with other country, Tokyo has been emphasizing her ODA on bilateral aid.⁹

Bilateral assistance is divided into two types: grant¹⁰ and loan which are different from the former one as the borrower needs to pay money back to the donor.

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⁹ It increases from 70% to almost 90% of the whole Japanese ODA.

¹⁰ Receiving country does not need to pay back to the donor. The donor gives money for a specific reason or project for which the recipient has to use the money.

Table 2: Classification of Japanese bilateral grant assistance

Types	Categories	Projects / Issues
General grant	Assistance for economic development	<ul style="list-style-type: none"> ● Grant aid for general projects ● Grant aid for fisheries ● Grant aid for debt relief ● Grant aid for grassroots projects ● Cultural grant ● Emergency Grant
	Food production	<ul style="list-style-type: none"> ● Food aid ● Grant for increased food project
Technical	Accepting training	
	Dispatch of experts	
	Technical transfer	
	Development research	

Source: Kamigori, 2003 : 43

As shown in table 2 bilateral grant assistance can categorize into 2 types: general grant and technical assistance. While the later focuses on cooperation, receiving training in Japan, and transferring technology and knowledge to the request country as well as providing goods, its proportion is larger than the former one. Additionally, it also includes the dispatching experts and doing development research.

General grant is assistance for economic development and for food production aid. Both of them can divide into various types of aid. Assistance for economic development includes aid for debt relief, emergency grant, cultural grant, grant aid for fisheries, grant for grassroots project and grant aid for general project. In terms of grant aid for general project, financial assistance is flowed in these following fields;

(1) medical and public health, (2) education training and research, (3) agriculture, (4) public welfare and environmental improvement, and (5) communication and transportations. Assistance for food production categorizes into food aid and grant for increasing food project. The latter provides agricultural input such as fertilizer, agricultural chemicals and farm machinery from self – help efforts to increase food production.

Another aid is loan assistance¹¹ which has lower interest rate than outside market standard and allows a long term repayment as avoiding hard burden to recipient. Most projects receives Japanese loan are in economic and infrastructure sectors as Tokyo considers that it is a basic of economic development Additionally, it is also a support of self – help effort consciousness in the recipient countries.



¹¹ Almost of Japanese ODA loans mean yen loan.

Table 3: Classification of Japanese yen loan

Types	Categories	Projects / Issues
General grant	Assistance for economic development	<ul style="list-style-type: none"> ● Grant aid for general projects ● Grant aid for fisheries ● Grant aid for debt relief ● Grant aid for grassroots projects ● Cultural grant ● Emergency Grant
	Food production	<ul style="list-style-type: none"> ● Food aid ● Grant for increased food project
Technical	Accepting training	
	Dispatch of experts	
	Technical transfer	
	Development research	

Source: Kamigori, 2003: 45

As it shown in table 4 yen loan can be divided into project type loan and non – project type loan. While the previous one plays important role and function for a special project i.e. road construction, electric plant, irrigation system, and drainage settlement. Other two types of project loan are engineering service loan and development financial loan. Engineering project loan is given before the project starts and is used for feasibility study. Meanwhile, development financial loan, or two step loan, provides budget which is necessary for the implementation of recipient country’s policies, such as, agriculture, facilities construction to improve the living standard of the citizens, and promotion of small and medium – scale enterprises (SMEs). So, development financial loan will go directly to the financial institutions if recipient country.

For non – project type loan, it consists of three different types of loans: structural adjustment loan (SAL), sector loan, and commodity loan. SAL focuses on improving overall economic system of the recipient country, such as economic policy's improvement. Thus, funds used for SAL usually flow to the settlements for important equipment and materials and concerned services. In the other hand, sector loan project pays more attention on improving and reforming policy specific sectors. Commodity loan is used to import Japanese products.¹² These merchandises are agreed between Japan and recipient country. Non – project type loan might be support balance of payments and economic stability of recipient country and guarantee benefit of Japanese companies.

Bilateral grant and loan project can be categorized into 8 sectors (table 4): social infrastructure and services; economic infrastructure and services; production sectors; multi sector assistance; commodity aid; general program assistance; debt relief; emergency assistance; and administrative and similar costs. Throughout the 1990s 20 percent of all ODA flowed to several sectors and around 40 percent wen to economic sector (ibid.: 48). However, Basic Human Needs assistance (BHN) has been increasing since around the late 1970s. This kind of aid is different from other assistance which mainly focused in overall economic development of both recipient country and Japan, as BHN aid attempts to assist poor people having low income rate to improve their living standard and to protect basic needs of the poor as human being in terms of clothing, food and housing. Thus, the aid recognizes all programs in social infrastructure and services sector, agriculture, forestry, fisheries, food aid for development promotion and emergency assistance. BHN is important when Tokyo applied sanction to recipients.

¹² It could be included industrial machinery, raw material, fertilizer and insecticide, agricultural and other kinds of machinery.

Table 4: Sectored classification and BHN

1. Social infrastructure and services	Education Health Population and reproductive health Water supply and sanitation Public and civil society
2. Economic infrastructure and services	Transportation storage Communications Energy Banking and financial services Business and other services
3. Production sectors	Agriculture, forestry and fisheries Industry, mining and construction Trade and tourism
4. Multi sector assistance	General environmental protection Women in development
5. Commodity aid, general program assistance	Structural adjustments with World Bank / IMF Food aid designed to promoter development
6. Debt relief	
7. Emergency assistance	
8. Administrative and similar costs	Administrative costs of donors Unspecified

Colored areas are BHN

Source: Kamigori, 2003: 49

Table 5: Ratio of Basic Human Needs in bilateral assistance among donor countries in 2000 (%)

Australia	71.1
Norway	69.7
Germany	55.1
U.S	54.1
Sweden	52.9

Canada	50.5
France	48.9
Denmark	47.8
U.K	45.6
Netherland	37.7
Italy	35.4
Japan	30.0

Source: Kamigori, 2003: 49

2.3.2 Major ODA decision makers

Although almost ministries and government agencies are involved in ODA operation (table 6) Ministry of Foreign Affairs (MOFA), Ministry of Finance (MOF), Ministry of Economic, Trade and Industry (METI), Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) are significant players in the system. Major financial resource for grant aid is tax revenue from general account of national budget. MOFA and MOF are mainly responsible for decision – making and JICA which is under MOFA’s control deals with actual operation. In contrast, loan is mainly decided by 3 major ministries; MOFA, MOF and METI and supervised by JBIC.

Table 6: Japanese bilateral ODA classification and providing agencies

Categories	Types	Providing agencies
Grant	General grant	MOFA, MOF, JICA
	Technical	MOFA, JICA
Loan	Yen loan	MOFA, MOF, METI, JBIC
	Other loans	JICA, JBIC

Table 7: The ODA budget of ministries and agencies (General account)

(Unit: ¥ 100 million, %)

Types	2007	2008	
	Budget	Budget	Percentage increase
Cabinet Office	37	26	-29.4
National Police Agency	30	30	-0.1
Financial Services Agency	94	133	42.0
Ministry of International Affairs and Communications	963	931	-5.2
Ministry of Justice	342	225	-34.3
Ministry of Foreign Affairs	454,359	440,729	-3.0
(JICA allocation)	155,626	153,786	-1.2
Ministry of Finance	185,292	174,155	-6.0
Ministry of Education, Culture, Sports, Science and Technology	42,688	40,539	-5.0
Ministry of Health, Labour and Welfare	10,348	9,331	-9.5
Ministry of Agriculture, Forestry and Fisheries	4,753	4,541	-4.4
Ministry of Economy, Trade and Industry	23,182	28,341	-3.0
Ministry of Land, Infrastructure and Transport	834	801	-3.9
Ministry of the Environment	417	406	-2.7
Total	729,339	700,173	-4.0

Source: Ministry of Foreign Affairs:

http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01_japansoda.pdf

Table 8: Total government ODA budget (General Account)

Type	2007	2008	
	Budget	Budget	Percentage increase
I Grants	5,703	5,507	-3.4
1. Bilateral grants	4,831	4,674	-3.3
● Economic development assistance, etc.	1,636	1,588	-2.9
● Grant aid for increases if food production, etc.	-	-	-
● Transfer to trade reinsurance special account	25	24	-4.5
● Budget for JBIC	200	135	-32.5
● Technical cooperation (Technical cooperation implemented by JICA)	2,970	1,972	-1.4
	1,556	1,538	-1.2
2. Contribution and donation to multilateral institutions	872	833	-4.4
● International organizations including UN, etc.	626	595	-5.0
● MDBs	246	238	-3.1
II Loans	1,591	1,495	-6.0
JBIC	1,591	1,495	-6.0
III Total	7,293	7,002	-4.0

Notes: Budget for JBIC include the budget associated with JICA from October 2008.

Source: Ministry of Foreign Affairs:

http://www.ide.go.jp/English/Publish/Download/Brc/pdf/01_japansoda.pdf

The main agency of ODA operation is MOFA since ODA is more likely to take as a diplomatic instrument and be required to apply strategically to solve global issues. Thus, it can be said that from MOFA's view, ODA can be one factor to cause or keep international and bilateral relations go smoothly. So, its assistance policy goes along with Japanese foreign policy development. After MOFA approve its policies concerning with ODA, JICA, established in 1974, will be practicing agency. It mostly deals with technical cooperation program and grant assistance. More than 90 percent of JICA's annually budget is from MOFA. Other financial resource is from METI.

MOF is the significant organization to allocate yearly budget for ODA from the revenue paying by Japanese taxpayers. MOF's aims are to stabilize international monetary system and development as well as international trade through international cooperation. However, since the late 1990s, the amount of ODA had annually decreased. This trend might be because the ministry focuses more on quantity of the ODA as Japanese citizen expect that its administration should be effective and transparent (ibid.: 20)

Regarding with METI¹³, the ministry has focused on economic interest and commercial issues. It plays a major role to promote enterprises' development existing in Japan and abroad. Then, it is not surprising that private sector such as trading companies, Sōgō shōsha¹⁴ and Keidanren, etc. has been influenced in ODA decision making process leading by METI. Its aims of aid policy are to promote technical cooperation, to implement measures for promoting of investment and trade, and to reduce debt of Least Developed Countries (LDC) (ibid.: 47). Its major

¹³ Ministry of International Trade and Industry (MITI) was established in 1951 after restoration of Ministry of Commerce and Industry in 1942. Then it was recognized to METI in 2001.

¹⁴ Sōgō shōsha (総合商社 or general company) covers large scale network that facilitate in both Japan and abroad.

financial support comes from postal saving, pension fund and general account of national budget.

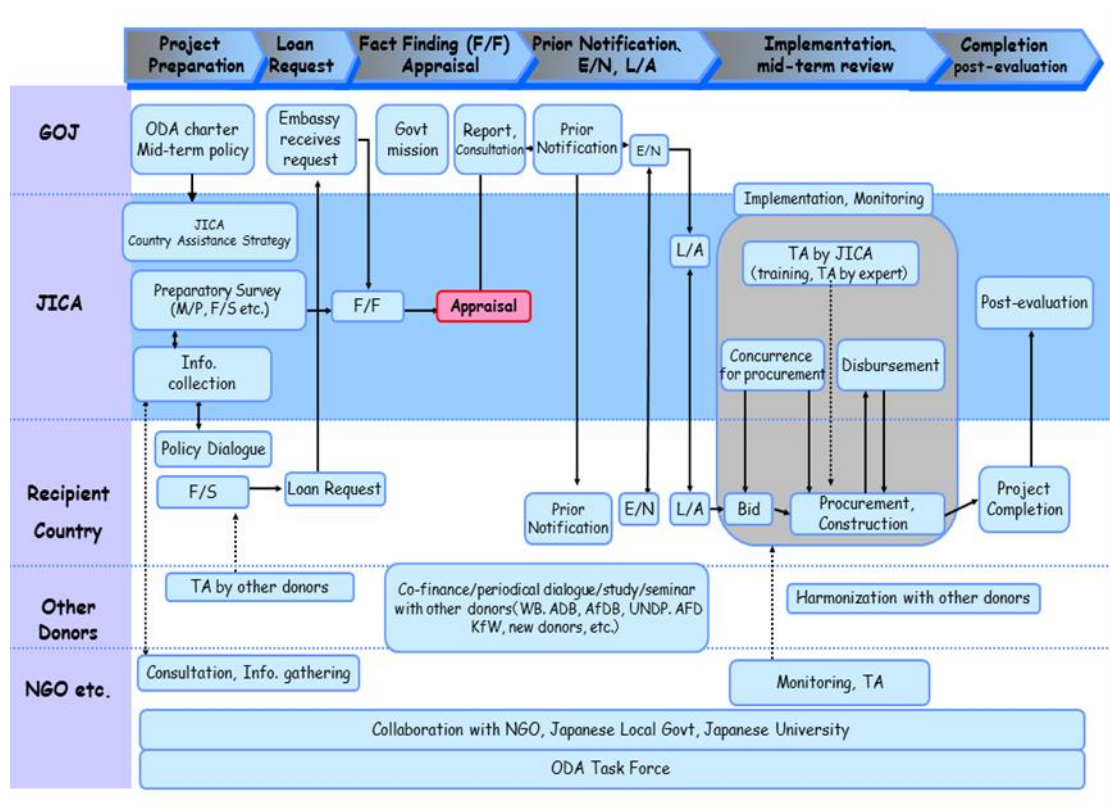
Another agency is JBIC which is established by combining the Export - Import Bank of Japan and the Overall Economic Cooperation Fund (OECF) in 1999. Originally OECF aims to support nation building in developing countries through ODA loan, but JBIC expands its working area to the International financial field for export finance and investment finance for private enterprise.

In 2008, some part of JBIC became a part of JICA. JICA Research Unit was established for policy research with its main issue on building a comprehension among public community for promoting Japanese ODA activities.

For JBIC, it changed to Japan Financial Cooperation and tended to look after internal financial issue (Saikaw and Thirapol, 2011: 152-153). Consequently, it shows that Japan will focus more on the valuable of her foreign aid as well as her economic interest in each recipient countries (ibid: 162).

To sum up, each agency is responsible for each kind of activity. MOFA supervises small budget projects to extend deeply relations with other countries, then, Japan does not have large amount of economic interest. These kind of small budget programs are grant and technical cooperation projects. While big programs with large amount of budget, having considered with both Japanese economic and foreign affairs, led by METI. MOF is an agency being responsible for Japanese situation.

Figure 1: Basic flow of ODA loan



Source: Public Debt Management Office, http://www.pdmo.go.th/upload/download_pdf/down_22072011104036.ppt

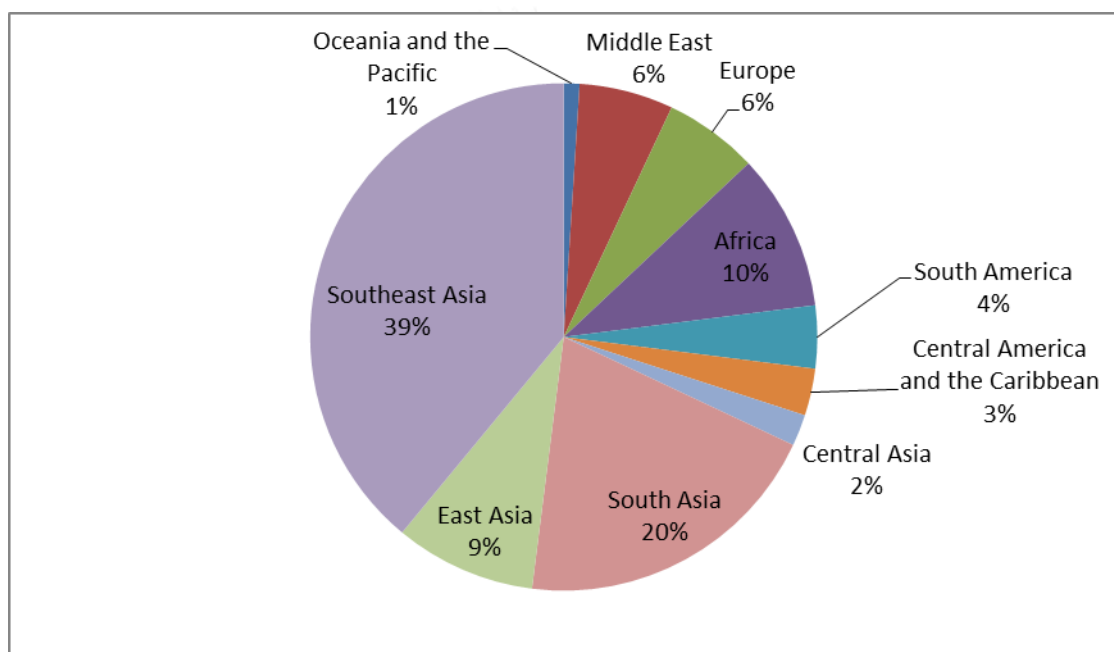
2.3.3 Priority region

According to Ichimura, Japan has played significant role in Asian economic development; especially in terms of bilateral relations, international trade, international foreign direct investment, international finance, technical transfer, resource and information transfer and economic cooperation, particularly ODA (Surichai and Saikaew, 2007: 100). Thus it is not surprise that throughout the development of Japanese ODA, Asia has been a major region for Japan to provide ODA to promote economic cooperation¹⁵ as almost half of Japanese ODA flows to

¹⁵ It also mentioned in the 1992 and 2003 ODA Charters that Asia, particularly East Asia including ASEAN, is the priority region for Japanese ODA wherever other regions such as South Asia, Africa, Latin America and Oceania will not be ignore.

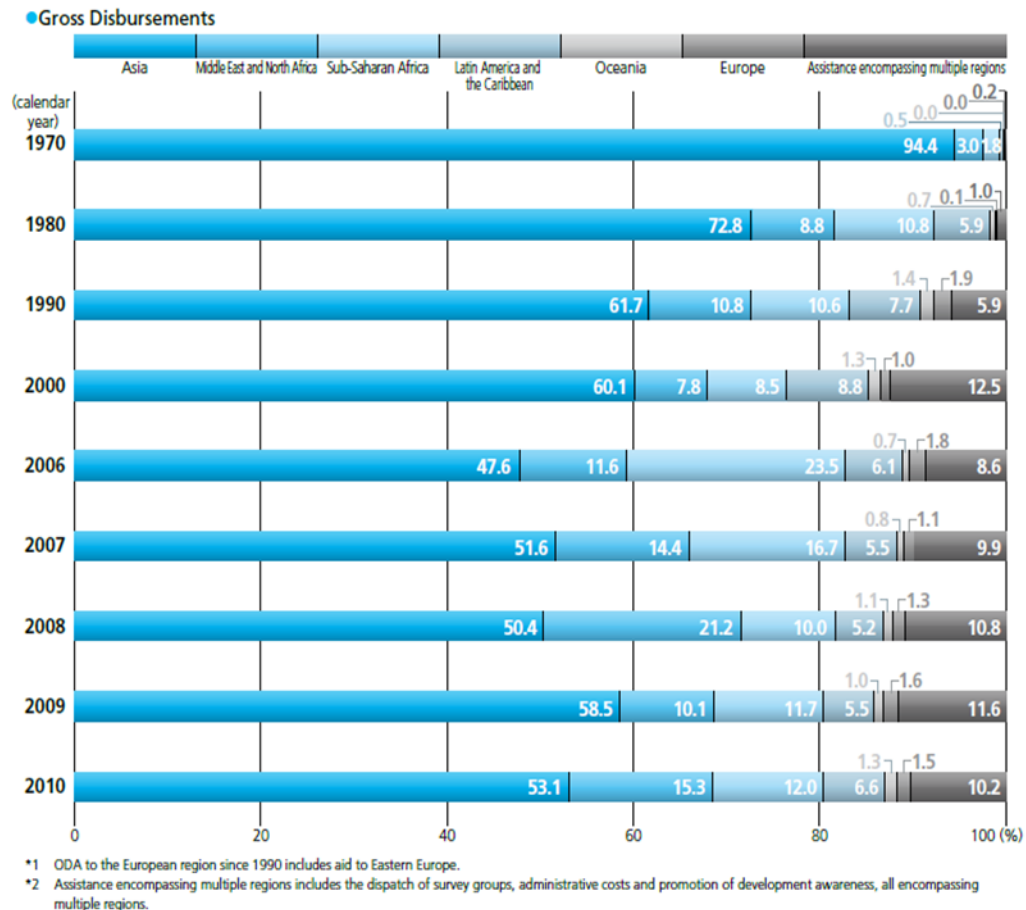
Asia (especially Southeast Asia) (graph 2) particularly during the 1960s, approximate 90 percent of its total ODA was provided to this region. For this trend, Pharr criticized that such a proportion shown an imbalance that the LDC enjoyed projects led by Japan rather than middle – income developing countries do (Pharr, 1994: 172 cited in Kamigori, 2003: 51).

Graph 2: Proportion of JICA assistance divided by region in 2008



Source: JICA Report, 2010

Graph 3: Trends in Japan's Bilateral ODA by Region



Source: Ministry of Foreign Affairs of Japan, 2011 ODA White Paper

In attempting to analyse the intention of Japan in this region, it can be said that because of economic, historical, political and cultural reasons. For Japan, Asia is her important resource suppliers and export markets (Kaneko, 1990: 52). As both of them are major trading partner to each other, hence, Asian economic development is important to Japan. Thus, for Japanese policy makers, aid and trade are something concerning closely with economic integration in the region. Therefore, economic cooperation and foreign policy cannot separate from each other.

Asia has been important region for Japan for a long time since it is rich in natural resources and situated in good strategic area. Besides the fact that Tokyo firstly

provided assistance to this region as war reparation for the damages she caused during the World War II. The relationship between Japan and ASEAN countries after the war indicated that Asia, particularly Southeast Asian region us still her priority region as it can be seen in Fukuda Doctrine which is the basic framework for Japan – ASEAN relations. Prime Minister Fukuda announced three main pillars; a) Japan rejects the role of a military power, b) Japan wants a relationship of mutual confidence and trust based on heart understanding and c) Japan is an equal partner if the ASEAN countries and will co-operate positively in their own efforts (Rix, 1982 ; 189-90; Yasumoto, 1990: 88-91 cited in Kamigori, 2003: 53). According to this doctrine, Japan has expanded her relations with Southeast Asian nations to gain benefit from closer industrial cooperation. In this sense, Fukuda Doctrine was influenced by Prime Minister Kishi’s pattern that looks to Southeast Asia as an “important market and source of supply and a platform for Japanese regional leadership” (Rix, 1989: 468 sited in Kamigori, 2003: 53).

However, to establish friendly relations with Asia, especially Southeast Asian countries, Tokyo has to win goodwill for itself first. In this sense, ODA policy can be a tool to reach the goal and it is quite successful as shown in the opinion poll conducted by TNS Singapore under the commission of the Ministry of Foreign Affairs of Japan during February and March 2008.¹⁶

¹⁶ This poll is about the opinion on Japan in six ASEAN countries (Indonesia, Thailand, Malaysia, Singapore, the Philippines and Vietnam). It is available at <http://www.mofa.go.jp/region/asia-paci/asean/survey/qa0803.pdf>

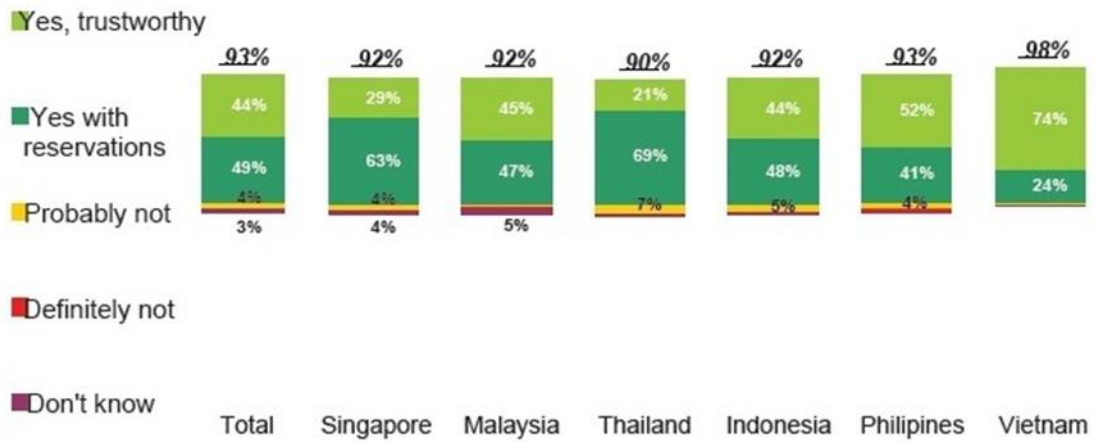
Graph 4: How do you view the present relationship between your country and Japan?



Source: MOFA: <http://www.mofa.go.jp/region/asia-paci/asean/survey/qa0803.pdf>

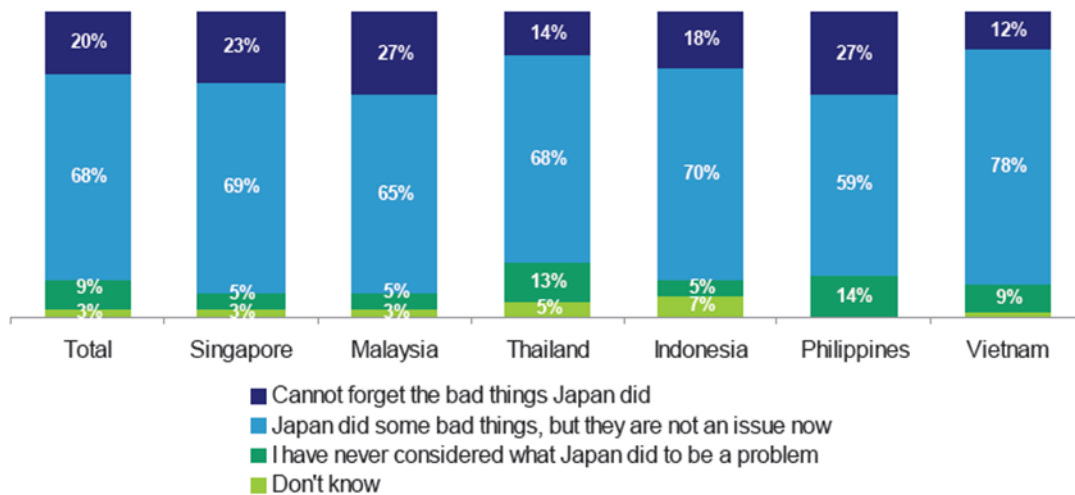


Graph 5: Do you think Japan is trustworthy friend for ASEAN countries?



Source: MOFA: <http://www.mofa.go.jp/region/asia-paci/asean/survey/qa0803.pdf>

Graph 6: What do you presently think about the acts of Japan during the World War II?



Source: MOFA: <http://www.mofa.go.jp/region/asia-paci/asean/survey/qa0803.pdf>

According to this poll on the relation between their relations with Japan, more than 90% of interviewee answered friendly or somewhat friendly. As well as over 90% responded that Japan is trustworthy or trustworthy with some reservations friend, this indicates that there are a widely positive image of their relation with Tokyo.

Other than economic and historical reasons, there is international political background. Since during the early steps of her ODA development, Japan was under the pressure if the U.S as a substitute of American in Asia during Cold War period.

For cultural reason, Japan has similar culture with Asian neighbor based on their deep relationship such as religious. Finally, this element makes Japan feels closer to this region, Asia, than other parts of the world.

This chapter illustrates an overview of Japanese ODA, historical development and its implementation as well as significant role as a fundamental framework of Japan's assistance policy. Besides it is also mentions the classification of Japanese ODA and disputes heavy emphasis on Asia particularly Southeast Asia as priority region. The following chapter will examine Burmese foreign and aid policies which are necessary

for analyzing an area that Myanmar need for aid flows and a basic condition for Burmese government to accept or not accept assistance from donor agencies.



CHAPTER III

MYANMAR'S FOREIGN POLICY

In order to understand how Japanese ODA affected Myanmar, it is inevitable to study about Burmese Foreign and aid policies. According to the characteristic of Burmese Foreign policy, this chapter is divided into three sections distinguished by 3 periods: 1948 – 1962, 1962 – 1988, and 1988 – 2010. This section was based on characteristic of Burmese foreign policy during each period of time. Another reason for dividing this chapter into three different periods is that each period corresponds to a significant phase in Myanmar's political atmosphere and exemplifies Yangon's ever-changing policies to foreign assistance. Accordingly, each section will categorize into two subsections: Myanmar's foreign policy, and its foreign assistance policy.

3.1 1948 – 1962: Neutralism Policy Period

3.1.1 Foreign Policy

According to its experience¹⁷, Myanmar has been carefully implementing their foreign policy. During the first years of independent, though Yangon opened

¹⁷ Some public holidays in Myanmar reflects Burmese nationality ideology: independence, unity, patriotism for emphasizing its experience during colonial and occupation periods.

Burmese government indicated that Myanmar can be independence because of the unity among ethnic groups in the country. Moreover, the government emphasizes that three important powers for Myanmar's development are military, peasant, and labor (Wirat and Oranuch, 2008: 79-80).

Here are state convention public holidays:

1. Independence Day (လွှဲ ကံ လယ် ရေးနေ့.) – 4 January
2. Union Day (ပြင်ဆင် စုနေ့.) – 12 February as an anniversary of the Panglong Agreement in 1947
3. Peasant Day (တောင် သူ လယ် သမားနေ့.) – 2 March
4. Armed Forces Day (တပ် မတော် နေ့.) – 27 March as the against of Japanese occupation in 1945

relationships with many countries, she gave her priority to England and India (Hugh Tinker, 1959: 34 cited in Pornpimon, 2008: 9).

Nonetheless, during this period Burmese foreign policy focused on how to maintain balance of power between the US, the UK and the USSR.

On 11th December 1949, Prime Minister U Nu¹⁸ declared some principles which became a framework of Burmese neutralist policy. These principles were that Myanmar would not specially depend on one country, on the other hand; it would be ready to open relations with any states as long as it could preserve the sovereignty.

In other word, this policy would guarantee Burmese sovereignty during Cold War era since Myanmar situates between two Asian super power countries, India and China which rather had good relations to each other.

Jonestone indicated reasons why Yangon applied neutralism policy as those who ruled the country could not separate themselves from historical that shaped the country and its people. Hence, they developed their domestic and foreign policies from the framework of historical circumstances, old culture patterns, and habits of thought and conduct that were their legacies from preceding generation (Johnstones, 1963: 4-5). According to this explanation, it could explain how foreign influence,

5. Labor Day (အလုပ် သမားနေ့.) – 1 May

6. Martyr's Day (အဇာနည် နေ့.) – 19 July as a commemorate the assassination of General Aung San and several cabinet members in 1947

7. National Day (အမျိုး သားနေ့.) - around the early of December as an anniversary of the first University student strike in 1920

¹⁸ U Nu (ဦးနု), also known as Thakin Nu (သခင် နု), (1907-1995) was a leading Burmese nationalist and political figure. He served as the first Prime Minister of Myanmar from 1948 to 1956, and again from 1957 to 1958, and 1960-1962. He was overthrown by a coup d'état led by General Ne Win in 1962.

especially Japan and the UK, affected Burmese authority groups from generation to generation. And it became main reason indicating a framework of its foreign policy. After WWII, Myanmar was totally destroyed, especially in term of economic system, it could be said that in 1945, the country was the most damaged country in Southeast Asia¹⁹ (Pornpimon, 2008: 12). As the result, Burmese government turned to England and its allies again. However, when London came back, it also destroyed Japanese military economic base in Myanmar. Thus, the new government had to retrieve its economic system. Many nations, especially the UK and the US, were willingly to offer assistance to the country; meanwhile, Burmese left wing politician also asked financial support from the USSR for economic development. Hence, the Burmese government had to avoid involving in the conflict between those two blocs, so, the government implicated neutralism policy.

Moreover, Myanmar had to find some allies that could help her in case she was invaded by her threats as an internal conflict between Burmese government and ethnic minorities groups which called for their own administration, and the conflict between Burmese government and the Burmese Communist Force. In the sense, Dr. Maung Maung, and academic and important Burmese politician in post-independent

¹⁹ During the Japanese occupation, however Japanese Military Administration assigned many social and economic policies to repair those damages affected by internal turmoil, those policies benefited to Japan and its puppet government. Japanese military interfered Burmese economic system by controlling both water and land transportation, using Burmese natural resources such as minerals, forestry and agricultural products to support Japan and its military force in other countries, as well as supervising banking and distribution system.

According to Daw Ngwei Tei (ဒေါ်ဇွဲ တီ), a 105 years old lady living in Tha Byu Chaung, Dawei, Japanese force used Ye –Dawei Road to go to the city of Dawei and aent mineral and other national resources, especially tin and teak, back to Japan by travelling to the Myitta Town, then took water route via Thaninthayi River to Thailand and sent those resources back to Japan (interview, 2012).This water transportation route was last until 2011 when Italian Thai Development PCL. (ITD) finished the access road for Phu Nam Ron – Dawei Road Link Project.

period, indicated that Burmese foreign policy was defensive and quite suspicious with China (ibid.: 13).

From those reasons mentioned above, Myanmar tried to participate in international relations, especially with the UN, in order to expand its cooperation with other nations. In terms of prevent the country from the conflict with the East, Yangon recognized the Chinese Communist government in 1949 and established diplomatic relations with the USSR in the same year.

Under the neutralist policy, some corner stones involved (1) investigating influential factors in other countries; (2) maintaining friendly relations with all countries; (3) accepting assistance from any nations in order to develop the country under the condition that it would not intervene in Burmese sovereignty; and (4) trying to create world peace as well as providing assistance to those required states (Maung Maung, 1957: 145 cited in Pornpimon, 2008: 13).

Besides political significant, this policy also focuses on economic. In other words, because Myanmar needed to reconstruct its economic system, it had to extend relations with any country. Jonestone mentioned that the Burmese government seemed to have been searching for an allied that can respond to these three conditions. First, any economic development of Myanmar depended upon sale abroad of Burmese surplus rice. Therefore, Yangon extended relations with any states which were actual or potential customers for its rice corp. Second, the Burmese government could fulfill its ambitious schemes for socialist state by obtaining foreign aid in shape of loans, grants, trade agreements, credits, and technical assistance. Thus, Myanmar had relationships with those countries which might supply some element of assistance. The last condition was that the Anti-Fascist People's Freedom League (AFLPFL) leaders had intended that Myanmar's foreign policy should be based on the principle of "friendship with all countries". Hence, Yangon had to open relations with states that might not be in the first to conditions but their relation was based on geographical, historical, or other reasons. (Johnstone, 1963: 249-250).

As a result, during 1945-1949 Myanmar established diplomatic relations with many countries under those 3 conditions mentioned above, for example, Indonesia, which was an potential customer for Burmese rice; Israel that provided technical assistance to Myanmar; Japan which had trade agreement with Yangon and could provide it other kind if aid; and Thailand, which is Neighboring country; as well as Sri Lanka, which also applies Theravada Buddhism.

Although Myanmar carefully implicated neutralist policy, it constantly played a significant role in international community (Jonestone; Pornpimon; Maung Maung; Kosoom) for example, the outstanding role of U Nu in International in international stage and in the UN as well as his afford for rapprochement with many countries in the western and the eastern blocs and also those of Non-Aligned Movement (NAM).

3.1.2 Foreign Aid policy

In May 1948, Prime Minister U Nu declared the 'Leftist Unity Program' with 15 principles that would guide his government's socialist development program. Three of those, proclaimed as the corner stone of Myanmar's foreign policy, included (1) maintaining friendly relation with all countries, (2) avoiding alignment with the power blocs, and (3) rejecting any foreign assistance which would to detrimental to the political, economic, and strategic freedom of Myanmar. The condition of accepting foreign aid was seriously mentioned in the program; *"When foreign aid offered to us, we must consider very carefully whether it is in the nature of charitable gift like a contribution to a Red Cross, or whether it is just an extension of mutual aid between two countries, or whether it is aid of the kind through which we shall be enslaved"*. (Adeleke, 2003: 596 cited in Paller, 2007: 29-30).

According to observations, Burmese leaders applied nonalignment policy in terms of potentially destructive consequences of receiving assistance from international organizations and other nations. However, the leaders seriously concerned about Burmese sovereignty, they were also enthusiastic about economic growth of the country. Hence, Myanmar joined the Colombo Plan which was founded by the West,

while accepted other assistance from other sources including China and the Soviet Union. So, large number of bilateral, multilateral, and independent donors provided aid to Myanmar during this period. However the reason why they gave assistance was based on ideological and geographical as the result of the Cold War. Significant aid from other nations was from the U.S, England²⁰, Japan, and Israel which offered technical assistance to Myanmar (Montgomery, 1960: 31-32). In the other hand, Yangon also received aid from socialist states: the Soviet Union, China and Yugoslavia.²¹

As a result, aid played significant role in Burmese economy during this period. In this sense John Thomson mentioned that foreign aid could save Burmese economy by 1950 and give Burmese rulers an opportunity to start their industrial development and economic reform program (Thomson, 1957: 272 cited in Paller, 2007: 30). In addition, Myanmar also received many aids for agriculture, industry, transportation, health and education as well.

Montgomery stated that between 1957 and 1958 46 percent of Burmese capital expenditure came from foreign aid and the number increased to 74 percent between 1958 and 1959 and reached 82 percent between 1959 and 1960 (Montgomery, 1960: 31).

²⁰ Myanmar did not join the British Commonwealth, it is said that because of internal pressures from the left-wing group. So, in the 1947 Constitution, the text indicated that Myanmar was to be 'an independent sovereign public'. Thus, Yangon participate the Colombo Plan to receive assistance from England through this multilateral process instead of accepting bilateral aid from England.

²¹ Yugoslavia provided assistance in form of military advice.

Table 9: Change in government budget (1949/50 – 1959/60)

(in million kyats)

S/N	Particulars	1949/50	1954/55	1956/60
1	Internal Receipts	1937.5	4667.3	5674.7
	Current Account	1367.7	2277.4	2502.5
	Capital Account		182.3	104.3
	Financial Account	569.8	2207.6	3067.9
2	External Receipts			170.9
	Loans			77.8
	Japanese Reparation*			93.1
	Grant and Aid			
	IMF, Special Drawing Right IBEC			
3	Total Receipts	1937.5	4667.3	5845.6
4	Expenditure			
	Current Account	1068.5	2066.4	2175.4
	Capital Account	35.7	626.2	438.4
	Financial Account	596.7	2375.2	3359.3
5	Total Expenditure	1700.9	5068.0	5973.1
	Adjustments			
	Surplus or Deficit	236.6	-400.7	-127.5

*From 1964/65, Burma – Japan Economic and Technical Co-operation Agreement

Source: Saito and King Kong, 1999: 208

In the late 1950s to the early 1960s, Myanmar's aid policy was particularly focused on receiving assistance to improve its infrastructure such as transportation links and university building. The focus on infrastructure reflected was main priority of Burmese government during that time. In other word, developing infrastructure would let Myanmar to reach economic growth. In requesting and receiving these assistances, it can be conclude that Yangon closely followed the emergence of development aid trends.

Even foreign assistance were important for its development, the Burmese government would deny any kind of aid flows if it affected to Burmese authority and its natural policy. The most significant sample was in 1953 when Myanmar required the U.S to stop its aid program in the area that Washington were funding Chinese Nationalist troops (the Kuomintang forces) hiding in Burmese jungle²² (Wolf, 1960: 150 – 151 cited in Paller, 2007: 31). Burmese diplomats critiqued the U.S for this support at the UN in the same year. Therefore, the U.S had to cancel its assistance flowing to the problem area.

In conclusion, two key factors that influence in the implication of Burmese foreign and aid policies were public security and economic restoration. As Burmese leaders during this period choose neutralism policy, Yangon could avoid any conflict between the East and the West. In the other hand, she could receive any kind of assistance from any countries which followed her condition; avoiding to interfere political, economic, and freedom of Myanmar. The most requirement aids were loans, grants, trade agreements, and technical assistance.

²² The KMT troops escaped from China to Myanmar after the Chinese Communist Party seized the power. They stayed in Shan State and spread opium production in that area.

3.2 1962 – 1988: Burmese Way of Socialism Period

3.2.1 Foreign Policy

The turning point of Myanmar was the 1962 coup d'état. General Ne Win²³ and his force overthrown U Nu cabinet and seized power under the administration of the Union Revolution Council (RC). This coup greatly affected to Burmese political and economic systems, On 30 April 1962 the new government declared new philosophical framework for Burmese policy called the Burmese Way to Socialist, a component of socialism, Buddhist doctrine, and humanism which emphasized on a socialist economy, the development of Burmese military and national identity among ethnic groups in the country.

After a socialist economy was settled down, Ne Win founded the Burma Socialist Programme Party (BSPP), or Lanzin (လမ် စရံ) in Burmese, and served as its chairman until 1988. The BSPP placed the political and economic ideology to change Myanmar to socialist state²⁴ (Pansoon, 1998: 37 cited in Pornpimon, 2008: 18). Under this new system the government nationalized all major industries; such as rice, banking, mining, import – export trade, teak, and rubber as well as private business because most of these ran by the Chinese²⁵ or Indians.²⁶

²³ Ne Win (နေဝင်း ; 1910 – 2002) was a Burmese politician and military commander. He was one of the Thirty Comrade which founded by the Japanese Military Administration (Gunseikanbu or 軍政幹部 in Japanese) to fight with the British during 1941 to 1942. He succeeded the position of Prime Minister from U Nu and ruled the country from 1958 to 1960, and 1962 to 1974. Ne Win became head of the state from 1962 to 1981). According to Burmese history textbook, Ne Win was mentioned as a person who saved the country from civil commotion (Wirat, 2008: 206-207). In general he was called by the Burmese as 'the Old Man' or 'Bogyoke' (ဝိုလ်ချုပ် or supreme commander).

²⁴ One of eminent Burmese mentioned about this changes that, "because it was socialist it was good, but because it was Burmese it was better" (Steinberg, 2010: 64).

²⁵ The Chinese here include those who remain Chinese nationalities and those who became Burmese citizens or Burmese – Chinese.

Although Myanmar became independent state since 1948, major economic sectors such as industry, trade and bank, were in hands of foreigners; the Western, the Chinese and the Indians. Thus, the significant of this reform was that General Ne Win would like to eliminate foreign influence in Myanmar. The Enterprise Nationalization Law which passed in 1963, affected directly to many proprietor especially those who were not Burmese as the law prohibited foreigners from owning land, sending remittances, getting business license, and practicing medicine. The economic nationalism led by Burmese government ended all economic participation of foreigner. Because of this policy, it made these people, especially the Indians²⁷ and the Chinese²⁸, fled to other neighbouring states such as Thailand and Malaysia. Some of them returned to their origin countries. Hence, it could say that this nationalization was a new era of Myanmar as both government and Burmese citizens had an opportunity to change their economic by themselves for the first time.

After the BSSP successfully controlled the country, Myanmar was effectively cut off from the world. During this period International Organizations, having their offices in Myanmar, were obstructed and seriously controlled. Schools supported by

²⁶ The terms Indians here means all people from the Indian sub-continent origin, India, Pakistan, Bangladesh, and Nepal, who retain their nationalities and also those who became Burmese citizens.

²⁷ Major Indian exodus to Myanmar was during colonial era. They occupied large percentage of non – agricultural sector. However, many Indians origins left Myanmar after the collapse of the British administration in the country, some returned to Myanmar after WWII, but the number of Indian residents never reached of pre-war period (Carter, 2008: 52-53).

²⁸ The earliest record of Chinese diaspora was in Song Dynasty (960 – 1279). Large numbers of Chinese migrants flowed to Myanmar in the 19th century when Myanmar was under the British rule. They quickly became important part in Burmese economic as well as the Indians. During the Ne Win regime, those Burmese – Chinese immigrate to other Asian countries. Beside the Enterprise Nationalism Law, Ne Win, a Burmese – Chinese Descent, also banned Chinese language education in Myanmar and created measures to force the Chinese to have the country. This episode led to anti – Chinese movement during 1967 to the 1970s.

missionary were nationalized. And Burmese travelling visa was lasted in 24 hours (Steinberg, 1982: 80 cited in Pornpimon, 2008: 19). Yangon mentioned about its new policy as follow (Khin Maung Nyunt, 1990 cited in Paller, 2007: 36):

“1. The government reaffirms its unswerving dedication of the ideal of peace, friendly relations, and cooperation between all nations based on international justice and morality.

2. The government reaffirms its whole hearted support for a complete faith in the purpose of the United Nations as embodied in its Charter.

3. The government reaffirms its conviction that the policy of positive neutrality pursued by the Union of Burma ever since context of the prevailing world situation. Hence faithful pursuit if this will best serve the larger interests of Burma and the world.

4. Accordingly, the Government of the Union of Burma looks forward to the continuance of its existing cordial relations with all countries on the basis of the above stated policy.”

In other word, even though neutrality still remained fundamental for Burmese foreign policy, the Revolutionary Government interpreted it as isolation. This, the government limited its role in international community, meanwhile, it prevented foreign influence in the country in terms of economic, religious, education, and culture. In addition because of its new economic policy that forced many businessmen migrated back to their original countries, Myanmar had to do its relations with China, India, and Pakistan very carefully.

Moreover, during the first phase of the revolution, Yangon had few international contacts since its internal conflict as many ethnic minority forces widely spread over

the border between Myanmar and Thailand, China, India and Bangladesh such as the Karen National Union (KNU)²⁹ and the Kachin Independence Organization (KIO).³⁰

3.2.2 Foreign Aid policy

Ne Win's policies reconfigured Burmese ideology on assistance by steadfastly adhering to a philosophy of self-reliance (ibid.). Because of a fear of foreign influence extended to economic domination, especially the Chinese and the Indians, all new assistance programs were carefully examined. As a result, the Ne Win cabinet banned new foreign investment and aid. It might be said that during this period not only foreign firms have been affected, but also Burmese private companies. Additionally, the government refused to join the Asian Development Bank (ADB). Rather than receiving benefit from foreign aids, Yangon decided to abandon isolation approach. Nonetheless, the government still supported its industrial investments, but these investments mainly went to infrastructure.

However, by 1973, the Burmese government began to reform institution and economic policy for inviting foreign assistance. Yangon received large amount of aid flows from the Organization for Economic Co-operation and Development (OECD) countries and other multilateral agencies in 1974 (\$ 6,504 million) and it increased to \$ 58,101 million in 1979³¹ (table 10).

²⁹ The KNU founded in 1947 with the aim of free Kayah State, but since 1976, the Karen has called for a federal system. It is active in South and Southeastern part of the country. The KNU was funded by controlling black market trade along Thai – Myanmar border.

³⁰ The KIO established in 1961 and was effectively controlled the Kachin State during the 1960 to 1994.

³¹ The assistance dropped to an average between \$ 200 and \$ 300 million from the early 1990s due to political situation in 1988.

Table 10: Bilateral and multilateral foreign loan and aid to Myanmar during 1974-1986

Year	Millions US Dollar			Percentage		
	Bilateral (OECD Countries)	Multilateral	Total	Bilateral	Multilateral	Total
1974	60.2	5.2	65.4	92.0	8.0	100
1975	22.2	26.2	48.8	45.5	54.5	100
1976	42.5	30.1	43.1	58.1	41.9	100
1977	58.8	47.3	106.1	55.4	44.6	100
1978	237.7	120.3	358.1	60.4	33.6	100
1979	413.2	104.8	518.1	79.7	20.1	100
1980	324.6	78.1	402.7	80.6	19.4	100
1981	248.0	80.8	328.0	75.6	24.4	100
1982	310.8	111.2	421.9	73.7	26.3	100
1983	211.3	86.2	297.5	71.0	29.0	100
1984	200.0	125.9	325.8	61.4	38.6	100
1985	254.5	102.3	356.7	71.3	28.7	100
1986	306.1	107.7	413.8	74.0	26.0	100

Source: Paller, 2007: 43

Nevertheless, aid providing this period were not improve the situation in Myanmar as much as it should be. The government indicated to develop the country's infrastructure rather than to direct productive project. As the result, the assistance flowing to Myanmar did not increase the growth of GNP.

Furthermore, in March 1972 the BSSP changed the English-imposed administrative system that means Ne Win trend to eliminate colonial heritage by structurally renovated local administration. Under the new administration, local district commissioners were lost their power and replaced with BSSP security and administrative committees.

Although the reform was not directly related with foreign aid policy, it had a major impact on how the assistance was used and who used it. It could be said that the reason behind this change was to attempt to establish stronger relationship between

ministers and operations government agencies. On the one hand, this was good for the effectiveness of foreign aid as minister could be responsible for the projects they manage. But, on the other hand, high-level administrators residing far from the in Yangon could not know much about local problems as well as an avoidable corruption in certain level of local participation.

3.3 1988 -2010: Open - door policy

3.3.1 Foreign Policy

The 8888 Uprising (or the 8888 Nationwide Popular Pro-Democracy Protests; the 1988 Incident)³² was a significant episode in Myanmar history. Main reason of the crisis was the BSSP economic mismanagement³³ which reached the worst point during the late 1980s. The Ne Win regime had to ask the UN for authorization Myanmar as the Least Developed country (LDC) in 1986 and it was approved in 1987. According to this permission, Myanmar could specially receive aid from international financial institutions and foreign countries (Pansoon, 1998: 57 cited in Pornpimon, 2008: 22).

The breaking point of the junta and Burmese people was when the BSSP regime canceled 25, 35, and 75 kyats bank notes without compensation, as the result, 80 percent of internal circulating money disappeared from Burmese economic system (Pornpimon, 2008. : 58). However, the conflict between students from the Rangoon Institute of Technology (RIT) and riot police led to a strike of university student at local police department as one of the students was killed and many of them were arrested. The government harshly suppressed this protest. Finally, students, along with monks and those who upset with the regime, demonstrated against the

³² However this incident was a series of demonstrations and riots in Myanmar during March to September 1988, key events occurred on 8th August. So, it is called the 888 Uprising.

³³ Other causes were military dictatorship, the failure of the BSSP, corruption within the government, and demonetization of bank notes.

government in Yangon and other part of the country. The protestors asked the junta government for resignation and democracy. The protest reached its peak on 8th August when the authorities ordered the military to shoot directly at the demonstrators (Ghosh, 2001: 158-165). However, the riots continued until Ne Win quitted his position with the crackdown of the BSSP and the interim government was established.

On 18 September, General Saw Maung³⁴ seized the power and formed the State Law and Order Restoration Council (SLORC).³⁵ After that the newly formed government oppressively repressed the demonstrations. Many activist students escaped to Thailand. This violent suppression led the people felt dissatisfaction with the government. Since that time Myanmar has been ruled essentially by martial law. The bloody suppress in the 8888 Uprising was new political phenomenon in Myanmar because in the past both civilian and military junta governments had never used violent methods to repress their people, except to ethnic minority troops. Hence, the 1988 Incident was the beginning of a long-term disagreement between people (the Burmans and other ethnic groups) and the junta government. Then, the government had to use violent means, Military Intelligence Unit, and riot soldiers to guarantee their power.

During the crisis, Aung San Suu Kyi³⁶, a secretary of the National League of Democracy (NLD), demanded for democracy and became a national icon. Even she was under house arrest in 1989 (during the election campaign), her popularity steadily increased. Her party won the 1990 election with 80 percent of seats in the

³⁴ General Saw Maung (1928-1997) was the founder of the SLORC and served as chairperson from 1988 to 1992.

³⁵ Many academic such as David I. Steinberg and Carl Von Clausewitz believed that the SLORC was just other methods designed to continue military control.

³⁶ Aung San Suu Kyi (အောင်ဆန်းစုကြည် ; 1945 – present) is a daughter of the Father of Myanmar, General Aung San. She is a Burmese politician and chairman of the NLD. Daw Suu Kyi was under house arrest for 6 times: 1989, 2000, and 2003.

government (392 out of 447). The junta refused the election's result and remained in power until the 2010 general election. However most of representative elected from the 2010 election are former military officers and 110 seats out of 440 were reserved for military appointed that was chosen from Defense Services, thus, it was called Army Representatives (AR).

Due to the violent suppression during the crisis and the refuse of the 1990 election, the U.S, European countries, and other western states, imposed sanctions policy on investment and aid flows to Myanmar. America had also pressured Japan to stop aid to Yangon as well. As the result, Myanmar cemented its relations and willingly accepted assistance from China. Beijing was a major supplier of military assistance, military equipment since 1984³⁷, infrastructure construction, and economic assistance (such as loans, border trade agreement, and investment). Jurgen Ruland stated that the Chinese-Burmese relations became a main polar for Myanmar foreign policy (Ruland, 141 cited in Pornpimon and Chaichok, 2009: 910).

With an emergence of Chinese influence in Myanmar, other Asian countries attempted to counter this influence, along with its strategic natural water route, the Malacca Straits³⁸, other Southeast Asian states decided to extend their relation with Yangon. Then Myanmar adjusted her policies, especially investment approaches to correspond with those of other countries in order to attract more foreign investment fund. In addition, Myanmar encouraged to open economic relations with many Asian nations such as Thailand³⁹, Japan, Singapore, Hong Kong, China, and South Korea etc.

³⁷ Myanmar paid in form of barter trade.

³⁸ It is the most important strategic and commercial link between the Middles East and East Asia.

³⁹ A large number of concession contracts for hardwood extraction, marine time fisheries, and timbers were given to Thailand after the visit of General Chavalit Yongchaiyut, Thai Army Commander, in 1988.

As the result, Myanmar joined many regional organizations: the Association of South-East Asian Nation (ASEAN)⁴⁰ in 1997; the Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation (BIMSTEC) in 1997; the Greater Mekong Sub-Region Economic Cooperation Organization (GMS) in 1992; and the Ayawaddy – Chao Phraya – Mekong Economic Cooperation Strategy (ACMES) in 2003. In addition, Myanmar joined the Non – Aligned Movement (NAM) again in 1989 by the invitation of President Suharto of Indonesia. These participations led to the dynamic in Burmese foreign policy.

After the dismissal of General Khin Nyunt⁴¹ as Prime Minister in 2004, the Burmese government continuously demonstrated that the junta's priority interest were foreign investment, tourism, and good relations with neighbouring countries. Burmese new leader, General Soe Win, refused UN Special Envoy, Razali Ismail, and UN Special

⁴⁰ Actually soon after the foundation of ASEAN in 1967, and later on, Myanmar was approached to join this organization. However, as a founding member of NAM and its five principles of peaceful co-existence and neutrality, Yangon decided not to join the ASEAN.

The benefits of becoming a member of the association in 1997 were expected by the military junta in a state press release as follow (Khin Ohn Thant, 2001: 264 cited in Mya Than, 2005: 85)

“● 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.

● Opportunities emerge to open the door wider politically and economically with the help, understanding and sympathy of other fellow ASEAN members.

● With greater co-operation the friend in the region in 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 regions.

● With more contacts and communications among the people of the region in multifarious field, the ten nations, with a common cultural traditions and colonial experience, can now formulate characteristics of ASEAN.”

⁴¹ Khin Nyunt (ခင်ညွန့် ; 1939 - present) was the Chief of intelligence and Prime Minister from 25th August until 18 October 2004. As an accusation on corruption, he was convict under house arrest for 7 years. He was release from house arrest in 2010 by the order of President Thein Sein.

Rapporteur for Human Rights, Sergio Paulo Pinheiro, to visit the country. However, Myanmar still had cooperation with the UN, especially the International Labour Organization (ILO).

Unlike Khin Nyunt administration, the Burmese Foreign policy in post – 2004 period subordinated to domestic military policy and less influenced by professional diplomatic consideration (Wilson, 2007). Consequently, Burmese foreign policy became more reactive and defensive than before. This tendency was reflected security consciousness and the lacking of international experience of the new leaders. Additionally, this policy also responded the U.S as America tightened its sanctions against Yangon with the allegation of the outposts of tyranny.⁴² However, after 2004, Burmese foreign policy maintained high level of activities in its relations with its neighbours. The most significant victory of Myanmar's diplomatic in this period was that Burmese foreign minister, U Nyan Win, attended the Asia – Europe Summit (ASEM) in Hanoi in October 2004.

It could be said that the Burmese foreign policy was totally different from the previous government as the country thrown away its isolation approach and joined many regional organizations. On the one hand, the policy during this period was similar to those of civilian government; on the other hand, the difference was that Myanmar has been boycotted by many states because of Human Rights abuses and undemocratic condition of Myanmar.

3.3.2 Foreign Aid policy

Since the sanctions and its economic condition, Burmese government had to find the way to increase its revenue by giving opportunity to foreign investors, especially those from Asian countries, to do their business in Myanmar. In accordance of the Second Five – Year Short Term Plan (1996/1997 – 2000/2001) identified that an

⁴² It was described by Condolezza Rice, a former United States Secretary of State, in 2005. The other five countries are Belarus, Zimbabwe, Cuba, North Korea, and Iran.

overall investment would be around 839,000 million kyats per year, while the growth of agriculture sector would be 5.4% annually (EIU Country report, 1996: 17 cited in Pornpimon and Chaichok, 2009: 884). The next development plan (2001/2002 – 2005/2006) had quite the same detail, however the significant issues were as follow (Pornpimon and Chaichok, 2009: 885):

1. To develop agro-based industries
2. To extend energy sector to increase electrical power
3. To increase agricultural surplus including fishery and livestock in order to promote export

Moreover the military junta declared 1997 as “Visit Burma Year”. In order to promote tourism, the government needed assistance for construction of infrastructure and public utilities projects. However, with the sanction and anti-Burmese tourism campaign led by foreigner during 1999 and 2000, the income from tourism sector did not reach satisfied rate. Businesses related with tourism were seriously affected and some of them had to close down i.e. Kandawgyi Palace Hotel in Yangon which closed down in 2000.

In term of investment, those countries interesting to invest in Myanmar would like to go to other sector beside agriculture and industry. Asian nations trend to invest in tourism sector, meanwhile, western countries preferred to spend their money in energy sector. Those sectors promoted and supported by the government; agriculture, infrastructure, and industry; were not received much attention by foreign countries and investors because of high budget for investment and long term payment period. In addition, the junta could not raise a loan from foreign countries and international financial institutions. Thus, foreign investment was stunted. In 2002, projects approved by the SPDC decreased by 92 percent comparing with the previous year with around US\$ 20 million of investment fund.

As the economic illiquidity, the regime tried to reform its political system by proposing the seven – step roadmap to democracy in 2003. Its details were as follow:

1. Organizing the national Convention which had paused since 1996.
2. Implementing necessary process for the founding in a democratic system after the National Convention has been successfully settled down
3. Drafting a new constitution
4. Making referendum for draft constitution
5. Holding general election
6. Convening the meeting of elected representative to the Hluttaw (Assembly of the Union)
7. Establishing a modern and domestic nation by the elected government

The turning point of Burmese aid policy was when the country was attacked by Cyclone Nagris in 2008. Myanmar had to open its door to accepted assistance offered by worldwide to the most remote area. However, the government sharply responded against this reaction which was described by David I. Steinberg as a systemic problem of the junta (Steinberg, 2010: 139-142). Finally the regime accepted these aid floes under the coordination of the Tripartite Core Group (TCG) consisting if the representatives from the Burmese government, ASEAN and the UN. For the military junta, a positive experience with the TCG made the authorities to allow a larger humanitarian assistance flow to the country (Currie, 2012: 27-28).

In implementing the national plan, the Forth Short – Term Five Year Plan (2006/2007 – 2010/2011) focused on following issues

(ftp://ftp.fao.org/TC/CPF/Country%20NMPF/Myanmar/Status/CPF_201014_Myanmar.pdf) :

1. The development of infrastructure
2. Special Development Zones

3. The development in rural area
4. The decrease of poverty
5. The solution of MDGs⁴³

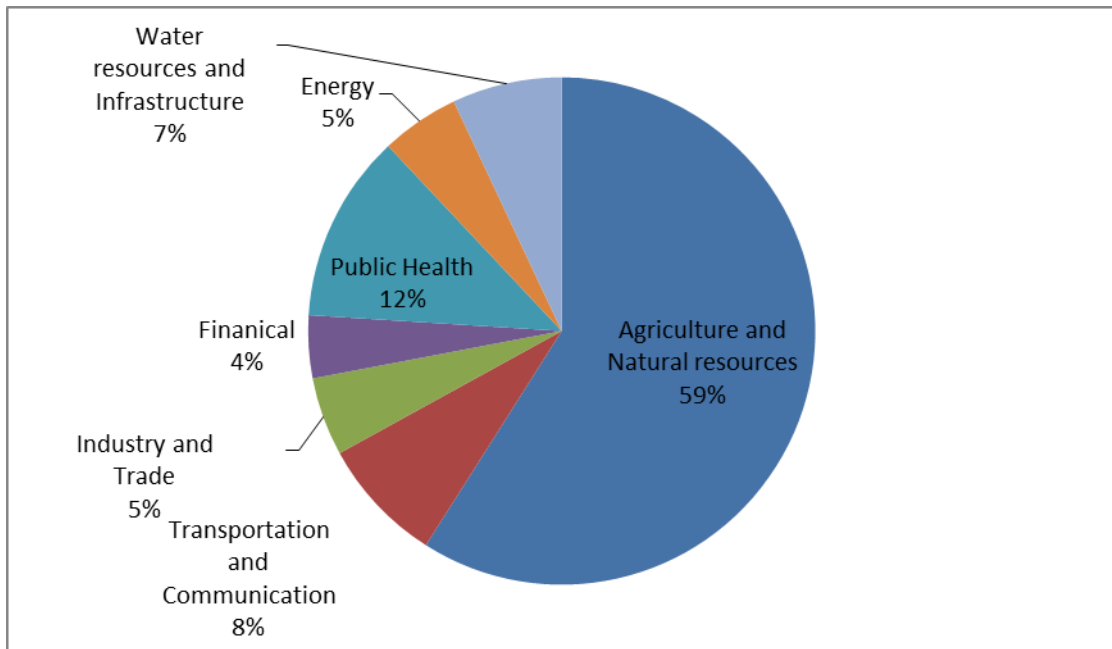
According to the National Medium Term Priority (2010 – 1014), it clarified that agricultural development was main priority of Myanmar's government for external assistance.



⁴³ The Millennium Development Goals (MDGs) are issues that the UN and at least 23 International agencies committed to achieve by 2015. These matters are as follow:

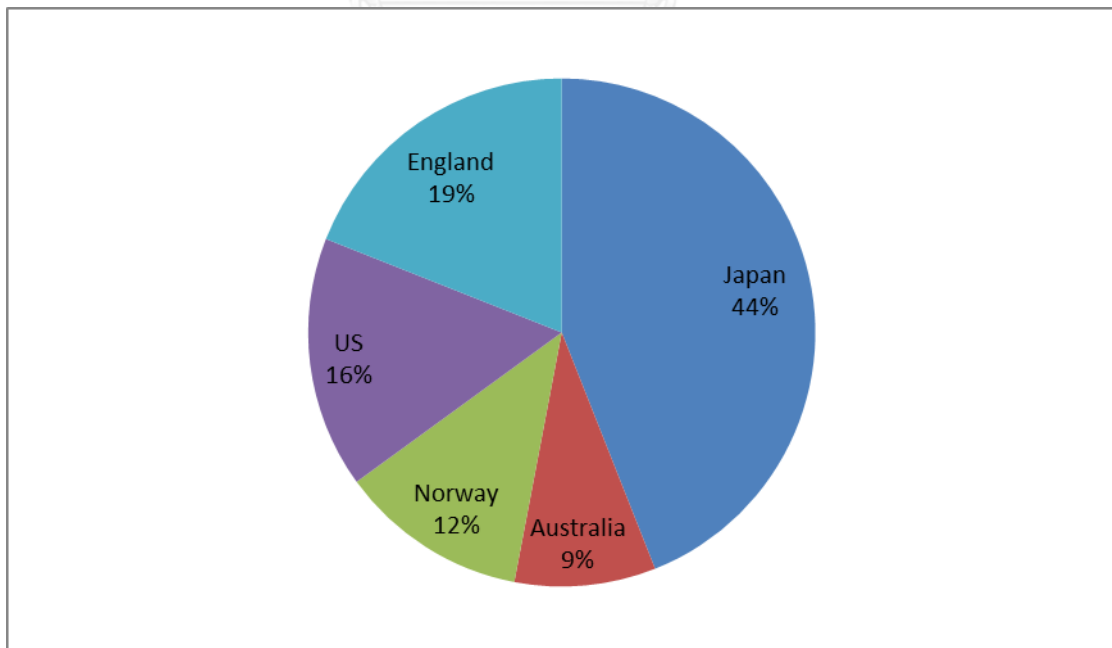
- 1 To reduce the number of malnutrition
- 2.To succeed universal primary education
- 3.To promote gender equality and empower women
4. To decrease number of children death
5. To improve health condition of mother
6. To fight with HIV/AIDS, malaria and other diseases
7. To guarantee environment sustainability
8. To develop a global partnership and development

Graph 7: Proportion of ADB assistance to Myanmar divided in sector



Source: Institution of Asian Studies, Chulalongkorn University, 2011: 3-29

Graph 8: Ratio of foreign aid flows to Myanmar in 2008



Source: Institute of Asian Studies, Chulalongkorn University, 2011: 2-6

After political change in 2004, the SPDC did not withdraw approvals given to International assistance programs or stop humanitarian and capacity – building activities led by International non – government Organizations (NGOs). Most of donor agencies also continued their projects in Myanmar and tried to go in more sensitive projects.

Foreign Policy is inevitable connected was aid policy. Burmese foreign policy since 1948 had been based on neutrality as its experience of occupation by Britain and Japan. Then, Myanmar tried to decrease foreign influence in the country. During the civilian government, Myanmar contacted to any countries under the condition of preserving national autonomy. Moreover, she was active in international community. For aid policy, Yangon accepted any kind of assistance especially those for infrastructure and economic development projects for rebuilding the country after the devastation during the WWII. In 1962, General Ne Win seized the power. However the regime continuously applied neutralism policy, they decided to abandon isolation approach. The new government limited its role in the world to resolve internal conflict with ethnic minority groups. International agencies situated in Myanmar and foreigners conducting their business in the country were threatened. Under the Ne win regime, Yangon's aid policy also focused on infrastructure development. After the SLORC (later SPDC) ruled the country, Burmese foreign policy was more dynamic and constructive as Myanmar opened its door to international community. However, its role in International stage was not significant as the first years of independence. Because of sanctions and economic mismanagement, Burmese economic faced crackdown. Hence, the government decided to reform the country for inviting more international aid flows. Priority areas for external assistance were economic development, infrastructure investment, and agricultural development. However, the 2008 Cyclone Nagris led the junta accepted more grassroots and humanitarian assistances from International organizations and other nations.

CHAPTER IV

JAPANESE ODA TOWARDS MYANMAR

In the previous chapter, Burmese foreign and foreign aid's policies were examined. It showed that since independence period, Myanmar has tried her best to protect her national autonomy and this became clear that why during the long history of Burmese aid history, the Burmese government, especially the military regime, preferred bilateral negotiation than multilateral one. Furthermore, it can be noted that Burmese aid policies has taken an economic development as her priority. However, the impact of sanction by the West has much impacted on both humanitarian relief projects and development project in the country. Nonetheless, after the Cyclone Nagris, Myanmar received large amount of humanitarian and emergency aids from the outside.

This chapter narrows down to specific cases of Myanmar and examines how Japanese ODA has been induced and implemented under what kind of aid policy. In the first half, it describes background relations between Japan and Myanmar and transaction of Tokyo's ODA to Yangon from 1955. It clarifies how Japan supported for Burmese economic rather than social development while a change of Japanese aid policy in 1989, after the 1988 incident, made her to spend most of her assistance to Myanmar to humanitarian basis and expanded her aid through Grassroot Grant Projects. The 3 period of Japanese ODA to Myanmar are divided by international politic during the different of time: World War II and independence period, Cold War period (1955-1988), and post-Cold War period. The second half focuses on different cases studies selected by type of Japanese ODA in sense of how it affected economic and social development in the project area.

4.1 Japan–Myanmar relationship during World War II and independence period

Before the late 19th or early 20th centuries, there was little connection between Japan and Myanmar. The earliest record about a meeting between two countries was written in 1872 by Kinwun Mingyi, a chief minister of Myanmar during the reigns of King Mindon and King Thibaw, during his diplomatic mission in London.

However the contact between Myanmar and Japan increased after Japan began its imperial expansion. One example of early connections of the two states was when Burmese nationalist U Ottama, a Buddhist monk who had visit Japan and write admirably about this far eastern country in 1912 (Strefford, 2010: 35). While Burmese nationalist interested in Japan and continued to visit, the Japanese had limited interest to the country until the establishment of the Burma-Japan Association in 1935⁴⁴ (ibid.).

The movement of Japanese imperial army during the World War II, which brought a serious harshness and devastation to Asia as well as the Pacific, was based on the idea of Greater East Asia Co-Prosperity Sphere. This concept presented that the countries in Great East Asia⁴⁵ would ensure the brotherhood of countries in this region by respecting other nations' sovereignty and independence. With this idea, Japan believed that she was the only one who could be the leader of other nation in the Sphere for her own interest. Then, Japan tried to support indigenou people

⁴⁴ Japan Myanmar Association (JMA) , or 日本ミャンマー協会 (Nihon Myanmar Kyokai) in Japanese, is an organization assisting further exchange between these two countries with dramatic development. Moreover JMA realizes the Win-Win relationship especially for private sector's investment promotion, trade expansion, technology cooperation and human resource development (http://japanmyanmar.or.jp/shr/pdf/eng_pamphlet.pdf). In the late 1988, its membership include presidents and chairmen of board of 14 Japanese largest companies but as of the first decade of the 21st century the association membership decreased to around 20 companies(Pongyelar, 2007). However as of June 2013 it has 102 regular members and 9 supporting members (http://japanmyanmar.or.jp/shr/pdf/eng_pamphlet.pdf).

⁴⁵ Member of the Sphere were Japan, Thailand, Manchugkua, Myanmar, Laos, Vietnam, Cambodia, the Philippines, Mengjiang (Inner Mongolia), Republic of China (Republic of China-Nanjing) and Azad Hind (Free India)

especially major ethnic and religious groups that were suppressed by the colonial system, such as Burmans, Malays and Javanese (Seekins, 2007: 29), resist their colonial nations.

In case of Myanmar, because of Japanese expansion and the welcome of the Burmese (or the Burmans) who viewing Japan as a liberator⁴⁶, these led to the foundation of the Minami Kikan (Minami Organ)⁴⁷, a secret organization established by colonial Suzuki Keiji to support the independence movement in Myanmar and to coordinate their active in Thailand and other parts of Southeast Asia. This organization would train the thirty comrades, which later found the Burmese Independence Army (BIA), and many people in this group such as Aung San⁴⁸ are

⁴⁶ During Imperial period, The United Kingdom used ‘divide and rule’ policy to control Myanmar. It means that they divide Myanmar into two administratively areas, Burma Proper and the Frontier Areas. In Burma Proper around 60 -66 percent of the citizens were the Burmans, is the largest ethnic group in Myanmar, and was ruled by the British although it had a semi-parliamentary system in the late 1930s. In the other hand, the British trusted the minority groups more than the majority Burmans, then, in the Frontier Areas the indigenous could enjoy their considerable autonomy. Moreover, the British also encouraged these minority groups to join the colonial army and police. Besides the colonial administration, the older Burmese generation was nostalgic to the monarchy system (the Konbaung Dynasty) as well as the fear of foreign influences, including Christianity which might affect the Buddhist region. However young Burmese generation preferred to restore the country’s independence as well as its social and economic.

However after the war Churchill mentioned that the Burma Proper would have semi-parliamentary after a reconstruction period, which was intended to benefit British business interests, with the long term goal of self-government. In the other hand, the Frontier Area would have their own political future, either together or separated from Burma Proper (Seekins, 2007: 31).

⁴⁷ The minami in Minami Kikan (南機関) refers to both Suzuki’s cover name in Yangon (Minami Masuyo, 南益世 in Japanese) and the Japanese word for south (ibid. : 19).

⁴⁸ General Aung San (ဗိုလ်ချုပ်အောင်ဆန်း : or Bogyoke Aung San in Burmese; 1915-1947) was considered as the father of Myanmar. He was trusted by the militaries as he advocated some type of federalism with the minority

often regarded as the father of modern Myanmar. Although they received military training by Japan, some of them were dissatisfied with the unfairness of Japanese administration in Myanmar. Then, the cooperation with Japan was based only on the consideration that it provided the Thakins with the only chance to work for the future of their country. Moreover, the promotion of a Burman military laid to the foundation of the Army – State that has ruled the country for almost 50 years (1962 – 2010).

Until Myanmar became independent in August 1943, it was governed by a Japanese Military Administration (Gunseikan), which desired to pursue empire and viewed Myanmar as a supplier of natural resources and manpower for Japanese Empire, additionally, Japan looked at Myanmar as a strategic route to China and Southeast Asia (Pongyelar, 2007). In the other hand, Myanmar wanted to be independent from England. This meant that apart from their common interest to see the British out of Myanmar, their motives were totally different (Strefford, 2010; Seekins, 2007: 15). Besides, their different purposes, other reason that made the Burmese hospitable with Japanese Army was short – lived⁴⁹ was that Japanese soldiers looked at local people as enemy (Seekins, 2007: 12).

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and suggested sharing natural resources in the country with them. However, Aung San was assassinated on July 19, 1947. H had several names using for vary proposes as following;

1. As student leader and Thakin: Aung San (အောင်ဆန်း)
2. Nome de guerre : Bo Teza (ဗိုလ်တေဇာ)
3. Japanese name : Omoda Monji (面田紋次)
4. Chinese Name : Tan Lu Sho
5. Resistance period code name : Myo Aung (မျိုးအောင်) or U Naung Cho (ဦးနောင်ချို)
6. Contact name with Ne Win : Ko Set Pe (ကိုစက်ပေ)

⁴⁹ Even today a Burmese with Japanese ancestors from that period are still looked down by the Burmese (Waththayu, Interviewed).

During Japanese occupation⁵⁰, Japan determined economic and social development plans to rehabilitate Myanmar which was affected by wars. However, those who gained an advantage from this policy were the Gunseikanbu and its supporters not local people.

The damage caused by Japanese Army could be divided into 3 sectors: political, economic, and social dimensions.

For the political dimension, Japan took advantage of nationalist ideology and controlled Myanmar without respect Burmese expectation which wants to improve the country. Soon after Tokyo controlled Myanmar, Ba Maw, an experience Burmese politician who had strong feeling against colonialism, was appointed to be a leader of the Burmese interim government. From, Japan's view, he was the one who could fulfill her interest to control over the country. However, practically the interim government had to work under the Japanese control. So, Tokyo used rhetoric that she could help Myanmar to gain independence to maintain the control over the country.

In the economic sphere, Japanese authorities established a cartel arrangement of favored companies who controlled production and the lowering export – import trade. Moreover, Tokyo attempted to use Burmese natural and economic resources as well as its manpower.

From the social perspective, the Japanese military did not respect local people. Moreover, education operated during wartime was just a tool to spread propaganda promoting Japan's power.

⁵⁰ During that time the Burmese called the Japanese as the Fascists (ဖက်ဆစ်တို့) and the British as the territorial expanders (နယ်ချဲ့တို့).

However, the result of Japanese occupation is one of the factors playing significant role in the relations of both countries. A large number of Japanese war veterans have a positive image of the country and many of them spent most of their time to promote Japan – Myanmar economic cooperation and good image of Myanmar. Most of Burmese leaders in post-war period also had good relations with Japan during WWII, for instance Ne Win.

4.2 Japanese assistance from war reparation to development assistance until the 1988 incident

During this period, Japan focused on economic assistance to Southeast Asian region including Myanmar, so the relation between the two countries during this period was as the donor and the recipient states.

4.2.1 Japan and war reparation ⁵¹

The post – war relations between Japan and Myanmar focused on economic rather than military and political priorities. While 47 countries signed the peace treaty (Treaty of San Francisco, or Treaty of Peace with Japan, or San Francisco Treaty) with Japan in 1951, and it was affected on 28 April 1952, Myanmar, along with India and Yugoslavia, did not send their representatives to join the conference. For the reason of this circumstance, Donald Seekins, a Japan – Myanmar analyst, stated that it is because Prime Minister U Nu thought that the U.S, which occupied Japan during that time, controlled the treaty making process. Additionally, America planes to use Japan as a military base against the USSR and its socialist allies. Thus, signing this treaty

⁵¹ There are three official documents on reparation between Japan and Myanmar. The first one is The “Treaty of Peace between the Union of Burma and Japan”, or Peace Treaty, the second is “The Agreement between the Union of Burma and Japan for Reparations and Economic Cooperation”, or The Reparations Agreement. These two documents were signed in 1954. They indicated the actual amount of reparation that Tokyo had to pay to Yangon. In 1955 Japan and Myanmar signed the “Exchange of Note (with Agreed Minutes) Constituting an Agreement between the Union of Burma and Japan on the Implementation of Agreement of 5 November 1954 for Reparations and Economic Cooperation”. It provided some issues that became the framework of Japanese ODA during Cold War period (Strefford, 2010).

would be harmful to Burmese neutrality policy. Besides, Yangon along with other Asian countries that were suffered by Japanese troops during the war would like to receive properly reparation from Tokyo, while Washington used the treaty to protect its protégé from the East (ibid.: 55). In contrast, U Nu worked outside this treaty framework and negotiated its own separated treaty with Prime Minister Shigeru. Finally Japan established diplomatic relations with Myanmar in 1954. However, war reparation agreement⁵² was effective from April 1955. It can be said that the purpose of war narrative was economic rehabilitation, development and advance social welfare (Steinberg, 1933: 138 cited in Kamigori, 2003: 58).

Japanese war reparation to Myanmar began in 1955 and made Tokyo became Myanmar's largest donor. Although the purpose of the agreement for war reparation between two countries was to rehabilitate Myanmar for the damage and suffering caused during Japanese occupation, reparation opened new markets for Japanese goods and services. Major programs were infrastructure and automobile industry which meant that Japan tried to expand market to her vehicles and electric products. Two of the most outstanding and criticized projects were Baluchaung Hydro-Electric Project and Four Industrial Project, the former one costs 10.4 billion yen and the latter spent 10.5 billion yen in total.

The Four Industrial Project was found in 1962 for promoting Burmese industrialization through the establishing of major plant. It was manufacture of light and heavy vehicles, agricultural machinery and electrical items (Seekings, 20007: 60; Bamba and Apiwong, 2009: 15). Four major Japanese companies; Hino (truck assembly), Mazda (automobiles, jeep sand vans), Kubota (farm machinery), and Matsushita, or today's Panasonic Cooperation, (electrical appliances) were given contracts by the Japanese government for the initial supply of components (Seekins, 2007: 60-61). This project became the main pillar of Japan's reparations and quasi – reparation especially

⁵² The reparation consisted of an annual average of ¥7.2 billion, in goods and services, and a yearly average of ¥1.8 billion economic cooperation to be paid to Yangon over a 10 year period.

during Ne Win era. Although this project was criticized as a failure in promoting the growth of local manufacturing, Japanese government paid large amount of her reparation, then ODA to the project. The program closed down in the late 1980s. By that time only 35 percent of composition were local firms and the rest were foreign companies, Moreover, it was criticized that the failure of this project was the result of Japanese economic centralized policy. As a result, it became a symbol of Japanese aid policy towards Myanmar.

Table 11: Japanese Reparation Projects in Myanmar

(US\$ million)

1. Baluchaung Hydro – Electric Plant	28.2
2. Four Industrial Projects	29.2
● Agricultural machinery plant	(4.4)
● Small vehicle plant	(9.2)
● Electric goods plant	(8.6)
● Bus / truck plant	(7.0)
3. Railway rehabilitation	26.2
4. Automobiles	17.2
5. Yangon port rehabilitation	17.2
6. Technical cooperation	7.5
7. Other	76.0
Total 200.0	

Source: Steinberg, 2000: 353

4.4.2 Quasi reparation and assistance until 1988

After war reparation payment began in 1955, Japan became Myanmar's largest donor of development assistance (Seekins, 2007:56). According to the agreement of war reparations, Tokyo provided US\$250 million to Yangon during the period of 1955 – 1956: US\$200 million would pay in yearly installment of US\$ 20 million, for goods and services provided by Japanese government; and additional US\$50 million was

annual installment of US\$5 million, technical assistance and joint-venture between Japanese private companies and Burmese public and private firms (Walinsky, 1962: 512-513; Steinberg, 1990: 55-56 cited in Seekins, 2007: 57). In the other hands, although this reparation was paid to Yangon as a compensation for damages caused by Japanese Army, it created market for Japanese goods and services in the country as well as in other nations that also received war reparation by Tokyo, especially Southeast Asian countries. This tendency might be because of Japanese economic policy and two fundamental ideas covering the reparations' payment which started in 1957 MOFA's foreign policy bluebook. The first idea was that Japan was not possible to pay by cash because if Tokyo pay in cash. It would seriously affect to Japanese economic system. The other idea was that the payment should be in form of capital goods (Strefford, 2010). Consequently, it led to the criticism that "Money was tied and rather than aid, it can be regarded as the promotion of exports from Japanese industry" (Söderberg, 1991: 63 cited in Seekins, 2007: 57).

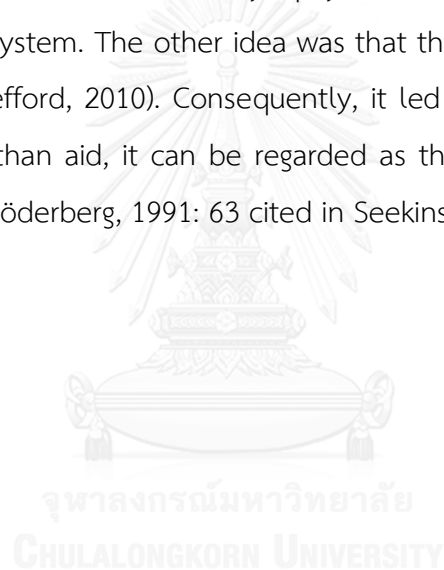


Table 12: Japanese war reparation

	Indemnity & grants (in yen, at the time of payment)	Loans (in yen, at the time of payment)
Micronesia 1950	18 billion donated	
Myanmar 1955, 1963	72 billion indemnity 50.4 billion grant	18 billion 10.8 billion
Philippines 1956	198 billion indemnity	90 billion
Indonesia 1958	80.3 billion indemnity (+63.7 billion credit write-off)	144 billion
Laos 1958	1 billion grant	
Cambodia 1959	1.5 billion grant	
Vietnam 1960	14 billion indemnity	6 billion
Korea 1965	108 billion	72 billion
Malaysia 1967	2.9 billion grant	
Thailand	15 billion	
Taiwan	58 billion	
Singapore 1967	2.9 billion grant	
Holland 1956	3.6 billion compensation	
Switzerland 1955	1.1 billion compensation	
Denmark 1955, 1959	3 billion compensation 4.23 billion compensation	
Sweden 1958	5 billion compensation	
Britain & Holland used Japanese assets in neutral countries & funds in Thailand for compensation to POs (but not confiscated Japanese assets in their respective countries)		
USA 50 million dollars Japanese assets in USA confiscated Occupation era food and medical aid (GAROA) and (EROA) paid back, with interest: 580 million dollars 7-year occupation costs paid by Japan		

Source: Association for Advancement of Unbiased View of

History:<http://www.jiyuushikan.org/e/reparations.html>

The additional reparation was a strained issue in Myanmar – Japan relations and was getting worst in 1959 when Tokyo declared that she couldn't give more than US\$50 million as additional funds to Yangon. Then, NeWin responded by imposing an embargo on Japanese products and intimidating to cancel visas of Japanese businessmen living in Myanmar (Seekins, 2007: 27). In 1963, Brigadier Aung Gyi, a

member of Revolutionary Council visited Tokyo⁵³ with his negotiation team, He said that “*We (the Burmese) have come here as a younger brother would to an older brother to consult (on) a certain family problem*” (ibid: 58; Kamogori, 2003: 60). However, MOFA and METI (Ministry of Economy, Trade and Industry) had an opinion recognizing Burmese request, but some Japanese citizens having close reparations with the government believed that Ne Win’s regime had been too abrupt and crude in its boycott, so, the negotiation should be comprise on both countries’ benefit, Burmese rice imports for Japan⁵⁴ and reparations for Myanmar (Seekins, 2007: 58). Nonetheless, the additional reparation of US\$ 140 million consisting of technical cooperation and grant for 12 years was paid to Yangon under the name of ‘Economic Technical Cooperation Agreement’. However, this assistance did not really focus on sustainable development for the country as Steinberg said that was because Japan had no aid policy guideline and this assistance did not reach to normal people in other hands, this money flew to those who concern with the projects (Steinberg, 1993: 157).

Along with orientation of quasi reparation many loan and grant programs were introduced to the country during 1968 and 1977. While grants were used for agricultural sector especially for the increase of agriculture product and loans were flow for major infrastructure projects such as the Baluchaung hydro-electric power plant and Four industrial project.

This trend brought to the critique about the commercialistic feature of Japanese ODA. So it would say that Tokyo’s reparation payment and her ODA policy towards Myanmar fell because of her economic priority over assistance. Saitō mentioned that

⁵³ Not long after his visit, he resigned from the council. Steinberg mentioned that this probably because of the different opinion on Burmese economic policy between Aung Gyi and Ne Win (Steinberg, 1990: 61).

⁵⁴ Since Japanese agricultural sector was destroyed during the war, Myanmar provided rice for Japan over 300,000 tons in 1954 (Walinsky, 1962: 169) and during 1950s Tokyo was the larger importer of rice. Then, by 1960 rice became an important in bilateral trade before the LDP’s rice self - sufficiency policy (Seekins, 2007: 51).

Japanese private sector such as consultant companies played significant role in Japan-Myanmar's aid as they were the one who organized large-scale project studies about advantages and disadvantages of each project on behalf of the government (Saitō, 1989: 63, cited in Kamigori, 2003: 62).

The military coup on March, 2nd 1962⁵⁵ seemed to reach four goals: to ensure that Myanmar would not be removed through minority separation, to free Myanmar from incapable and corrupt civilian government (as the regard of the Military), to strengthening the socialist base of economy, and to provide the establishment for the perpetuation of military dominance over the state, either directly or indirectly, through a civilian front government control (Steinberg, 2010: 62). However, Myanmar tried to establish a socialist economic system by reducing an influence of foreign investors and domestic business class, most of them were a descendants of South Asia and china migrant during the colonial period, as well as that of foreign aid donors. Japanese reparation still paid to Myanmar during that period. Seekins examined that the reason which made Japan-Myanmar aid relations was unusual between 1962 and 1988 were as follow (Seekins, 1992: 249):

1. Although Burma during Ne Win regime had a one-party state with a centrally planned economy, capitalist Japan was allowed to play an important economic role through its reparations and ODA.

2. In the Burmese case, the aid presence was not supplemented by significant bilateral trade (outside of ODA-driven trade) or Japanese private investment.

3. Given the relatively small size and undeveloped nature if the Burmese economy, the amount of Japanese aid was huge, particularly in ten years period

⁵⁵ The military believed that they could manage the country after the short period of their administration as the interim government during 1958-1960. Anyway, after the 1960 election and U Nu became Prime Minister again, there were many problems, besides economic, especially the promotion of making Buddhism the state religious, which would offend most of Christianized ethnic groups: Kachin and Karen. The regime used an accusation as the preservation of the Union (Steinberg, 2010: 59-60).

preceding the 1988 political crisis. Aid continued to flow in a large scale even when it became evident that the socialist economy had little or no short-term or medium-term promise of development.

Consequently, Japan provided two thirds of all bilateral ODA expenditure to Myanmar, about US\$ 1.94 billion in grants and loans between 1970 and 1978, as well as provided her assistance through multilateral organizations such as the UN and ADB (Seekins, 2007: 63-64).

Table 13: Japan's bilateral official development assistance to Myanmar

1979-1993

(US\$ million; percentage shares in parentheses)

Years	Total ODA¹	Japan ODA²	% total ODA³	% total Japan ODA⁴	Myanmar's rank of recipient⁵
1979	259.1	178.0	(68.7)	(9.0)	4
1980	231.3	152.5	(65.9)	(7.6)	4
1981	203.4	125.4	(61.9)	(5.5)	6
1982	208.0	103.9	(50.0)	(4.4)	6
1983	251.7	113.4	(52.6)	(4.7)	6
1984	148.7	95.4	(64.2)	(3.9)	7
1985	253.2	154.0	(60.8)	(60.0)	5
1986	307.7	244.1	(79.3)	(6.3)	5
1987	240.7	172.0	(71.5)	(3.3)	8
1988	332.7	159.6	(78.0)	(4.0)	7
1989	89.9	71.4	(79.4)	(1.0)	15
1990	83.1	61.3	(73.8)	(0.9)	13
1991	105.9	84.5	(79.8)	(1.0)	10
1992	82.7	72.1	(87.2)	(0.8)	12
1993	77.5	68.6	(88.7)	(0.8)	14

¹ Total net bilateral official development assistance disbursed by countries of the OECD's Development Assistance Committee

² Grant and loan funds disbursed by the Japanese government to Myanmar

³ Japan's ODA to Myanmar as percentage of DAC total to Myanmar

⁴ ODA to Myanmar as percentage of Japan's total bilateral ODA

⁵ Ranking in top fifteen if Japan's ODA recipients

Source: Seekins, 1999: 14

During 1980-1988, Myanmar was listed as the top ten recipients of Japanese ODA expenses. Those of this assistance flow to project loans, commodity loans, grant aid, technical assistance and food aid. However the quality of her assistance was criticized that large amount of Japanese aids provided to large projects (Seekins, 2007: 65). According to the statistic published by JICA, the ODA was concentrated in mining, manufacturing and energy sectors, while human resources and health sectors received small amount of Japanese ODA (table 14).

Table 14: Japanese aid to Myanmar by sector, 1978-1987

(unit: ¥ 1 million)

Sectors	Amount	% of total	Average cost of projects (number ¹)
Planning, administration	0.9bn	0.3%	0.9bn (1)
Public utilities, public works	65.7bn	21.2%	4.4bn (15)
Agriculture, fishing	58.4bn	18.9%	3.4bn (17)
Mining, manufacturing, energy	87.2bn	28.2%	5.4 bn(16)
Commerce, travel, industry	0	0%	0
Human resources	6.9bn	2.2%	0.9 bn (8)
Health, medicine	8.3bn	2.7%	1.0bn (8)
Social welfare	0	0%	0
Commodity loans	79.0bn	25.5%	7.2bn (11)
Others	82.0bn	26.5%	20.5bn (4)
Total	309.4bn	100.0%	4.5bn (69)

¹ Number of projects per sector in parentheses

Source: Seekins, 2007: 70

However, after a decade of economic mismanagement, Ne Win regime agreed to reform its socialist policy and received financial support from major aid donors i.e., World Bank which established an Aid Burma Consultative Group (Burma Aid Group)⁵⁶ consisting of ten donor countries and multilateral lender to create a framework for Burmese economic development (ibid.:77). Most aid flew into agricultural sector, due to the advantage of rice growing area Japanese aid for this sector was in form of fertilizers and pesticides (ibid.). According to a statistics from the Ministry of Economy, Trade and Industry (METI), grant and loans were increased rapidly during that time.⁵⁷

During 1962 to 1988, Japan-Myanmar relationship was based on assistance as it became a life raft for Ne Win regime. The reason that Japan became a largest donor of the country was that Tokyo was a trustable and non-threatening donor comparing to other countries such as the U.S and China which had interfered in Yangon's internal affairs as Tokyo separated her political purpose from economic aims (seikei bunri or **政経分離** in Japanese) as well as applied 'No enemy, No confrontation' policy as her In international relations framework.

Although the aid provided from the U.S stop in 1966 as well as those from China in 1967 and following by the decrease of UN's major assistance projects, Japanese assistance in form of war reparation continuously flew to Myanmar. Japan's ODA during this period emphasized on projects concerns with natural resources, commodity loan and capital support for the programs concerning with war reparation. As a result Japan became Burmese major donor. Additionally, during 1974-1975 Japan became an important exported destination of Burmese natural resources. Then, both Japanese private and public sectors paid more attention to the country. Hence, it could be said that economic interest concealed with ODA paying for infrastructure and energy projects.

⁵⁶ Unfortunately that this group was in active just during the 1980s since Ne Win preferred to received bilateral aid from each donor countries.

⁵⁷ Between 1976 and 1977 fiscal years, grant and loan expanded to almost 450%

Nevertheless, Saitō Teruko, a Japanese economist, criticized that Japanese aid to the regime has little effect to improve the living standard of local people, in the other hands, it created market for Japanese private companies through contract award from Japanese government (Saitō, 1989: 61-63 cited in Seekins, 2007: 68).

One example that might be the worst case in Japanese ODA history was the construction of an electric-powered planetarium in Yangon, which was funded by Japanese government grant aid. Its motive was to promote science education in Myanmar. However, in accordance of Linther, a journalist mentioned that actually it was built for Ne Win's astrological investigations as the planetarium could be plot the stars and planets for date, and was consulted by Burmese leader whenever important political decision had to be made (Linther, 1992: 26 cited in Seekins, 2007: 80).

4.3 Japanese ODA from 1988-2010

4.3.1 1988 Political transition

Although the uprising against the Ne Win regime occurred because of a fight between students of the Rangoon Institution of Technology (RIT) and other local youth on 12 March 1988⁵⁸, it became a nationwide against the government. The turning point was when riot police attacked the protesters since general public also joined in the demonstration because of rice shortage and other necessities, particularly fuel price (Seekins, 2007: 89). However, Nemoto mentioned that 3 major reasons that the Burmese asked for were the realization of the political party system, Human Rights protection, and economic liberalization (Nemoto, 2001a: 1 cited in Kamigori, 2003: 66). Then on 8 August, students declared a huge demonstration in Yangon and other cities. The regime imposed martial law and brutality measure against the protesters.

⁵⁸ As a result one student was injured by local youth, the latter was arrested and was released on the following day because his father was a member of People's Council, a local government.

On 18 September, the State Law and Order Restoration Council (SLORC)⁵⁹, ruled the country. However, Steinberg indicated that this political transition was just a means for the junta to remain in power, if not the military rule would face to the end, moreover, each state consisting ethnic minority as a majority would separate from Myanmar (Steinberg, 2010: 81). However, Ne Win had kept influential power behind the scene of Saw Maung's administration after his resignation in July 1988.

The priorities of the SLOC were: law and order, secure transportation and smooth communication, economic stability and multiparty general election (Guyot, 1991: 205 cited in Kamigori, 2003: 66). Thus, the new regime opened the country to international community. There were many significant changes under the SLORC authority. Firstly, the junta, following China and Vietnam, accepted to reform their economic system by using economic liberalization and free markets measures while politically, it remained military-ruled state. Secondly, the junta improved the relations with neighbouring countries: Thailand, China, India and Bangladesh. Thirdly, the regime began to negotiate with ethnic minority groups especially cease-fire agreements. Lastly, Yangon integrated to the region, Southeast Asia, by joining regional organizations; the Greater Mekong Sub-Region (GMS) and the Asia Highway which links East, Southeast, and South Asia with the Middle East.

However there were some problems that the government couldn't handle; gaps between the rich and the poor, food shortage, HIV/AIDS epidemics, and inefficiency of health and educational system.

4.3.2 Japan's policy change in 1988 and the recognition of the SLORC

However, Tokyo maintained good relations with Yangon; she also asked the regime for civilian government as well as the respect of human right.

⁵⁹ It was renamed as the State Peace and Development Council (SPDC) in 1998.

In 1988 not only political transition led to a change of Japanese aid policy to Myanmar, but also other several factors. By 1988 Tokyo provided US\$ 278 million for grants and loan. In March of the same year, MOF, MOFA, METI, and LDP agreed that Yangon was in the position that was unable to pay back its large amount of yen loans. Then, Japan asked Myanmar to reform her economic policy. The establishment of SLORC made Tokyo and other donors decided to freeze their assistance to Yangon under an excuse of unstable political situation. However, many believed that actually it was because Japan did not want to separate from other major donor states especially the U.S and the West. Although Japan took same reaction with other countries, some factors, particularly a role of Japanese interest group made Japan to take her own direction.

After the SLORC took power, Japanese ambassador in Myanmar, Ōkata Hiroshi, took the Burmese people's side to fight against the newly established government, even though, he and his wife, Ōkata Yoshiko, who was chairperson of Japan-Burma Association⁶⁰ had been close with Ne Win for many years (Seekins, 2007: 95). He was questioned about General Saw Maung's promise about power transfer after the 1990 election. Then on the following year, Ōkata and other western diplomats⁶¹ boycotted the Independence Day held by the junta government (Linther, 1989; 226; 1989a: 13 cited in Seekins, 2007; 95). For the new Burmese government, they believed that Ōkata was one factor that made Japan suspended her assistance to Myanmar.⁶² Hence, the relations between the junta and Ōkata were getting worst.

⁶⁰ Now it is renamed as Japan-Myanmar Association (JMA or (Nihon-Myanma Kyōkai) in Japanese). It is a private institution established for support exchanges between two countries which development is being expected. As of July 2010 the association had 142 memberships. Most of big Japanese enterprises such as Marubeni Cooperation, Lawson Ins., and Suzuki Cooperation etc. were included (appendix 2).

⁶¹ They were an American, Britain, West German, Italian and French diplomats.

⁶² Just 9 days after the Independence Day celebration, Tokyo canceled her ¥ 927 million grant.

However, in Japan there was another opinion on Japan's aid policy towards Myanmar. A good sample was a discussion between an official of the Economic Cooperation Bureau of the Ministry of Foreign Affairs, the chairman of Marubeni Trading Company, and academic economists. During the meeting an economist mentioned that there was other alternative way to deal with Myanmar's internal issues and Japan should continue her aid flows as a part of diplomatic relations between two countries. These aids would flow to livelihood and health of local people (Seekins, 2007: 96-97).

Nonetheless, on 17 February 1989, Japanese government announced a formal recognition to the SLORC regime and reassumed her assistance to the country.⁶³ MOFA claimed that this normalization was based on the fact that the new government had established control over the country and was not harmful with any international laws or treaties. Moreover, according on Japanese law, it indicated that the government has a right to decide or not decide to recognize any government which came from any measures besides election. In addition, if Tokyo accepted the new regime, she could have an opportunity to discuss with Yangon about economic reform and democratization.⁶⁴ (ibid.: 94; Holloway, 1984: 20).

However Seekins mentioned that the final decision of this normalization seemed to be the result of a compromise of: (1) MOFA which would like to preserve a historical relationship with Myanmar as 'the special friendliest nation towards Japan in Asia' and at the same time had to respond to the criticisms of the West on aid resumption; (2) MOF was reluctant to allow aid flows to Myanmar because of Yangon's debt situation; (3) METI which promotes the profit of Japanese business interest (Seekins, 2007: 98).

⁶³ 100 million yen in grants and loans and also emergency aid

⁶⁴ The issues discussed between Japan and Myanmar after the normalization was: the transfer of power to democratic government after the 1990 general election, and the advantage of economic engagement of both states. However, those expectations never happened because of the growing influence of China, Burmese history background, and absolute power of the military junta.

Moreover, Japanese private sector, particularly war veterans⁶⁵, played significant role in the recognition (Holloway, 1989: 20-21). Additionally, without the recognition, the SLORC could not be able to send an official representative to attend Emperor Hirohito's funeral on 24 February 1989.

For ODA resumption, it was evitable to look at the influence of Japanese business sector. This interest group asked Japanese government to resuming assistance to Myanmar. The appeal emphasized that ODA freeze brought huge losses on procurement of Japanese goods and services.

In other word, Japanese business group looked at themselves as one of the significant players for Burmese development as the Burmese government was unable to finish large-scale infrastructure projects without Japanese companies.

To sum up, after the 8888 uprising, Japanese government suspended aid flow to Myanmar as a punishment for the harshly suppression during the incident. However, as the pressure of Japanese private sector which would like the government to preserve normal relations with the military government. Tokyo used her aid policy to Myanmar as a diplomatic tool for economic and political reforms.

4.3.3 The 1990 general election

Although Aung San Suu Kyi's party, the National League for democracy (NLD), won the general election held on 27 May 1990 with 392 seats out of 485, General Saw Maung refused to transfer their power to the newly elected civilian government. So, it led to criticisms and sanctions by many countries, as well as exiled Burmese students.

⁶⁵ Some of them came back to Myanmar to assist with the grassroots development projects such as irrigation (Asahi Shimbun, 1992 cited in Seekins, 2007: 46) for paying back the locals that helped them during wartime.

When Ne Win decided to hold an election in 1990, he proposed that the upcoming election should be single party. However, Dr. Maung Mung, his successor, assigned himself for multi-party election. Ne Win's motive for this election was a complex of despair of the nationwide protest and desire on separate from the results of his politic and economic mismanagements. For the SLORC their priority was economic, because by emerging to attach to democratic norms, the military junta could please foreign aid donors, particularly Japan, East German, England, and the U.S. So, they initiated that they could won an election and could continuously rule the country under foreground of democratic political system.

However, there were 93 parties and 97 independents participated in this election, the entire system was under the state control. The appeals were the house arrest of Aung San Suu Kyi in 1989, the arrest of foreign observers in Myanmar, and a major miscalculation of the votes (Seekins, 2007).

When the result came out with the landslide of NLD's victory, the military refused to hand over their power to the winner. The reason gave by the junta was that this election was just a selection of a group of people that would draft a new constitution (Pornpimon and Chaichok, 2009: 823). However, the hidden determinant was that the victory of NLD over the government led party, the National Unity Party (NUP) made the junta afraid that they would not be able to control the opponent especially Aung San Suu Kyi.

There were several signs shown that the military junta did not want to lose their power. However, General Khin Nyunt, the SLORC's first secretary, said that after the election, the military would transfer state power to the winning party, the junta military stated that they could not hand over the power as soon as the election was held because if the power was dramatically handed over, it would make a problem to the new government (Weller, 1993: 149 cited in Seekins, 2007: 103). Additionally,

the SLORC refused an interim basic law based on the 1947 Constitution⁶⁶ approved by the NKD. Consequently, the situation was in status-quo, as the junta fully controlled the country and put the end to talk about power transfer.

After the election and the denial to hand over the power to the NLD, Minister of Foreign Affairs of Japan stated that the result should be respected. Then, in 1991, Prime Minister Miyazawa discussed about this issue with Prime Minister Mahathir Mohamad of Malaysia. And the newly appointed foreign minister, Watanabe, also brought up this topic in a meeting with Wu Xue Quain, Chinese deputy premier.

After the 1990 election, Tokyo applied 'wait-and-see' policy to Yangon as well as multilateral diplomacy through ASEAN. In terms of enhancing linkages with ASEAN, Japan employed the organization as a middle person to engage with Myanmar in order to counterbalance against the West and Chinese influence in the country (Suppakarn, 2007: 6). After Prime Minister Li Peng of China visited Myanmar, Japanese government motivated the regime too improve human rights situation and balance power with China. So, Tokyo approved grant aid for increase food production to Yangon.

However, Japanese position in the new generation of Burmese leader was depressed as Myanmar paid more attention to China which could provide her weapons as well as large amount of military assistance. Beside, Chinese influence, another cause that seemed colored the new Burmese government's attitude towards Japan might be because those new elites did not have close relations and memories with Tokyo during the hard time like those of the Ne Win regime. Moreover, they felt that Japanese government was not sincere to Myanmar as her policies, both foreign and aid policies, were influenced by the U.S.

⁶⁶ The military junta stated that Myanmar had two constitutions, the Post-War 1947 Basic Law and the 1974 Constitution. SO, the elected government had to choose that which one they would like to reimplement (Seekins, 2007: 103).

This cold attitude reflected in the anti-Japanese campaign in state owned media which began just before Prof. Ogata Sadako under United Nations auspices to investigate Human Rights situation in the country in November 1990. The campaign included a crude cartoon (figure 2) showing the SLORC stood in the middle of a group of foreigners: an Indian, American senators; Moynihan, Kennedy and Rohrabacher and Congressman Solarz who demanded sanctions, with names of their media above their head: VOA, BBC, and AIR (All India Radio) and on the left of SLORC's soldier was a small Japanese soldier looked around and said "Taihen yoroshii, yoroshii" (very fine, fine) (Seekins, 2007: 104). Moreover, there was an article asking about new 'war reparation' because those reparations paid to Myanmar before was the smallest comparing with other Asian countries (Thanmani, 1990 cited in Seekins, 2007: 104). Maung Myanmar wrote an open letter to Japan Socialist Party chairperson, Doi Takako, claimed that no Burmese received compensation for the suffering during the building of the Thai-Burma Railway, or so-called railway of death. Then, in 1991 General Saw Maung reminded his officers about fascist Japanese on the Armed Forces Day (Manung Maung, 1990; Working People Daily, 1991 cited in Seekins, 2007: 104).

Figure 2: A crude cartoon showing an attitude of the SLORC to foreign countries



Source: Seekins, 2007: 105

In accordance to table 15, however the two countries were in estranged relations, during the period of 1990-1995, Japan still provided large amount of assistance to the country. Moreover, ODA became main diplomatic element in Japan-Myanmar relations as MOFA gave her ODA to debt relief and humanitarian programs, in the other hands, new projects was not approved since Tokyo would like to keep an eye on Burmese internal situation.

4.3.4 Economic cooperation in post-socialist period

Japan-Myanmar relations in post 1990 election were based on business interest. These businessmen enjoying benefit from ODA as boomerang economy became closer economic partner with the military junta regime.

During the early of 1990s many Japanese firms operated in Myanmar. They could categorize into two types: small firms, such as Sanwa Trading (exporting seafood), Mimatsu Construction Group (MCG)⁶⁷ ; and the major general trading companies which have a long history with the country. These private companies generally entered to Burmese market by their own risk in order to escape from the damages image of engaging with the SLORC (ibid.: 117).

The most active business was the sale of second-hand buses from Japan for uses as public transportation. This business boomed since Ne Win suddenly switched to driving on the right hand side. Japanese buses as well as second-handed cars, especially Toyota, remained popular in the early of 21st century (ibid.).

These Japanese companies played significant role in Burmese economic until 1997 when other countries, particularly ASEAN states, came to the country.

4.3.5 Obuchi plan and quiet dialogue

The reflection of Japanese private sector influence was the establishment of a parliament group, the 'League to Encourage Support for the Myanmar Government', on May 1988 led by Mutō Kabun , a member of the Liberal Democratic Party. Mutō stated that since Chinese influence, Myanmar may have conflict with its neighbor, India, causing regional instability. In order to avoid this event, Japan should support the present government and restore its pre-1988 status-quo (Asahi Shimbun, 1998b cited in Seekins, 2007: 115). However, many agencies⁶⁸ and the U.S would like Japan to take more active in promoting democracy and Human Rights issues in Myanmar. Therefore Tokyo found herself in the middle of conflicting agendas between interest groups and pro-democracy groups.

⁶⁷ MCG purchased the Burmese embassy's land in Tokyo with US\$ 465 million.

⁶⁸ These organization were the Association of Burmese in Japan, the People's Forum on Burma, and the Japan branch of Amnesty International

After the 1990 election the Japanese government still believed that the regime was indeed to reform its politic and economic systems of the country which would led to civilian government and market-oriented economic system. Hence, Tokyo continued her quiet dialogue policy with Yangon. This policy was a mix of expression moral support for Aung San Suu Kyi and allotment of unimportant amount of aid. However, the allocation of ODA was based on the situation in Myanmar such as the release of Daw Suu Kyi or the death of a Japanese reporter in the Saffron Revolution.

After 1988, new Japanese loan projects to Myanmar were not approved.⁶⁹ However, ¥ 2.5 billion of loan was provided to Yangon in 1997 and some Yen loan projects operated before 1988 was not allowed to flow. In this period large amount of humanitarian and debt relief were approval to Myanmar.

There were several large projects supported by Japanese ODA that finished after 1988. One of them is Nyawun Bridge, situated near Yangon used ¥ 1.5 billion of Japanese grant which funded in 1986. It completed in 1992. The Japan Times indicated that this project was a major success in technology transfer between two countries as the Burmese played significant role for the construction (Seekins, 2007: 126). However, the largest and the most criticized program was the modernization and expansion if Yangon Mingaladon Airport, or Yangon International Airport. Tokyo decided to give ¥ 2.5 billion of yen loan to the project which was indicated as pre-existing project.⁷⁰

Japanese demand for the release of Aung San Suu Kyi through the process of the UN Commission on Human Rights as successful. Japan talked with the SLORC leaders to permit the UN autospices to investigate situation in the country and persuaded

⁶⁹ Yen loan to Yangon had not been approved since 1988.

⁷⁰ The funds approved to this project were on FY 1983 (¥ 14.3 billion), FY 1984 (¥ 9.3 billion) and FY 1985 (¥ 4.4 billion). Japan claimed that it was BHN (Basic Human Needs assistance) project as it was for the safety of those who uses the airport.

Myanmar by providing ODA for agricultural development in ethnic minority group areas just a month before the release (Suppawat, 2009: 45).

Just a day after the first release of Aung San Suu Kyi in 1995, Japan responded by providing grant to Myanmar. Japanese ODA policy to Myanmar was carefully considered as it was pressured by the U.S. Not only Japan, but America also pushed ASEAN not to accept Myanmar as its member, However those attempts were totally opposite with Japanese standpoint as it was expressed in Prime Minister Hashimoto Ryotaro's statement in the 1997 ASEAN summit that Japan disagreed with the sanction, in the other hand, Japan believed that other countries should support Myanmar to be a part of international society and it would bring to political development in the country. There were also many official visits by Japanese high-ranking: Prime Minister Obuchi and Fukuya Takashi, a METI's senior officer. During the private visit of Obuchi⁷¹, he and military junta leaders urged economic reform, university reopening after they were closed for 3 years, and also Daw Suu Kyi issue. After his visit, both states were getting closer diplomatic and economic relations after the cold period during the first years of SLORC administration.

During the visit of Fukuya, Japan announced US\$ 50 million assistance for human resources development projects and supporting small and medium size business as the regime would make transition to the market-oriented economic system. However, it was criticized that this announcement just a help for Japanese companies in Myanmar which faced difficulty to run their business because of Burmese regulations and foreign sanctions to the country.

During Hashimoto and Obuchi administrations, Tokyo would like to increase her engagement with Yangon in both bilateral and multilateral level. Hence, Japan tried to ask the regime for economic and political reforms though both private relation between the leaders and her economic assistance programs. However this attempt

⁷¹ Actually it was an official visit, but Obuchi called it as a private visit.

was not much successful. Obuchi mentioned that *“if your country tackles economic reform seriously, we are ready to support your country economic reform with our experience”* (Kumara, 2000).

In 2002, as a reward of the ongoing dialogue between Aung San Suu Kyi and the junta leaders as well as her release from house arrest, Tokyo resume its ODA to Yangon and would be enthusiasm to improve Burmese information technology sector (MOFA, 2001).

After the Black Friday Incident in 2003, the U.S declared ‘the Burmese Freedom and Democracy Act of 2003’ to ban Burmese products for 3 years and fastened its sanctions on Myanmar, while Japan implicated her wait-and-see policy and continued her aid programs as well as giving reward for the release of 91 political prisoners. In this period, instead of focusing on large-scale infrastructure projects, Japan changed her strategy to grassroot assistance.⁷² However, the West was not satisfied for this resumption. John McCain, the U.S senator, stated about Japan’s reaction, so, Japanese government decided to suspend a new aid project released in June 2003. On July 2007 the Vice Minister of Foreign Affairs, Takeuchi, stated that further assistance would not be approved if the Burmese government did not response to the following 3 conditions: 1.) the unconditional release of Daw Suu Kyi 2.) the permission for NLD’s members to organize their political activities, and 3.) the explanation of her internal situation to the world (Suppawat, 2009: 58).

Since there had been many criticisms about Japan’s policy towards Myanmar, in 2003 Prime Minister Koizumi indicated that Japanese policy was necessary different from those of the U.S and the EU.

However Koizumi reserved to criticize the roadmap to democracy which was declared by General Khin Nyunt. Moreover, he refused to meet up with Senior

⁷² Grants to NGOs , and grants for human resources development

General Than Swe during the 2003 ASEAN Summit, and General Khin Nyunt during his visit to Japan in December 2003.

Yangon also dissatisfied Tokyo as she believed that those mentioned reactions were pressed by the U.S. Hence, Myanmar strongly criticized Japan; as a result, Japan suspended her aid flow to Myanmar in October 2003. However, the relations of both countries became better at the end of 2003 as Tokyo reassumed her assistance, at the same time; she also requested the regime for seriously applying the roadmap. On the other hands, Myanmar demanded Japan for economic assistance as an excuse that stable economic condition would lead to political reform. Additionally, the regime hoped that Tokyo would expand her economic cooperation with Myanmar. It was unfortunately that this effort was not successful due to the dismissal of General Khin Nyut on October 2004.

The year 2003 was the turning point of Japanese ODA policy since Japan paid more on human security and grassroots grant assistance. So, the ODA became an important tool for Tokyo to maintain long-term relations with Yangon. In other word Japan tried to find new opportunity to contact with the military junta and used her ODA as a bargaining chip on Aung San Suu Kyi issue.

During 2005 to 2006 Japan extremely provided her assistance to Myanmar with the expectation of political reform and the release of Daw Suu Kyi. However, aid flowing to Yangon during this period concerned with environment and human resources development projects.

However in 2007, Japanese cameraman was shot by a Burmese soldier during the Saffron Revolution. Japanese government responded by suspending its assistance and asked for the clarification. However, Japanese Foreign Minister, Komura Masahiko, stated that the freeze of Japanese aid (¥ 550 million for the construction of economic studies center) was due to Japanese dissatisfaction of the Burmese government response to this incident (Rafferty, 2007 cited in Suppawat, 2009: 70). But Tokyo had continuously provided assistance for public health, grassroots grant

and humanitarian projects. Because Tokyo was afraid that Burmese people would be affected if she stop those kinds of assistance. After the Saffron Revolution Japanese tourism dropped from 9889 persons in 2007 to 4413 in 2008. This might be because of the warning of MOFA for traveling to Myanmar (Walker cited in Suppawat, 2009: 73). The bilateral relations of two countries were better after the meeting between the foreign ministers of Japan and Myanmar.

During Hatoyama cabinet, he criticized that Japan's policy towards Myanmar was very slow and tried to change it. Then, he proposed the idea of East Asian Community to support regional integration. This policy could be seen in 3 perspectives: Japanese history as an Asian outsider, Japan's current situation and the situation of the U.S. In bilateral meeting between Japan and Myanmar during the 2009 Japanese Mekong Meeting, Hatoyama stated that

“Japanese assistance to Myanmar based on a recent positive moves, Japan will gradually expand its assistance to Myanmar (Burma) in areas of humanitarian assistance, including those through NGOs, and human development assistance. If the general election in 2010 is conducted in a manner we expect, Japan will be in a position to strengthen its assistance to Myanmar” (Staff Reporter, 2009).

However, Japan, as a good friend with Myanmar, preferred to apply private diplomacy and private back room negotiation in ASEAN and other sub-region organizations meeting to request a change in human rights situation in Myanmar. During Hatoyama cabinet, Tokyo turned to public diplomacy under the UN framework and brought up human rights issues as one of the factors in ODA decision-making.

Takeda Isumi indicated that in terms of dealing and providing ODA to the regime, Tokyo should follow four principles: dialogue, active engagement, collaboration, and graduation which maintains a long-term perspective on democratization (Takeda, 2001). Nemoto also proposed the Sunshine Policy showing that Tokyo should have a

friendly and soft dialogue with the Burmese dictatorships. Then, it could lead to the smooth realization of democracy (Nemoto, 2001).⁷³

Table 15: The Japanese aid assistance towards Myanmar during 1989 – 2010

(unit: 100 million yen)

Year	Loans	Grants	Technical cooperation
1989	0	0	1.29 (11 Burmese trainees in Japan; 30 Japanese specialists in Myanmar)
1990	0	35.0 (1 debt relief grant)	3.74 (22 Burmese trainees in Japan; 57 Japanese specialists in Myanmar)
1991	0	50.0 (2 debt relief grants)	3.87 (16 Burmese trainees in Japan; 29 Japanese specialists in Myanmar)
1992	0	40.0 (2 debt relief grants)	4.08 (10 Burmese trainees in Japan; 21 Japanese specialists in Myanmar)
1993	0	62.0 (3 debt relief grants) 0.18 (grassroots projects)	3.24 (11 Burmese trainees in Japan; 21 Japanese specialists in Myanmar)
1994	0	120.0 (3 debt relief grants) 10.0 (aid for increased food production) 0.42 (grassroots projects)	3.98 (45 Burmese trainees in Japan; 53 Japanese specialists in Myanmar)
	0	140.0 (3 debt relief grants) 16.25 (renovation of Institute of Nursing, Yangon)	5.99 (64 Burmese trainees in Japan; 57 Japanese specialists in Myanmar)

⁷³ This policy came from the Aesop fairy tale of ‘The North Wind and Sun’ by comparing Japan’s policy as a warm sun light that make the traveller, Myanmar, take off his coat.

1995		2.0 (aid for increased food production) 0.74 (grassroots projects) ¹	
1996	0	80.0 (2 debt relief grants) 0.97 (grassroots projects)	4.93 (69 Burmese trainees in Japan; 33 Japanese specialists in Myanmar)
1997	25.0 ² (Yangon airport modernization)	40.0 (2 debt relief grants) 1.17 (grassroots projects) 0.05 (emergency assistance)	6.33 (81 Burmese trainees in Japan; 33 Japanese specialists in Myanmar)
1998	0	40.0 (2 debt relief grants) 8.0 (aid for increased food production) 3.3 (mother-child healthcare improvement) 1.62 (grassroots projects)	7.68 (137 Burmese trainees in Japan; 69 Japanese specialists in Myanmar)
1999	0	15.86 (1 debt relief grant) 5.97 (mother-child healthcare improvement) 2.88 (grassroots projects)	10.86 (123 Burmese trainees in Japan; 125 Japanese specialists in Myanmar)
2000	0	17.77 (1 debt relief grant) 6.73 (mother-child healthcare improvement) 6.24 (Shan State water sanitation project) 4.11 (grassroots projects) 2.25 (equipment for Rangoon General Hospital) 0.4 (equipment for Myanmar)	15.76 (224 Burmese trainees in Japan; 193 Japanese specialists in Myanmar)

		Judo Association)	
2001	0	38.34 (2 debt relief grants)) 2.16 (Shan State Kokang Region highway construction equipment) 7.29 (medical equipment for Rangoon hospitals) 2.03 (scholarships for human resource development) 0.35 (equipment for teaching Japanese at the University of Foreign Languages) 3.29 (grass roots projects) ¹	40.8 (621 Burmese trainees in Japan; 342 exchange students in Japan; 561 Japanese specialists Myanmar)
2002	0	0.76 (1 debt relief grant) 6.28 (Baluchaung # 2 hydroelectric plant repair) 4.80 (Dry Zone afforestation project) 6.09 (mother-child healthcare improvement) 2.66 (scholarships for human resource development) 0.03 (equipment for primary school in Insein Township, Yangon) 0.10 (child health/nutrition project) 0.10 (well construction of Kyaukpadaung, Mandalay)	36.39 (670 Burmese trainees in Japan; 398 exchange students in Japan; 439 Japanese specialists Myanmar)

		Division)	
		0.80 (grass roots projects) ¹	
2003	0	6.62 (mother-child healthcare improvement) 1.59 (scholarships for human resource development) 0.35 (small-scale bridges in Rakhine State) 0.09 (Dry Zone well water improvement) 0.15 (HIV/AIDS prevention in Thai-Myanmar border area) 1.12 (grass roots projects)	16.58 (162 Burmese trainees in Japan; 142 Japanese specialists Myanmar)
2004	0	3.44 (afforestation in the Dry Zone) 2.17 (human resource development scholarship) 0.70 (grant assistance for Japanese NGO projects (6 projects)) 2.78 (grassroots human security projects (45 projects))	Total 20.41 (Includes JICA projects 14.46)
	0	4.09 (construction of the Myanmar – Japan Center for Human Resources Development) 2.93 (afforestation in the Dry Zone) 4.24 (Improvement of maternal and child health care services (pharse VI) (through UNICEF))	20.23 (Includes JICA Projects: 16.41)

2005		<p>2.85 (human resource development scholarship (3 projects))</p> <p>0.43 (improvement of Japanese language learning equipment of the University of Foreign Languages, Mandalay)</p> <p>1.41 (grant assistance for Japanese NGO projects (9 projects))</p> <p>1.49 (grassroots human security projects (18 projects))</p>	
2006	0	<p>3.30 (Afforestation in Dry Zone)</p> <p>3.10 (Improvement of maternal and child health care services (pharse VII) in the Union of Myanmar (through UNICEF))</p> <p>3.32 (human resource development scholarship (3 projects))</p> <p>0.28 (emergency assistance with respect to the high case of Polio epidemic in Myanmar (through UNICEF))</p> <p>0.55 (grass assistance for Japanese NGO projects (2 projects))</p> <p>2.98 (grassroots human security projects (38 projects))</p>	17.25
	0	4.07 (human resource development scholarship)	17.55

2007		2.04 (Improvement of maternal and child health care services) 0.61 (Afforestation in Dry Zone)	
2008	0	3.46 (the project for Malaria Control in Myanmar) 11.29(emergency assistance) 4.01 (human resource development scholarship (4 projects)) 2.00 (grant assistance for underprivileged farmers (through FAO)) 0.97 (grant assistance for Japanese NGO projects (5 projects)) 2.79 (grassroots humansecurity projects (31 projects))	22.91 (Includes JICA Projects: 19.36)
2009	0	3.08 (equipment provision for the National Tuberculosis Programme) 5.81 (construction of primary school-cum-cyclone shelter in the area affected by Cyclone "Nargis") 4.04 (human resource development scholarship) 5.10 (food aid (through WFP)) 2.06 (grant assistance for Japanese NGO projects (9 projects))	Total 23.31 (Includes JICA Projects: 18.11)

		0.10 (cultural grassroots projects (1 project))	
		2.84 (grassroots human security projects (36 projects))	
2010	0	0.47 (emergency grant aid to the Republic of the Union for Myanmar for cyclone disaster (through WFP))	Total 25.46 (Includes JICA Projects: 17.42)
		4.80 (food aid (through WFP))	
		3.70 (human resource development scholarship (4 projects))	
		1.55 (grant assistance for Japanese NGO projects (8 projects))	
		2.81 (grassroots human security projects (31 projects))	

¹ Grass roots projects are those in which the Japanese government releases funds to non – governmental organizations (NGOs)

² Loan for Yangon airport modernization included in 1997 fiscal year, ends 31 March 1998.

Source: MOFA, several pieces of MOFA documents

4.4 Reasons for providing ODA to Myanmar

According to various works, Japanese reasons for providing ODA to Myanmar can be analysed as the follows.

First, Tokyo has keep its eyes on the wealth of Burmese natural resources such as natural gas, petroleum, teak, and minerals for a long time as it under the leadership of the military or Gunseikanbu tried to include Myanmar in her Greater East Asia Co-Prosperity Sphere during the Great Pacific War. This is one reason that why Japan is afraid that China will have more influence in this country.

Second, according to its location, Japanese government and business sector believe that Myanmar can be the door to South Asia. Since nowadays, Japanese government pays more attention to South Asian region as the ODA providing to this region particularly India is gradually increased. As its strategic location between Southeast and Southeast Asia regions, it is possible for Japan to decrease transport cost for her import and export products. In addition, geographically, Japan is in Asia as well, so, she maintains strong interest and has to hold strong relationship with Asian countries, as a result, Japan find herself in very difficult position to emphasize Western way in terms of sanction Myanmar.

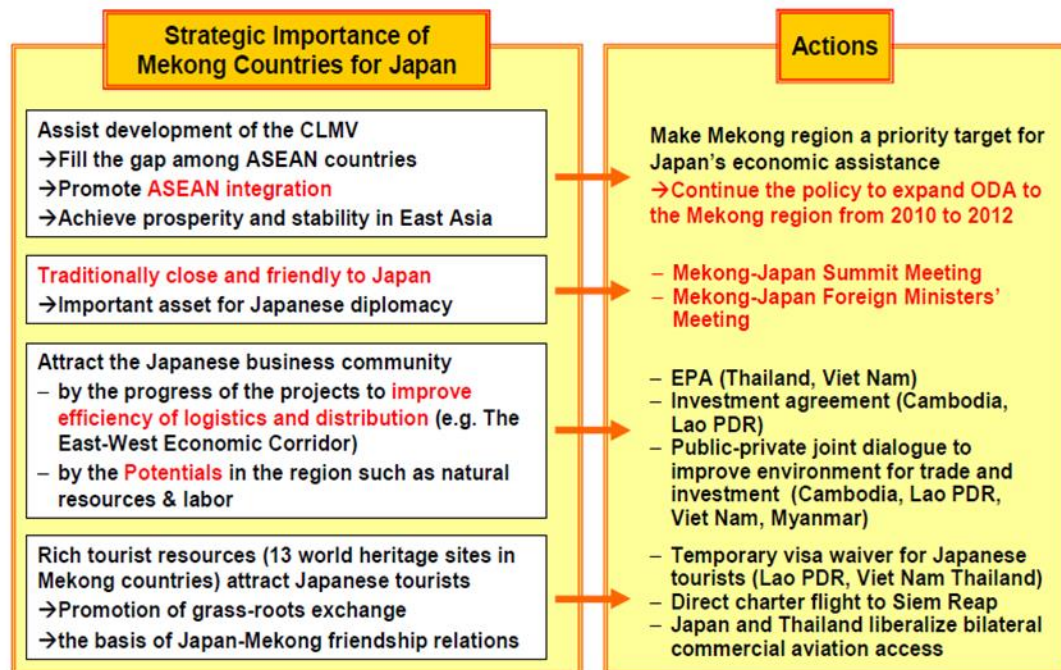
Third, Tokyo diplomacy is focused on economics or economic diplomacy and she look at Yangon has economic potential since there following reasons; cheap labor, high literacy rate, its agricultural potential, its richness before the WWII, and its large coastal fishery.

Fourth, one reason is the deep economic relations especially relationship between Japanese policy-makers, Japanese consultant companies, and Burmese military junta.

Fifth, reasons concerning with historical and emotional are significant. Myanmar suffered much like other Southeast Asian countries during the Japanese Occupation in the WWII. However, Myanmar does not show animosity towards Japan. Many Myanmar residents treated Japanese very well during the war and supported Japan at the UN sessions soon after the war. In addition, the present day Burmese military also was found in Japan in 1943.

Finally, since Post Cold War Tokyo has paid its attention to CLMV countries as this area is a strategy area for future economic development especially for the East-West Corridor Project.

Figure 3: Perspective of the Japan-Mekong Relation



Source: A New Partnership between Japan and the Mekong region: <http://cube.ritsumei.ac.jp/bitstream/10367/922/1/RCAPS20091202.pdf>

4.5 Case studies

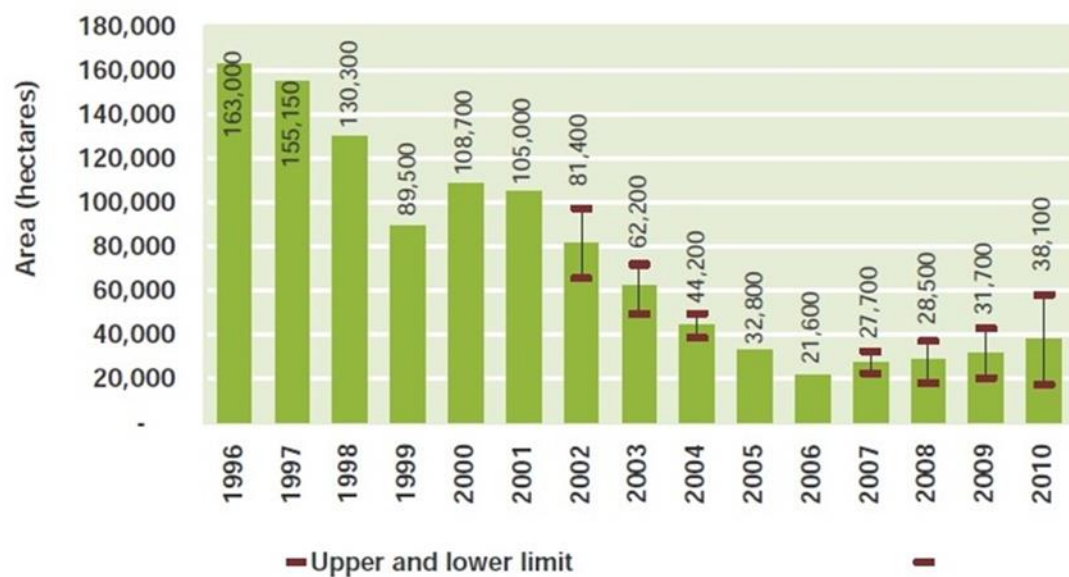
In this section, several projects supported by Japanese ODA during 1990s – 2000s will be examined for analysing the implementation of the ODA charter and the effectiveness of these projects. The selection in each case is based on the different categories of ODA. Therefore, the first case, opium poppy eradication program, which received the aid in the late 1990s, represents a technical assistance since there had a technical through transferring experts to Myanmar and receiving training in Japan. The next project focusing on a form of loan is debt relief program which was crucial in both quantity and quality of Japanese ODA to Myanmar. Lastly, Baluchaung hydroelectric power plant project was selected as a grant project. Any different kind of assistance in this section will show that they are hardly conducive to economic and social development in Myanmar, however, it indicated in the ODA charter's

principles that Japanese ODA would support economic and social development in the recipient countries (MOFA, 2003).

4.5.1 Case 1: Opium poppy eradication program or buckwheat project

However growing opium is illegal, opium is said to be one of the primary cash crop in Myanmar, especially in the northern part of the country (Steinberg, 199a: 52 cited in Kamigori, 2003: 83) due to it was only source of income to many people living in that area. Then, Myanmar is the second largest opium producer in the world after Afghanistan⁷⁴ with approximate 38,100 ha. of cultivation in 2010 which a 20 percent rich from 31,700 ha. in 2009, despite it slowly declined during 2001 and 2006.

Graph 9: Opium poppy cultivation (ha, 1996 – 2010)



Source: UNODC: http://www.unodc.org/documents/crop-monitoring/sea/SEA_report_2010_withcover_small.pdf

⁷⁴ United Nations Office on Drugs and Crime. **Opium cultivation up significantly in Myanmar and Lao PDR, UNODC warns.** Available from: <https://www.unodc.org/southeastasiaandpacific/en/2011/12/ops-2011/story.html> (accessed 19/06/2013)

Takeda mentioned that “ *something must be done to give minority people’s in Myanmar’s rough, mountainous region and way to subsist other than cultivating poppies and producing amphetamine for sale aboard*” (Takeda 2001: 56). Thus, from 1997 the Japanese government provided 800 million yen to support opium eradication project. This program was part of food increased production assistance that consists of Chin, Shan and Kachin states.⁷⁵

In terms of buckwheat project, Japan began to provide ODA with aiming to improve living standard of minority groups in Kokang area in Shan State⁷⁶ (JICA, 2000 cited in Kamigori, 2003: 83) in accordance with the Burmese government’s opium eradication afford in 1998. As soon as ceasefire agreement between Shan and the regime was signed, local leaders adopted ‘Opium Eradication Declaration’ in 2000. According to Takeda, he stated that “ *the projects such as the introduction of buckwheat as a cash crop to replace poppy farming are the only way to assure a real solution through agricultural development*” (Takeda, 2001: 50). Besides grant, this project also provide technical assistance in forms of sending an experts to the area to implement the project for the area for the propose that it would improve the living standard of those who involved in opium business. Thus, JICA provided buckwheat (soba) seeds to local people to grow as a substitution crop and made sure that all of this buckwheat would be exported to Japan.

⁷⁵ One reason that Japanese government proposed this project might be because most of smuggled drugs in Japan came from China in which many international trafficking in China are ethnic groups like Kokang or other ethnic minority groups in Myanmar and Thailand etc. are operating. However, nowadays most of busted of illegal drugs, Methamphetamine in specially, come from Africa (Japan Daily Press. Japan’s largest source of smuggled drugs traced to Africa.25 June 2013. Available from: <http://japandailynews.com/japans-largest-source-of-smuggled-drugs-traced-to-africa-2531150/> (accessed 2013/06/30).

⁷⁶ The Kokang area in Shan State is a bordering area with China in the northern part of the state with 150 thousand inhabitants in 2009.

However there are some critics about this project. Though its benefit seems to reach the grassroots but it is not come from the willing of the farmers since this plan was proposed by the Japanese Buckwheat Association and was supported by JICA, MOFA, Ministry of Agricultural, Forestry and Fisheries⁷⁷ (JICA, 2000, cited in Kamigori, 2003: 83). It was not a really self-sustaining project because when the assistance is expired; those who cultivate buckwheat will go back to opium cultivation again since they are used to it and buckwheat needs much more care and labour in the process of production comparing with opium poppy. Another criticism was that buckwheat product that exported to Japan was depended on purchased demand and market price, at a result, farmer's income is not stable while in opium case, people who cultivate gains stable income because those engaging in narcotic drug trade such as brokers, traffickers and customer come directly to their place and buy their product or barter it with other goods. Furthermore, buckwheat is not a simple food in Myanmar, so, this project seems to be not really helping target communities to stand on their own feet. Moreover, it might destroy the livelihood of local farmer as local population use opium as medicine.

Finally, Burmese military government also involved in opium trading since it supported poppy production, so, local people were promoted opium cultivation by the regime. Brookes mentioned that the regime used this issue as a reason for receiving foreign assistance (Brookes, 1999 cited in Kamigori, 2003: 85), as well as Aung San Suu Kyi issue. It could be said that, for the central authority, the assistance from narcotic drug reduction's program is important financial source for maintaining and strengthening their power. Beside the regime, opium production is also important money source for certain groups, both from the government and ethnic minority groups especially along the border area. The former group often transits their opium's income for the armed force as the central authority has had problem

⁷⁷ Actually it would be said that LDP Diet member Koichi Kato (加藤紘一) who supported the Japanese buckwheat industry was behind this project (Kamigori, 2003: 89 ; Surichai and Saikaw , 2007: 112).

in national budget for the military. While the latter are those involves in international drug trafficking system and has good relations with central military government as well. In other words, opium became survival crop for Burmese and ethnic people in that area.

Then, these critics brought up the question to the project. So, MOFA should work up at the root of the problem and realize that if domestic government is not sincere to bring good thing to their people; assistance would never be success to develop economic and social in the recipient country. This program showed how negatively the regimes influenced on implementation of the project. According to this case, Japan's ODA implementation sectors should examine political factors in recipient countries before detailed to individual project. To sum up, the opium eradication project or the buckwheat project showed that Tokyo was one of players for the regime as the project was engaged with political consideration in order to reach expected result.

4.5.2 Case 2: Debt relief problem

According to the Exchange of Notes between Japan and Myanmar during 1991 to 2003, there were over 90 billion yen of Japanese ODA flowed to Myanmar. Due to the condition of loan, the recipient country has to pay back the amount of money and interests in the time that both countries set up agreement. However, since 1978 Japan has proposed debt relief grant⁷⁸ for those have problem to repay its yen loan. Under this program, Japan provided general grant equivalent to part or the exact amount that the recipient repaid (Kamigori, 2003: 88).

This grant is not a new payment to the recipient countries, because the Japanese government uses this system only after an equivalent amount of debt had been serviced in hard currency by the recipient. And this program has been a major

⁷⁸ This system began when Japan gave grants to the eleven poorest countries, so they could pay for imported of oil (Seekins, 2007: 120).

portion of Japanese ODA to Myanmar after 1988 because since 1989 Myanmar has tended to delay the payment and its debt problem became worst. Another reason that Myanmar received debt relief was that the UN accepted Myanmar a LDC status in 1987. In other hands, it could be said that Japanese ODA, itself, caused huge debt relief for the country until the present time as before 1988 (particularly during Ne Win regime) yen loan was provided to large- scale infrastructure projects in Myanmar such as the expansion of Yangon International Airport project.⁷⁹

For MOFA, debt relief grant used to purchase necessary products for the purpose of economic development of citizen's welfare (ibid.: 84). Despite all new aid, except humanitarian and emergency assistances, was stopped, but in 2001 Myanmar was the second largest recipient of debt relief (ibid.: 89).

Table 16: Japanese ODA and debt relief to Myanmar during 1990 – 2000

(Billion yen)

Year	Loan	Grant and Technical cooperation	Debt relief	Debt relief/ Grant and Technical cooperation
~1990	402.972	112.691	10.107	9.00%
1991		5.387	5.000	92.80%
1992		4.408	4.000	90.70%
1993		6.542	6.200	94.80%
1994		13.440	12.000	89.30%
1995		16.498	14.000	84.90%
1996		8.590	8.000	93.10%
1997	2.5	4.755	4.000	84.10%
1998		6.060	4.000	66.00%
1999		3.557	1.586	44.60%
2000	1.45	5.287	1.777	33.60%
Total	406.922	187.215	70.670	37.70%

Source: Matsumoto, 2001: 20

⁷⁹ This project's agreement was start in 1983 (¥ 14.3 billion), 1984 (¥ 8.3 billion) and 1985 (¥ 434 billion). However, these ¥ 27 billion loans were suspended after the 1988 incident , it was reassumed in 1995 after the first release of Aung San Suu Kyi (Strefford, 2007: 69 – 73)

However, Burmese government utilized the disadvantage of debt relief program, in terms of lacking of monitoring system, to spend large amount of aid flow of debt relief to unclear expenditure. Matsumoto examined documents detailed list of purchasing products through the debt relief that Burmese government submitted to Japan and founded that there were unclear description on some goods or where the money was paid and MOFA were unable to clarify how the relief was spent. Such unclear expenditure was said that it reached 5 billion yen during the period of 1995 to 1998.

Table 17: List of unclear expenditure of debt relief during 1995 to 1998

Year	Yen rate	US Dollar*	Britain Pound*	Deutschmark*
1995	3,458,351,903	1,959,168	8,430	
1996	240,525,581	13,677		
1997	52,332,558	3,640,106	45,471	
1998	440,033,146	2,294,763		195,031
Total	4,131,243,188	7,907,714	53,901	195,031

*Amount is applied only to the ones not stated in yen rate.

Source: Matsumoto, 2001: 21

Table 18: List of top ten state-organized companies that received money from debt relief

	Yen	Other currency
Myanmar Petroleum Enterprise	7,654,834,021	US\$ 2,248,164
Myanmar Public Timber Cooperation	2,535,199,416	US\$ 641,039
Myanmar Periodical Publication Cooperation	1,822,541,342	-
Yangon City Development Committee	1,354,210,177	-
Myanmar Textile Industry	1,334,794,168	-

Myanmar Agricultural Service	1,261,875,551	-
Metrological Department	1,240,748,270	-
Public Works	1,087,188,555	-
Myanmar Heavy Industry	1,044,042,038	US\$ 85,717
Myanmar Ceramic Industry	939,802,523	US\$ 6,902

Source: Matsumoto, 2001: 23

In accordance of table 17, the military junta's unclear spending of Japanese debt relief might cause deforestation since large amount of money flowed to Myanmar Public Timber Cooperation, the state-organized company. Thus, money flows paid to heavy machine for deforestation as timber is one of the most important export products. Besides, environmental problem in the region, benefit from timber trade was one source of income to the regime's military budget.

Furthermore, the result of Japanese debt relief was to strengthen the military junta's power as the third largest organization supported by the government was Myanmar Periodical Publication Cooperation where the military could strictly control news and also freedom of people and media as well as spread out governmental pagodas. At last the regime could make use of the media for justification of its role and remain in power.

Another critic concerned with Japanese government regulation for grant funds which the recipient country had to import some technology and goods from Japan as well as the engagement of Japanese consultant company in several project supported by Japanese grant since they were designated in yen, those involved business was naturally benefit from this rule (Seekins, 2007: 120). Thus, the Japanese government could explain that the important of debt relief grant for Myanmar not only as a serious of confidence - building measures which confirm Japan's willingness to lessen Myanmar's debt burden and Burmese determination to deal with its financial

obligation, but also as a mean of sustaining the Japanese ‘boomerang economy’,⁸⁰ in Myanmar during pre-1988 period (ibid.: 126 – 127). In this point, Japan should designate a standard for the use of debt relief and monitoring system to ensure that its effectiveness will reach to local people especially through the BHN project. However, this critic brought to the change on Japanese policy on debt relief as in December 2002, Yoriko Kawaguchi, foreign minister, announced that Tokyo would reform her debt cancellation system. Then, in April 2003, all over repayment debt due date would be cancelled and the Japanese government tried to promoting ‘self-help effort’ for recipient country instead.

As a result, Japanese debt relief grant to Myanmar reached 75 percent of total Japanese ODA towards Myanmar during the thirteen-year period from 1991 to 2003.

4.5.3 Case 3: Baluchang Hydro-electric Power Plant Project

4.5.3.1 Background of the project⁸¹

This project, which was built along Baluchaung River in Kayah State, is another controversial aid project of Japanese government and it is the most significant project in Japan – Myanmar’s relation as it was constructed by Japanese government in 1960 as part of war reparation. During the construction period, it spent totally ¥ 10.4 billion. Actually, the project was the aim of the president of Nippon Kōei, an engineering consulting company that played a major role in Japanese ODA towards Myanmar until 1988, because Nippon Kōei had experience of power plants construction in North Korea and Manchuria during the period of Japanese occupation (ibid.: 60). On the other hands, the Burmese government was also looking for a place

⁸⁰ Hiroshi Kakazu, an economist, used the term of ‘boomerang economy’ to explain how most of benefit from financial assistance is returned to the donor country through imports from the donors (Kakazu, 1991: 24 cited in Seekins, 2007: 71)

⁸¹ Many Japanese observers mentioned that this project is one of the successful projects of five-decade of Japanese reparation period and assistance provided to Myanmar between 1955 and 2005 (Seekins, 2007: 60).

to build a hydro-electric station to supply Yangon and other cities in central Myanmar, and Japanese consultant suggested this site (Olson, 1961: 3 cited in Seekins, 2007: 59).

However, there were many problems for the construction both from the geography of the site⁸² and from ethnic minority group living in that area, the Karen. The construction began in 1956 under the control of Nippon Kōei and Kajima, a major Japanese construction firms. The first phase was completed by March 1960 with cost of ¥ 10.3 billion or almost 15 percent of total reparations paying to the country (MOFA, 1962: 87 cited in Strefford, 2007: 84). In 1963 Nippon Kōei and Marubeni were awarded the contract for the expansion of Balunchaung No.2 1nd another ¥ 16 billion yen loan for the reparation and spare part was provided in 1981. This expansion was completed in 1992.

After the long term of Ne Win's regime (1962 – 1988) and the State Law and Order Restoration Council (SLORC), after changed to State Peace and Development Council (SPDC), (1988 – 2011) administrations, the effectiveness of the station was decline since it had rarely been repaired. As a result, Japanese government decided to provide the grant aid for renovation of Baluchaung No. 2, at last it was one of the first new aid projects to Yangon after a peaceful and friendly dialogue between the military junta and Daw Aung San Suu Kyi in 2001-2002 and it was also one of the recommendations of the 'Japan-Myanmar Cooperation Program for Structural Adjustment of the Myanmar Economy'.⁸³ Therefore, on 11 May 2002, only 21 days

⁸² The geographical of the project is that the river is dropped over 670 meters (2000 feet) as a series steep waterfalls (Seekins, 2007: 59).

⁸³ This program had been set up by Prime Minister Keizō Obuchii (小渕恵三) after the first-fifteen-year summit between Japan and Myanmar in 1999 ASEAN Summit in Manila. It also led to the creation of JICA-funded Program in June 2000. The condition that PM Obuchi urged General Than Swe during the meeting were that the reformation of Burmese economic system and the advance in democratization process in Myanmar (Strefford, 2007: 73-74).

after the release from house arrest of Daw Aung San, the rehabilitation of Baluchaung second hydroelectric power plant exchange notes was held. This agreement was extend financial assistance up to ¥ 628 million. The 2002's Baluchaung renovation project was under the control of Hitachi and Marubeni who awarded this contract (Strefford, 2007: 74). Anyway, there were another small grant aid of ¥ 3.3 billion JICA funded Nippon Kōei for its development Study and environmental impact assessment (EIA) (Nippon Kōei News Release, 1999 in Strefford, 2007: 74).

On the position of MOFA on this project was that this program should be categorized as part of humanitarian aid or BHN assistance because this hydroelectric power plant would provide up to 24 percent of total annual electricity production MOFA, 2001b). Thus, it would be solve a chronic power supply shortfall problem in Myanmar.

4.5.3.2 Analysis of the project

In conversation with Ms. Pornpimon Trichot, she mentioned that normally in the decision of ODA projects Japanese government, as well as other donors, had to discuss with the military junta first because the regime was the one who decide to where this financial aids should be flown(Pornpimon, interview). So, it was not surprising that, most of assistance usually grouped in Burman majority area as well as other ethnic groups states that were not harmful to the regime or where was under the control the Burmese military junta. That kind of decision making also occurred in this case since the large-scale construction was preceded under the name of national development rather than protecting and promoting local interests (Hirsch 1998: 55 cited in Kamigori, 2003: 80). Such problem might be because of the lacking of local participation in the decision making process of the project (Akimoto, 2001: 14). Furthermore, in accordance of Mr. Teddy Buri,⁸⁴ local people, the Karen, were

⁸⁴ He was elected as a Member of Parliament (MP) for Karen State in 1990 general election in Myanmar, received 6,182 votes or 58 %. However, since the military regime refused to transfer power to these elected MPs he has not been able to take office and living in exile in Thailand now. He was also the president of the Member of

not benefit of the electricity produce by the Baluchaung hydropower plant, in the other hands very few people, most of them were government servants, gained the benefit of the project as most of the electricity is delivered to Yangon and Mandalay area (Maekong Watch, 2001: 16, 20).

At the time that this agreement was signed, there still was no ceasefire agreement⁸⁵ between the regime and the Karen National Progressive Party (KNNP).⁸⁶ Thus, the KNNPP accused that their people were used as forced labour for military and their environmental was destroyed. While, the military junta claimed that they had to maintain safe to the area around the project area from the KNNP (Kamigori, 2003: 86). However, since the role of the military in this area, the project caused the devastation of Karen's society and culture because the regime would increase its forces for protecting the project area from ethnic groups attacks. Then, this automatically increases control and oppression against local area and its people as well (Ohashi, 2001: 19).

Another problem was the damage on water control and on agricultural orientation as the amount of rain directly affects the quantity of the electricity products. Therefore, the military junta restricted the quota for the agriculture sector (Kamigori, 2003: 81). Stakeholders in this sector, especially rice producers, were affected since the lack of enough water (Mekong Watch, 2001: 20).

Not only the devastation of society and culture of the Karen, this project could also bring to other kind of human rights abuse such as torture, murder and withholding of

Parliament Union, an organization of elected MPs from Myanmar. Now he serves as Minister Office the National Council Coalition Government of Burma.

⁸⁵ After 60 years of conflict, the KKNP agreed to sign a ceasefire agreement with the Burmese government after a two-day if negotiation in 9 – 10 June 2012 in Loikaw, the capital of Karenni State (Weng, L. Karennis Sign Ceasefire with Naypyidaw. 2012. Available from : <http://www.irrawaddy.org/archives/6441>

⁸⁶ This party was established in 1988 and currently has 1000 fighting men (Idib.).

various goods from villages, forced relocation without any guarantee in the new place⁸⁷ (Mekong Watch, 2001 : 20).

The most crucial problem of the project was that the consideration of the forced labour. Forced labour around the project area involved ordinary citizens both men and women. These people had to work like a carrier to Burmese military. According to the reason conducted by Mekong Watch in 2002, forced labour in this project area existed at least until March 2001 (Mekong Watch, 2002: 2).

This chapter explored Japanese ODA development towards Myanmar. However sometimes in its long history of their assistance, Japan suspended her ODA flow at least three times. The first time was in 1988 after the political crisis in the state. The second time was in 2003⁸⁸ after the arrest of Aung Sang Suu Kyi. And the latest was on 16th October 2007⁸⁹ after Kenji Nagai⁹⁰, a Japanese working for AFP, was killed during the Saffron Revolution. Nonetheless, these suspends was not longer than a year. After the resumption and the restriction on sustainable development and humanitarian aid, it was still unclear whether Japanese ODA project fulfill this newly stated objective or not. According to three case studies mentioned above, these

⁸⁷ Quite similar case will occur in the Dawei Deep Sea Port ,Industrial Estate , and Transborder Corridor Link Development Project as many local people, mostly Karen, are forced to relocated in a place that totally different from their old environment and routine. In other words, they have cultivated fruits, specially cashew nuts, and betel palms for making a living, but their relocation area is situated nearby the sea, this means they have to find a new way for earning their living. Other problem is that all residents built in relocation area are prefabricated home, then, their building skill will be demolished as well (author observation during field work in Dawei).

⁸⁸ During this suspendibility period Tokyo still gave multilateral assistance to the regime through the United Nations.

⁸⁹ Japan still provided health assistance to the country.

⁹⁰ Kenji Nagai originated from Imabari City, Ehime Prefecture. He graduated from Keizai University, then continued his study in the United States. During his working period as a cameraman, he was sent to many dangerous places such as Afghanistan, Iraq and the Middle East.

indicate failure of Japanese ODA towards Myanmar in terms of these project had not promote economic and social development as well as human rights issue in both the project area and the country. This was quite different with the grassroots grant projects that benefit to the local and also promote social development as well as sustainable development in the project area.



CHAPTER V

JAPANESE ODA AND ITS IMPACTS TO MYANMAR

This chapter describes and explains how Japanese ODA policy is implemented in Myanmar. This chapter moves to focus on the analysis of impacts of Japanese assistance in Myanmar. This chapter is divided into 3 parts. The first part will focus on economics. The second one will look on political issues. And the last part will move to the social sphere. Additionally, each part will be categorized into 2 subsections: status of Myanmar in each issue, the Japanese impact.

5.1 Economic sphere

5.1.1 Myanmar's status

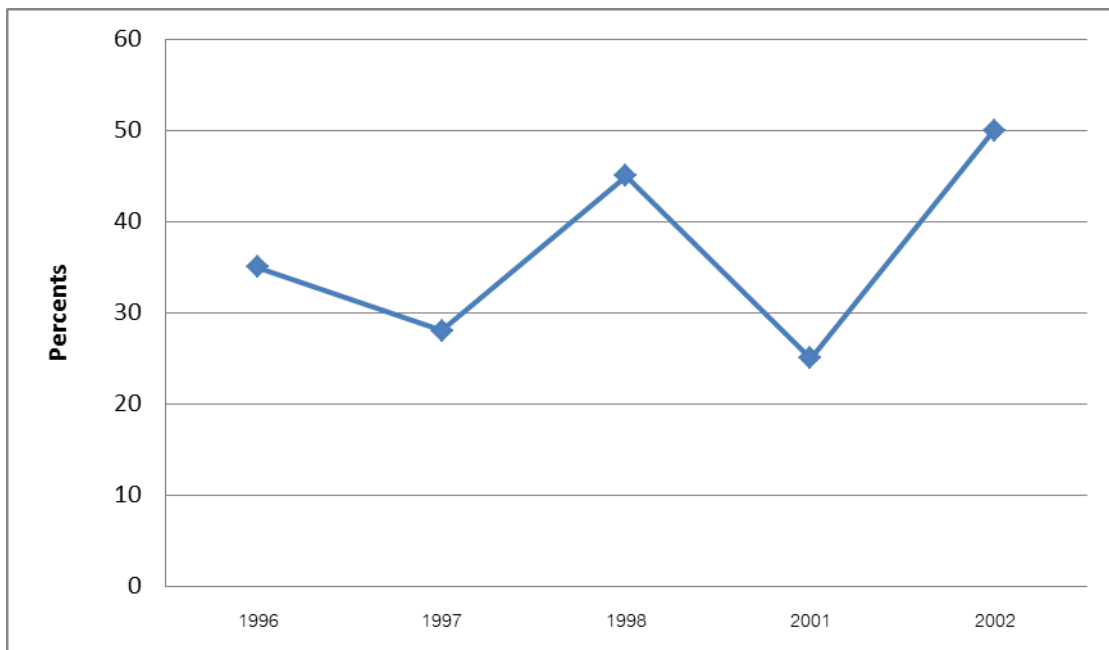
During Ne Win era, every private company, both owned by foreigners or locals, was nationalized. It led to a Burmese economic problem. However after that period, there was no efficient economic development plan.

However Burmese government had paid their priority to economic sector, Burmese economic condition was in unsatisfying position because of its LDC status, poverty⁹¹, economic mismanagement and fluctuation of currency system⁹², and inflation problem which made product price increased since 1999.

⁹¹ Before 2000 people living in Chin State and Magway Division were the poorest in the country (Pornpimon and Chaichok, 2009: 883).

⁹² In the past, Myanmar had 4 exchange rates: official rate (US\$ 1 = 6 kyats), foreign exchange certificate / FEC (US\$ 1 = 1 kyats), black market rate, and semi-official rate which used for International Organizations and private development organizations (PDO). Nodayway, there is only one exchange rate which is set by currency market.

Graph 10: Myanmar's inflation rate (1996-2005)



Source: Pornpimon and Chaichok, 2009: 887

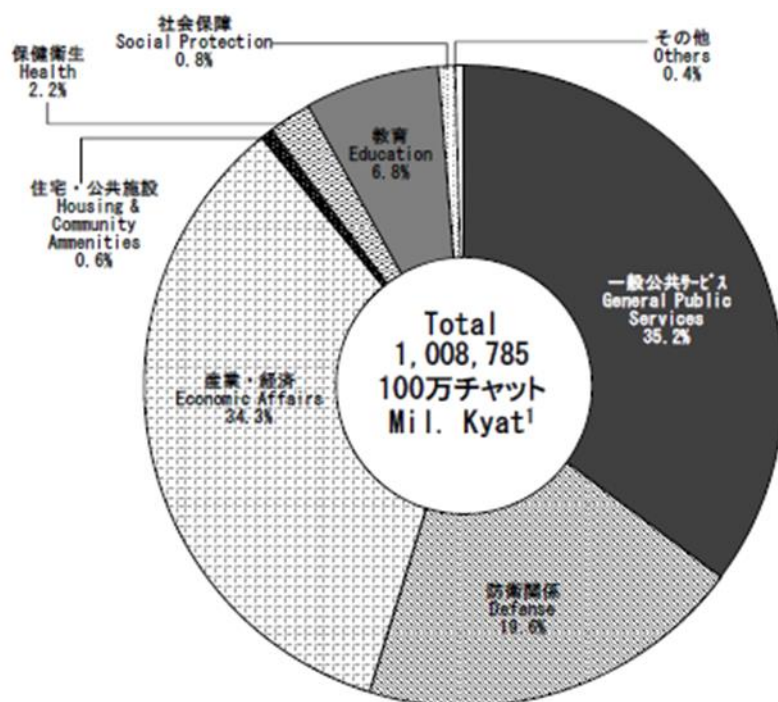
In 2002/2003 fiscal year the inflation rate raised to 50% because of the great flood and the Burmese bank crisis.⁹³ Consequently, people withdraw their money until at least 12 banks were closed down. The Central Bank of Myanmar solved the problem by enacting the maximum money which could be withdrawn per week was 50,000 kyats and printing extra banknotes. As a result, people decided to keep their money as well as gold with themselves.

As most budget was spent to security and military sectors, the government had to raised taxes on many products leading to 8 times much higher of gasoline price in 2003 (ibid.; 887-888). Although, the government imposed extra revenue from tax; it

⁹³ Causes of the crisis were: a deposal of Khin Maung Thein, Financial Minister, and rumors that commercial banks provided large of loan to financial institution being impossible to pay the money back. Moreover, it was said that another reason was Thailand's War on Drugs policy that led to a money shortage to those who involve in drug trafficking, then, they did not have enough money for money laundering in banks (Withaya, 2004: 81-82).

was not enough for its expenditure. However this trend changed in 2005 as major disbursement were in general public services.

Graph 11: Expenditure of Burmese Government Finance by Function (2005)



Source: Government Finance Statistics Yearbook 2009

Total: 1,008,785.0
(100万チャット)

Source: ASEAN-Japan Centre:

http://www.asean.or.jp/ja/asean/known/statistics/2/pdf/1-11.pdf/at_download/file

Agriculture had been an important sector for Burmese economics because of the thought that if they could produce large amount of agriculture crops, they would be able not to rely to other countries (Annual Asia 2003/2546, 68). In this sense, the idea was coherent with its main policy: self-sufficiency. However, this was not well developed because of the weather, the lack of irrigation system⁹⁴ as well as

⁹⁴ More than 80% of Burmese plantation area lacked of all types of irrigation system (EIU, 2000: 26 cited in Pornpimon and Chaichok, 2009: 859).

gasoline used for agricultural machine, especially lift pump, and agricultural mismanagement which focused more on quantity not quality, such as, the expansion of paddy fields. However, main problem for the development was the procurement policy which forced farmers to sell their products (12 baskets per acre) to Myanmar Agricultural Products Trading (MAPT), Ministry of Commerce, with half price of market rate.⁹⁵

Moreover, the government proposed Four Pillar Policy to support the cultivation of rice, beans and grains, cotton, and sugar canes. The military junta allocated 11 percent of all cultivation area for beans plantation and the production was good, thus, these crops became important goods for the government. However, not soon after the promotion, the junta also implemented procurement policy to beans as well.

Additionally, the government also promoted rubber tree plantation, In Tachilek, Shan State, there was huge deforestation in mountainous areas in order to grow rubber trees. Most of those who give concession are close with the Burmese government (local people, interviewed). In Dawei, there are many rubber cultivations as well; however, when those trees are too old to produce rubber latex, the farmers just leave those trees because they do not have enough money for rubber tree wood processing (local people, interviewed).

As the oil is significant for Burmese cuisine⁹⁶, the government promoted palm oil plantation, particularly in Dawei, the military junta cultivated palms in large area but they could not fully cultivate of the benefits from this. In accordance o this, the junta earned 380,000 tons annually from internal palm products, while oil

⁹⁵ In 2004 the junta announced the liberalization policy which traders would only exported their rice when it is in surplus and the exporter must pay a 10 percent export tax and the net export earnings after taxes would be shared with the government as a 50-50 basis (Min Htet Myata, 2003).

⁹⁶ Eating oily food means that those people are in a wealthy class.

consumption in Myanmar were approximately 500,000 tons per year (Economist Intelligence Unit, 2002: 21 cited in Annual Asia2003/2546).

Although, the government's revenue from agricultural sector was not stable, those from energy sector had gradually increased. In 2003, the junta gain 32% of their revenue from this sector, while in 1998 they earned only 0.02%. However, since the lacking of technology, Myanmar could not gain benefit from their natural energy resources. The most important energy supported by the government is hydropower. Myanmar constructed many hydropower electric plants, which inevitably affects local people and environmental devastation.

Burmese government also promotes the industrial sector especially manufacturing sector since they would like to decrease their import. Many foreign businessmen were interest to invested in factory; however, with the lack of electricity, many of them had to buy dynamos and oil for electric generation, hence, the production cost increased. Another weakness in investment in Myanmar was that the lack basic public utilities.

For tourism, it was not as successful as the government expected. Hence, business related to tourism, for example, hotels and department stores were stunned. However, when economic condition in this region was getting better, tourism and manufacturing sectors⁹⁷ were getting better too. Burmese tourism quickly grown after the 2004 Tsunami which led many European tourists decided to go to Myanmar instead of Thailand, hence, the government tried to promote tourism and found a new market for tourists especially from Asian countries (Pornpimon and Chaichok, 2009: 900).

⁹⁷ Most of investment in manufacturing project after the financial crisis ran by the government.

Table 19: Burmese economic growth rate in 2010

	2010
GDP growth (%)	4.9
Agriculture	2.5
Industrial	2.5
Service	1.2

Source: Institution of Asian Studies, 2011: 2-36

To sum up, energy became an important revenue fund for the Burmese government. Its significant customers are Thailand, China and India. However, the government spent large amount of their money on military affairs. Other reasons that made Burmese economic system poor are internal situations, the lack of infrastructure, and economic mismanagement.

5.1.2 Japanese ODA's impacts

As Japanese foreign policy became more liberal, major Japanese enterprises which was supposed to benefit from boomerang economy had gradually lost their influence in policy making process. However, during the first years of Burmese independence and Ne Win administration, these companies played significant role in Japan's aid policy as one condition of receiving Japanese assistance was that the recipients had to hire a Japanese consultant firm as well as to import Japanese commodities for the project. Hence, these major companies gained advantage and Japan could have new market for its products. The largest sample of business role in Japanese aid was the expansion of Mingaladon International Airport, Yangon International Airport, including extending the runway and renovating the reception hall. The project was led by Taisei Cooperation and Marubeni under Japanese ODA fund.

Although, under the Ne Win regime, Burmese government was strict to foreign investors, Japanese companies could play major role in Burmese economy under Japanese assistance programs. However, there were only two Japanese firms

operating in Myanmar during the 1960s, by the late 1990s there were 15 companies⁹⁸ doing their business in the country (Seekins, 2007: 77). These companies monopolized all Japanese aid project in Myanmar. Even though Tokyo froze her ODA after the 1988 incident, those business groups officially requested the government to reassume aid flows to Myanmar because they did not want to lose their huge interest in Myanmar. Thus, shortly after the suspension, Tokyo release her new aid flows to the country.

Consequently, Japan's aid and investment in Myanmar, especially oil products and public transportation, in Myanmar had increased. Japan was involved in oil operation since the 1970s after the assistance of oil resource investment. According to the exploring project, 3 new offshore oil fields and to natural gas field were discovered for public transportation, Myanmar was a large market for Japanese second-handed buses. There were small Japanese business firms importing those buses to the country for example Nyapyidaw Transport Company which imported Hino second-handed buses for Yangon and Okkalapa North and South (Myo Ma Ma 1990: 55 cited in Bamba and Apiwong, 2009: 15). Japanese government also provided discharged JR buses to Myanmar.

Beside Japanese business sectors, Japanese war veterans who fought in Myanmar during the war also played significant role in aid policy.

Japanese deep settlement towards Myanmar and the concept of 'special relationship' was reflected in the novel 'Harp of Burma' (ビルマの豎琴 / biruma no tategoto) written by Takeyama Michio. Japanese war veterans had special emotional connection to the country because of a huge lost⁹⁹ and the hospitality of local people.

⁹⁸ Sumitomo, Shōji. Mitsui, Bussan, Mitsubishi Shōji, Nichiren, Marubeni, Nisshō Iwai, C. Itoh, Kinshō Mataichi, Tōmen, Kanematsu, Gōshō, and Daimaru

⁹⁹ 190,000 Japanese soldiers died in Myanmar during 1941-1945.

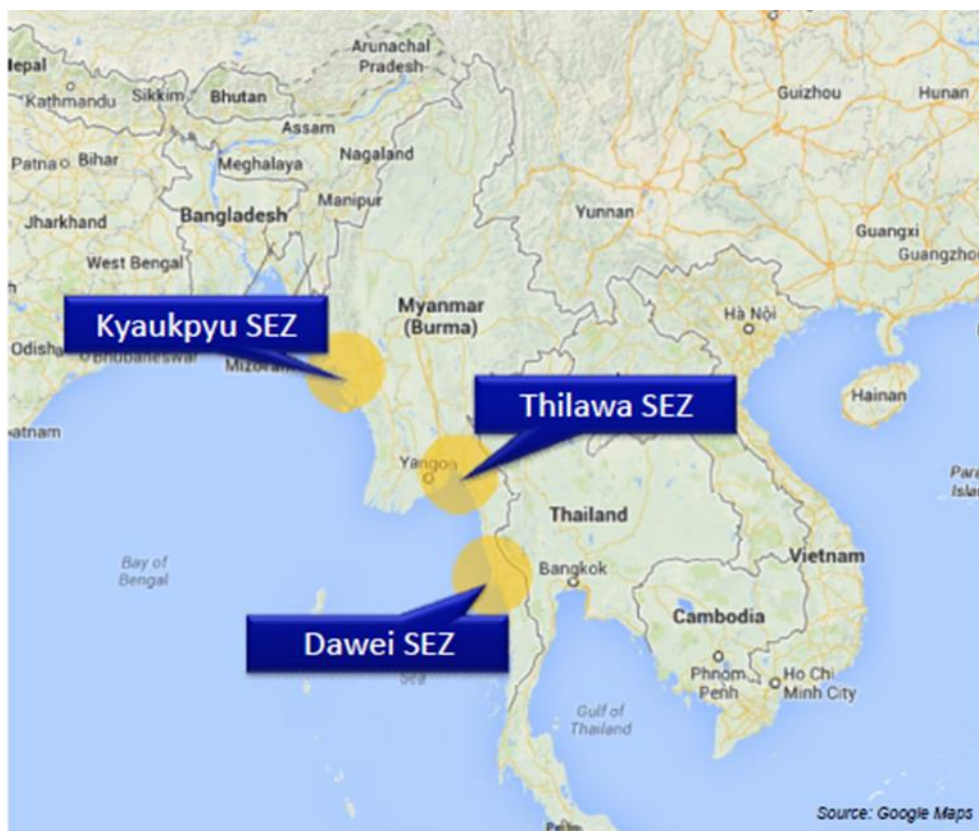
According to one Asian diplomat, Japanese who fought in Myanmar formed the largest and most active group. They frequently visited Myanmar in the late 1980s and early 1990s in order to find the remains of their friends, offer praying and build monuments for the deaths¹⁰⁰ (Seekins, 2007: 48). The searching of those fallen remains took them to harshly routes with poorly developed infrastructure. Hence, they asked Japanese government to provide aid for infrastructure development so that they could travel easier.

A group formed by those veterans called Japan –Myanmar Cultural Association, At first its motive was to find a fallen remains in Myanmar, However, since its member expanded to not only veterans and their descendants, but also businessmen, intellectual and general public, its priority expanded to economic interest especially during the late 1990s when Tsukamoto Koichi¹⁰¹, a veteran and the president of Wacoal Cooperation, led the organization. Nowadays, this association pays more attention to cultural promotion between two countries, and the activity of finding the remains of the death was derogated as most of soldiers fighting in Myanmar passed away. However its objectives included promoting economic and social relationship with the government and people of both states, including lobbying for policy engagement and voicing against any hard-line policy through its activities (Pongylar, 2007: 17). A good sample for this trend is that the association pressed Japanese government to invest in Dawei Deep Sea Port Project, although, at first the government and JICA decided not to approve their budget to this project. At the present, Japan is involving in two Special Economic Zones, Dawei and Thilawa, the priority was given to Thilawa.

¹⁰⁰ The Burmese government did not please for these activities because Japanese high-ranking officers attended ceremonies holding at these monuments. All of these actions made local people felt like a stranger in their own land (Tanabe and Utsumi, 1990: 189-192 cited in Seekins, 2007: 16).

¹⁰¹ He played important role in Japan-Myanmar bilateral relations.

Figure 4: Special Economic Zones in Myanmar

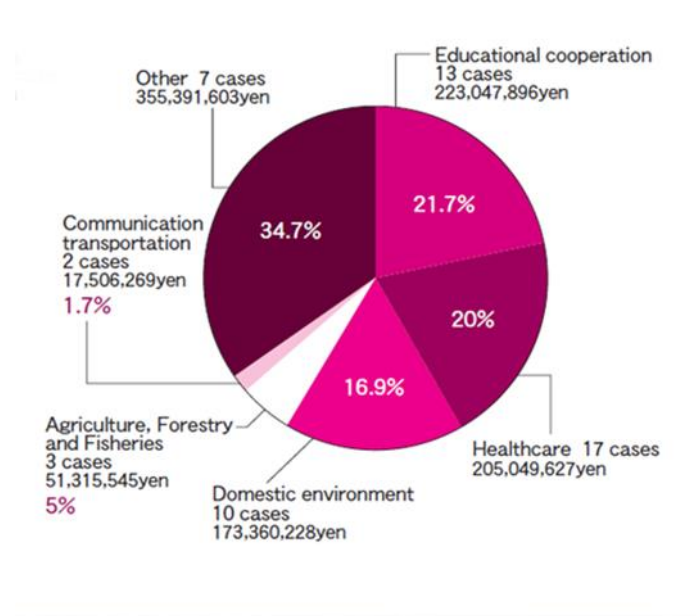


Source: Otsuka Koji: http://apbf.unescap.org/content/MBDW_files/files/MBDW-Day4-S13-JIKA_KOJI_OTSU

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Then, after Japan improved its foreign policy to be more liberal, she pays more attention to humanitarian issues. Business sectors which had played significant roles in Japanese aid policy though bureaucratic system and gained benefit from boomerang economy had gradually decreased its influence because aid policy making process in the bureaucracy was downgraded since its mismanagement during the 1980s. NGOs had continuously increased their influence in ODA process (graph 3).

Graph 12: Disbursements of Emergency Humanitarian Assistance by Japan Platform in 2006 (governmental funds only)



Source: MOFA: <http://www.mofa.go.jp/policy/oda/category/ngo/assistance/english.pdf>

Although during the first years after the independence, Japan's aid hit Burmese motives of developing and rehabilitating the country. However, not so soon, it turned to a creation of Japanese new market. During Ne Win era the government, although Japan provide large amount of ODA to solve Burmese economic problem, nothing changed because the military government use those money, particularly debt relief projects, for military and security affairs. After 1990, the junta asked for assistance for economic development especially in agriculture and industry sectors. However, in this period, Japan did not invest in any new projects. Moreover, she spent large amount of her assistance to grassroots development.

Hence, Japan's assistance flows to Myanmar did not improve Burmese economy because that money flew to large-scale projects. Additionally, not many local people gain benefit from its investment in infrastructure such as Bakuchaung Project as well as the renovation of Yangon International Airport. After Japan's policy swifited to grassroots assistance, aid for improving economic system also decreased. Japanese aid project did not pay for the agricultural which is a main economic sector for Myanmar.

Nonetheless once in a while Japanese private sector would ask Japan's government to prevent their interest in the country.

5.2 Political sphere

5.2.1 Myanmar's status

After Myanmar gained independence in 1948, it tried to operate in accordance to democracy rule.¹⁰² The 1962 coup began the period of long-term military administration. Their order kept people from freedom and rights by threatening or using their force. The military believed that they were the most important group in the country and their leaders considered themselves as the legitimate Burmese government as well as had desire to gain power (International Crisis Group, 2002: 20; Steinberg, 1999a, 41 cited in Kamigori, 2003: 64).

In 1964 Ne Win declared that his organized party, the Burma Socialist Programme Party (BSSP), was the only political party. However, in 1974 the Socialist Republic of the Union of Burma was also a legal political party. At the same time the military government transferred their power to civilian government rule, but the member of authorities were the same.

In 1988 the massive demonstration occurred because of the aim to end the military rule by the people. However, when the junta declared martial law, their aims were clarified and divided to 3 main points: to realize plural political party system, to establish Human Rights protection, and to liberalize its economy (Nemoto, 2001a: 1 cited in Kamigori, 2009: 68).

After the resignation of Ne Win and the crackdown of the BSSP, the SLORC led by Senior General Saw Maung seized the power. Their priorities were law and order, secure transportation and smooth communication, economic stability, and multi

¹⁰² Burmese military government believed that democracy led to disagreeableness (Wirat, 2008: 44).

parties' election (Guyot, 1991: 205 cited in Kamigori, 2003: 66). Although the socialist system was ended, the military government's control still continued.

The results of the 1990 election showed that people would like to have democratic civilian government. However, the SLOC ignored the result and announced Declaration No, 119 stating that "*the elected government representatives would only be responsible for drafting new constitutions*" (Tin Maung Maung Than, 1997 cited in Kamigori, 2003: 67). Then, the SLOC continued to control all over the country as well as the constitution-drafting process.

A decade after the 1990 election, there was no significant change in Burmese politic. It was a period of struggle between the government and the NLD. However in 1997, the SLOC was renamed into the State Peace and Development Council (SPDC) because of the following reasons given by the junta. SPDC was established for creation of discipline democracy which would lead to a peaceful development country (The Nation, 1997: A1). Along with this change, there was also a shift among authorities, 14 senior military officers who had been in power since 1988 were dismissed. However, there were 4 generals remaining in power: Senior General Than Shwe (the chairperson of SPDC), Vice-Senior General Maung Aye (Deputy Chairman of SPDC), General Khin Nyunt (SPDC first secretary), and Lieutenant-General Tin Oo (Second secretary of SPDC). This change was recognized as a silent coup (Pornpimon and Chaichok, 2009: 827). The hidden agendas of this deprivation were as follow;

1. The military government would unite the Army as there were many conflicts between Intelligence Unit, under Khin Nyunt control, and other military units, led by Maung Aye.
2. General Khin Nyunt had a good image as a progressive person in international stage.¹⁰³ Because of this, foreign countries looked at the rest of Burmese dictatorship as aggressive and ruthless.

¹⁰³ Aung San Suu Kyi also respected Khin Nyunt (Pornpimon and Chaichok, 2009: 953).

3. Khin Nyunt always appeared in many state important ceremonies for showing that he was the one that has influence in the country which left other high ranking officers discontent about him.

4. Khin Nyunt was close with Ne Win and constantly asked him for suggestions.

Other incidents Burmese politic were the Black Friday Incident and the Saffron Revolution. After the release of Aung San Suu Kyi in 2002, she visited her supporters in several part of the country. Then the Union Solidarity and Development Association (USDA) under the government's command took her and other 18 NLD's members to unidentified place and brutally suppress their supporters. Moreover, the junta closed all universities and colleges to prevent political grouping. This incident was called Black Friday Incident. Later, General Soe Win, who was responsible for this suppress, succeeded General Khin Nyunt as Prime Minister.

Another significant movement was the Saffron Revolution¹⁰⁴ in 2007. This protest led by Buddhist monks in Pakoklu in central Myanmar and then moved to Yangon, The cause of this uprising was an overnight rising of gasoline and energy price without warning. This rise in price affected the poor and Buddhist monks as people could not give the usual amount of food. Additionally, some families that could no longer support their children brought them to temples and asked the monks to feed them (Steinberg, 2010: 139). However, the junta violently suppressed the monks and demonstrators and closed down some monasteries. Consequently, many people died during the protest¹⁰⁵ including a Japanese photographer. As by 2010, Burmese politics was still under the military control.

¹⁰⁴ It was named after the traditional color of the Burmese Buddhist monks' robes.

¹⁰⁵ The UN said that there were 31 person died, while some foreign account said that 100 died.

5.2.2 Japanese ODA's impacts

Aung San Suu Kyi is quite popular in Japan particularly after she was awarded the Noble Peace Prize in 1991. Her story were present through Japanese mass media for example, her writing, *Freedom from Fear*, which was translated in Japanese in 1991, a translated collection of her speeches which was published in Japan in 1990 (Aung San Suu Kyi, 1991; Aung San Suu Kyi, 1996 cited in Seekins, 1999: 20), a comic (manga) about her life and several TV programs concerning with her which broadcasted around the 1990s.

Although, Daw Suu Kyi was favored and respected by most of the Japanese, there was a phenomenon called 'Suu Kyi Bashing' in Japan. One example was Fukuda Yusuke who claimed that even the junta called for Japanese aid ignored because of the "Suu Kyi Problem". The most outstanding person against Daw Su Kyi was Ōmae Kenichi. He indicated that Daw Suu Kyi was a burden for Burmese development and she, along with the U.S, were those who kept all Myanmar from good things: cheap labors, natural resources, and a military regime's intent on economic liberalization (Seekins, 2007: 120-122).

However, Japan could not ignore Aung San Suu Kyi issue as she is a symbol of democracy that is respected by the U.S and the West. Additionally her father, General Aung San, had close relations with Tokyo and Suu Kyi, herself, also conducted her research at Kyoto University.

Hence, Japanese assistance flows to Myanmar since the early 1990s had been based on Aung San Suu Kyi and democracy issue. Tokyo also tried to push the two parties, the NLD and the Burmese government, to negotiate through a dialogue as well as her attempt to ask the dictatorship to release Daw Suu Kyi from her house arrest. These might be because of the change in Japanese foreign policy which focus on Human Rights and democracy issues, and the increase of NGOs influential in Japanese policy making process. Thus, nearly two decades of military control, Japanese aid tended to flow to Yangon after the release of Aung San Suu Kyi or

political prisoners and after the dialogue between the SLOC / SPDC and the NLD or Daw Suu Kyi. Most of the assistance was humanitarian aids or grassroots grants.

For instance, in 1995 Tokyo announced ¥ 1 billion of new grant for increasing of food production in Burmese border area¹⁰⁶ as a reward of the dialogue between Aung San Suu Kyi and the junta leaders. After her release in 1995, ¥ 1.6 billion provided to the country for renovation of the Institution of Nursing in Yangon (ibid.: 133).

However, Aung San Suu Kyi disapproved foreign aids and investments, particularly the ODA from Japan. She mentioned that this money would support military junta, not local people. Japan became a target of her criticism through her interviews with foreign media and her article published in Mainichi Shimbun Newspaper. She indicated that the assistance for the Institute of Nursing's renovation would not benefit to all Burmese because those who could use it were people who were close with the regime and those who had a chance to study there¹⁰⁷ (THIS IS Yomiuri, 1996: 204-205 cited in Seekins, 2007: 135). Additionally, Daw Suu Kyi believed that Tokyo should not quickly respond to the situation in Myanmar, if not those who gained advantage from Yangon were Japanese businessmen.

Although Aung San Suu Kyi and democracy issues inevitable concerned with Japanese aid decision, as Tokyo had paid more attention on Human Rights and other world order matters, it had not much affected to Burmese political system. Moreover, as Japan brought Suu Kyi matter as a center of its quiet dialogue to Myanmar, she became a bargaining chip for the Burmese authorities to ask for a bigger piece of Japanese ODA cake.

¹⁰⁶ It was the largest amount of new aid flowing to Myanmar since 1988.

¹⁰⁷ Most of them also had a connection with the regime.

5.3 Social sphere

5.3.1 Myanmar's status

Many projects are good samples showing that not only did Japan not operated its ODA in the way to promote Human Rights in the country but also supported the regime for Human Rights abuse of people living in the project area as well for example Baluchaung hydropower plant which the Burmese military has devastated the society and culture of the Karen (Kamigori, 2003: 80). In addition, the most crucial problems of the project were the consideration of forced labour, forced migration, and deforestation.

Not only the Karen but also other minority groups have affected with the government policy. The junta does not allow them to teach their own languages. The minorities have to study their languages from churches or temples. Moreover, for the Shan, or Tai Yai, who had their own rulers, Sao Bwa, the military government tried to make them forget their Sao Bwas by leaving their palaces¹⁰⁸ or destroying them such as Kengtung Palace which was destroyed in 1991¹⁰⁹ and built the New Kengtung Hotel, a stated-owned hotel, in 1997 instead.

There was also fundamental human rights violation among the Burman, such as education and public health, as well as freedom of press and speech. In Dawei not only minority groups, Karen, but also the Burman did not know about the impacts of Dawei Deep Sea Port and Dawei Economic Zone projects. Those who knew well were those who could access to the internet and know English language as the government did not give them much information about the project as the tight control media. Although the government provided an area for land rehabilitation for

¹⁰⁸ The palace was recognized as a symbol of Sao Bwa and a fundamental of Shan culture.

¹⁰⁹ The junta stated that the reason for the destroying was tourism.

the local who live in the project area, the area is far from their former place and because of this many of them might have to change their occupations.¹¹⁰

The teachers got very low salary¹¹¹, most of them lost their motivation in reaching, this would affect to the education of the children as well.¹¹² In terms of university entrance, the student cannot select faculties or schools that they would like to study, but the government will manage it by looking through their scores. Those who gain the highest points will go to medical school, then engineer, and following by foreign language (Lahpai Nang Sam Awng, interviewed).

Nobody knew exactly the number of child soldiers in Burmese military, however, many of them were deceived or kidnapped by the military, while some of them were willingly to join the troop as the induction of their parents (the Irrawaddy, 2014). The military force are poor too, then, the soldiers, especially those who are stationed in the border areas, have to smuggle weapons and military instruments put to sell in black markets as the low wages¹¹³, the interdiction to work for other except the military. In addition, those who be pointed in Shan State had to find their own budget, so, it is not surprise that they deforest for selling precious woods or extort what they need from local people (the Irrawaddy, 2011).

¹¹⁰ Most of them live in mountainous area and make their living as growing cashew nut, betel nut, and other plants. But the rehabilitation place is in the coastal area.

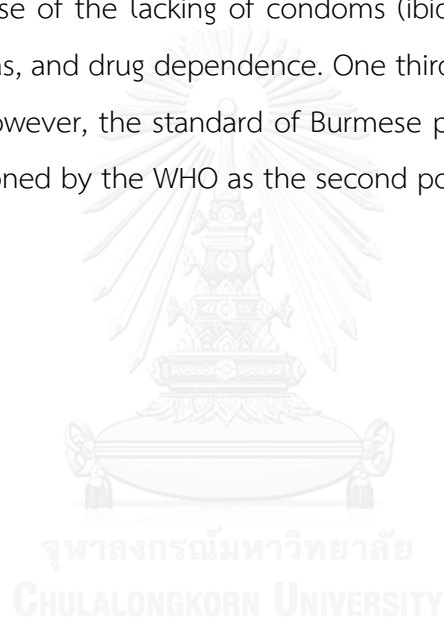
¹¹¹ Approximate 5,000-6,000 Kyats per month but the student's parents will provide them rice.

¹¹² The children whose parents have enough money will go to tutorial school and continue their studies in higher level, while, those who are poor have to drop out or leave school after they finish basic education.

¹¹³ The lowest ranking soldiers receive ฿700 per month, Sergeant Major 1st class gain ฿1,133, Lieutenants are paid for ฿4,000, Generals receive ฿7,000. And Senior Generals such as Than Shwe earn ฿40,000 per month (Salweennews, 2011).

Since 75 percent of the Burmese were under the poverty line, a minimum level of appropriate income in particular country, while another 25 percent had poor living standard and 50 percent living in rural area did not have their own land (Institution of Asian Studies, 2011: 2-41). Myanmar's government has tried to get rid of poverty and improve living standard of their people.

According to the investigation held by the military junta pestilences spread in the country were cholera, Black Death, dengue fever, dysentery, hepatitis B, and typhoid. Moreover 22 percent of working age people was HIV infected. The widely spread of HIV/AIDS were because of the lacking of condoms (ibid., 2-40), prostitution business along the border areas, and drug dependence. One thirds of Burmeses children suffer from malnutrition. However, the standard of Burmese public health system was very poor as it was mentioned by the WHO as the second poorest in the world.¹¹⁴



¹¹⁴ The poorest was Sirra Leone.

5.3.2 Japanese ODA's impacts

Since 2003, Tokyo has focused on human security and grassroots development by funding assistance (grassroot grant assistance) to Burmese, Japanese, or other countries' NGOs as well as Burmese local agencies in order to improve a living standard of local people in the areas as shown in table 20.

Table 20: Japanese grassroots grant projects to Myanmar during 2005 – 2010

Year	Projects	Area	Receiving agencies	Amount (US\$)
2005	Construction of Hpa-An Township Hpa-Kat Village High School	Kayin State	Hpa-kat High School Construction Committee	90,824
	Construction of Sinphyukyun Village Primary School in Thaton	Mon State	Sinphyukyun Village Primary School Construction Committee	43,469
	Provision of An X-ray Unit for Yangon General	Yangon Division	Yangon General Hospital	89,450
	Improvement of Medical Aervice for Wachet Saga Hospital	Sagaing Division	Wachet Sanga Hospital	75,148
	Provision of Hepatitis C kits for Lower Myanmar Medical Research Department	Yangon Division	Lower Myanmar Medical Research Department	90,000
	Provision of medical equipment for Popa Sanga Hospital	Mandalay Division	Popa Sanga Hospital	33,016
	Community-based Malaria control project	Bago Division	Oak Pho Township Health Department	57,277
	Medical equipment for Loikow General Hospital	Kayah State	Loikaw General Hospital	71,425
	Procurement of medical equipment for Institute of Dental Medicine	Yangon Division	Institute of Dental Medicine	88,140

Year	Projects	Area	Receiving agencies	Amount (US\$)
	Construction of North Okkalapa No. 32 Primary School	Yangon Division	North Okkalapa No. 32 Primary School Construction Committee	48,072
	Provision of medical equipment for Department of Ophthalmology, North Okkalapa General Hospital	Yangon Division	Helen Keller International	92,238
	Procurement of medical equipment for Kokang People's Hospital in Northern Shan State Special Region No.1	Shan State	Kokang People's Hospital Management Committee	80,983
	Renovation of National Health Laboratory (Upper Myanmar)	Mandalay Division	National Health Laboratory	73,485
	Procurement of Medical Equipment for National Blood Center at Yangon General Hospital	Yangon Division	National Blood Center at Yangon General Hospital	83,420
	Construction of a Primary and Middle School for Fire Victims from Hlaing Township	Yangon Division	School Construction Committee for Fire Victims in Hlaing Township	93,000
	Construction of Nga Krauk Zay - Ohn Daw Bridge	Rakhine State	Nga Krauk Zay - Ohn Daw Bridge Construction Committee	40,171
	Community-based Malaria Control Programme	Rakhine State	Vector Borne Diseases Control Programme, Rakhine State	91,418

Year	Projects	Area	Receiving agencies	Amount (US\$)
	Procurement of Medical Equipment for Jivitadana Sangha Hospital	Yangon Division	Jivitadana Sangha Hospital	92,313
	Procurement of Medical Equipment for State General Hospital, Lashio	Shan State	State General Hospital, Lashio	57,180
	Procurement of Medical Equipment for Thaton District Hospital	Mon State	Thaton District Hospital	56,084
	Installation of Electric Power and Water Supply in Letpanpin Village	Mandalay Division	Letpanpin Village Electric Power and Water Supply Installation Committee	35,794
	Construction of Nga Work Swe Village Bridge	Rakhine State	Nga Work Swe Village Bridges Construction Committee	40,597
	Construction of All-Weather Tar Roads and Culverts in Min Gan Ward in Sittwe	Rakhine State	Min Gan Roads Construction Committee	72,186
	Construction of Mahar Gunika Yama Monastic School	Bago Division	Mahar Gunika Yama School Construction Committee	74,701
	Construction of Wailuwun Monastic School	Ayeyawaddy Division	Wailuwun Monastic School Construction Committee	65,531
	Improvement in facilities for Central Women Hospital	Yangon Division	Central Women Hospital , Yangon	84,000
	Strengthening of Regional Veterinary Diagnostic Laboratory	Mandalay Division	Mandalay Regional Veterinary Diagnostic Laboratory	89,871

Year	Projects	Area	Receiving agencies	Amount (US\$)
2006	Construction of three primary schools in Thone Gwa, Kyauktan and Thanlyin Townships	Yangon Division		234,088
	Strengthening of Central Veterinary Diagnostic Laboratory	Yangon Division	Central Veterinary Diagnostic Laboratory	89,755
2006	Safe water supply in Dala Township	Yangon Division	Aide Médicale Internationale (AMI)	85,345
	Construction of all-water road bridges and culverts connecting Kawmutha and Shwetaw villages	Kayin State	Kawmutha-Shwetaw Road Construction Committee	61,125
	Provision of safety measures on the road between Nati and Pasan villages and construction of bridges in Kan Main Village	Shan State	Village Elders for Regional Development Committee	73,009
	Construction of Mhan Kin Monastic School	Yangon Division	Mhan Kin Monastic School Construction Committee	79 ,501
	Construction of Aung Zabu Monastic School	Yangon Division	Aung Zabu Monastic School Construction Committee	78,895
	Construction of Popayon Monastic School	Mandalay Division	Popayon Monastic School Construction Committee	85,979

Year	Projects	Area	Receiving agencies	Amount (US\$)
	Renovation of the existing school building and construction of a dormitory at Shwe Si Youth Center in Ward (7) in Tharzi Township	Mandalay Division	Shwe Si Youth Center Management Committee	85,549
	Construction of a ceramic vocational training centre	Yangon Division	Myanmar Ceramic Society (MCS)	68,561
	Construction of a school building and a dormitory at Aungmyaytharyar Monastic School	Shan State	Palaung Peace Development Association	82,700
	Construction of Bridge between Chan Pyin and Oo Shi Kya Villages	Rakhine State	Chan Pyin and Oo Shi Kya Villages Bridge Construction Committee	61,605
	Construction of Taung Ka Lat Rural Sub-Health Center	Kayin State	Taung Ka Lat Rural Sub-health Center Construction Committee	20,316
	Ya Theyt Pyan Rural Sub-Health Center	Kayin State	Ya Theyt Pyan Rural Sub-health Center Construction Committee	18,610
	Procurement of Medical Equipment for 17 Blood Banks in States and Divisions thorough the National Blood Center		National Blood Center	76,940
	AI designated Waibargi and Kandawnadi Specialist Hospitals	Yangon and Mandalay Divisions	Specialist Hospital , Waibargi in Yangon and Specialist Hospital , Kandawnadi in Mandalay	85,248 (Yangon) and 84,682 (Mandalay)

Year	Projects	Area	Receiving agencies	Amount (US\$)
2007	Construction of a Tube-Well for Ngathayouk Station Hospital	Mandalay Division	Ngathayouk Station Hospital Management Committee	28,064
	Extension of a primary and middle school for fire victims from Hlaing Township	Yangon Division	School Construction Committee for Fire Victims in Hlaing Township	80,292
	Construction of Hpa-An Pre-School	Kayin State	Hpa-an Pre-School Construction Committee	78,200
	Construction of Dekhinayarma Monastic School	Mandalay Division	Dekhinayarma Monastic School Construction Committee	46,306
	Provision of machinery for rehabilitation of flood-affected farms in Kyaukse District	Mandalay Division	Mandalay Division Agriculture Coordination Committee	179,454
	Construction of a clinic in Myawaddy	Kayin State	Myawaddy Clinic Construction Committee	78,106
	Prevention and control of Malaria	Bago Division		178,822
	Upgrading of " Myo Hla Self - Help Hospital "	Bago Division	Myo Hla Self-help Hospital	71,261
	Construction of " Warehouse for Substitution Crops of Poppy "	Shan State		80,695
	Construction of Water Supply System in Mobyee Village Tracts and construction of Kayah Phu Charity Orphanage in Loikaw	Shan State and Kayah State	Two humanitarian assistance programs in Thai-Myanmar border areas	totally US\$151,646

Year	Projects	Area	Receiving agencies	Amount (US\$)
	Construction of school's new toilet and water supply and provision of medical equipment for Ho Se and Loi Nan Hpa Clinics	Kayah State	Two humanitarian assistance projects in Kayah State	totaling 116 ,107
	Construction of Kyundaw and Dawhsasi Primary School	Kayah State		66,859
	Construction of Moe Bye High School and Khemaphyu Middle School	Kayah State		82,614
	Provision of medical equipment for Dental Care Unit of University of Dental Medicine	Mandalay Division		86,190
	Construction of Thanthayarye Monastic School	Thaninthayi Division	Myanmar Ceramic Society	68,561
	Provision of medical equipment for the Myitkyina State General Hospital	Kachin State		85,250
	Project for construction of Pakkoku AIDS Training Centre	Magway Division		81,638
	Project for construction of Mahar Damar Sariya Monastic School	Yangon Division		76,996
	Construction of Myo Oo Monastic School	Mon State		62,000
	Rehabilitation of Yin Nyein Water Supply System	Mon State		46,256
	Construction of primary schools IN Tonli Htu and Kaung Ka Htaung Wards	Kachin State		81,686
	Construction of Daik U Motherand Child Health Center and provision of medical equipment	Bago Division		80,833
	Construction of Shwe Nyaung Pin Monastic School	Ayeyawady Division		84,785

Year	Projects	Area	Receiving agencies	Amount (US\$)
2008	Provision of medical equipment for Mindat District Hospital	Chin State		62,628
	Strengthening of National Health Laboratory (Lower Myanmar)	Yangon Division		54,866
	Construction of North Okkalapa Model DOTS Center	Yangon Division		85,737
	Provision of medical equipment for the Kanpetlet Township Hospital	Chin State		21,308
	Construction of footpath bridges in Kup Pa Kaung Village and Rathedaung Township	Rakhaine State	Two humanitarian assistance programs	159,321
	Construction of Light of Education Boarding House	Kayin State		85,941
	Construction of a bridges	Mon State		85,851
	Installation of water supply system in Zagyan Village	Mandalay Division		48,419
	Upgrading of PLHA Center	Mon State		71,582
	Improving study and living environment of 'Mary Chapman School for the Deaf'	Yangon Division		87,159
	Construction of Byet-Kha Rural Health Centre	Kayin State		37,086
	Construction of Kambawza Shan Kyaungyi Monastic Primary School in Kyaukme Township	Shan State		78,314
	Medical Equipment for Jividatana Sasana Hospital	Mandalay Division		88,250
	Reconstruction of Yadanar Myintzu Monastic	Ayeyawady Division		88,366
Construction of Thone Kwa Township Htone Gyi Post Primary School	Yangon Division		86,667	

Year	Projects	Area	Receiving agencies	Amount (US\$)
	Installation of electric power line in Sabebin Village	Mandalay Division		76,626
	Provision of medical equipment for Falam District Hospital	Chin State		51,926
	Provision of medical equipment for Muse District Hospital	Shan State		39,716
	Construction of Agriculture Training Centre in Pinlain Alhe Village	Mandalay Division		82,698
	Construction of Centre for Disability in Development	Yangon Division		88,330
	Construction of Doe Pin Orphanage	Mandalay Division		85,108
	Construction of community bridge in Kyaung Kone Township	Ayeyawaddy Division		87,850
	Construction of Community Bridge in Sittaung Sanpya Village	Mon State		85,196
	Construction of Seikta Thukha Monastic Primary School in Lashio Township	Shan State		81,140
	Construction of Zay Ya Thukha Monastic Post Primary School in Nam Khan	Shan State		82,300
	Reconstruction of Aung Se Mingala Monastic Middle School in Bogalay Township	Ayeyawaddy Division		88,400
	Construction of Kyun Gyi Rural Health Centre	Bago Division		80,531
	Project for Reconstruction and Repair of Schools destroyed by the Cyclone Nargis	Ayeyawaddy and Yangon Divisions		1,105,215

Year	Projects	Area	Receiving agencies	Amount (US\$)
	Sthrengthening of Public Health Laboratory (Upper Myanmar)	Mandalay Division		60,625
	Opening ceremony of Kyuntaw Toe Che Primary School and Kha Loke Post Primary School, Twantay Township	Yangon Division		165,185
	Opening ceremony of Mya Kan Tha Primary School and Pan Hlaing Post Primary School, Twantay Township	Yangon Division		171,151
2009	Opening Ceremony of Kyi Tan Post Primary School, Twantay Township	Yangon Division		88,000
	Opening Ceremony of Kambawza Shan Kyaunggyi Monastic Primary School in Kyaukme Township	Shan State		78,314
	Opening Ceremony of Seikta Thukha Monastic Primary School in Lashio Township	Shan State		81,140
	Handing-Over Ceremony of North Okkalapa Model DOTS Center, North Okkalapa Township	Yangon Division		85,737
	Reconstruction of school buildings destroyed by the Cyclone Nagris in Kyaiklat Township	Ayeyawady Division		981,159
	Construction of operation room and provision of medical equipment for Pin Le Bu Township Hospital	Sagaing Division		96,825

Year	Projects	Area	Receiving agencies	Amount (US\$)
	Construction of all-weather road with culverts connecting Htaung Ka Lat and Me Baung villages	Kayin state	Htaung Ka Lat and Me Baung Village Road Construction Planning Committee	78,376
	Provision of equipment for Food Analysis Laboratory	Yangon Division		96,946
	Construction of three primary schools in Kyauk Ta Lone Township	Shan State		96,900
	Construction of Natmauk Vihha Sippan Monastic Primary School	Yangon Division		89,050
	Handing-over ceremony of medical equipment of Dental Care Unit to University of Dental Medicine Construction of school building for Parahita Blind School	Mandalay Division		96,999
	Transportation of five engines rescue truck and ambulance for Cyclone Nagris affected area	Ayeyawady Division		
	Construction of Par San Sub Rural Health Center	Shan State		48,536
	Handing-over ceremony of medical equipment for Jivitadana Sasana Hospital	Mandalay Division		88,250
	Handing-over ceremony of medical equipment of Dental Care Unit to University of Dental Medicine	Mandalay Division		86,190
	Opening ceremony of Shwe Nyaung Pin Monastic School, Kyaunggon Township	Ayeyawady Division		84,785

Year	Projects	Area	Receiving agencies	Amount (US\$)
2010	Construction of farm machinery repair and maintenance workshops in Lapatta Township	Ayeyawady Division		93,979
	Construction of Dama Yaungchi Monastic Primary School in Myeik Township	Thaninthayi Division		83,171
	Strengthening of National Health Laboratory (Lower Myanmar)	Yangon Division		96,060
	Installation of electric power in Kwin Ya Shay Village	Bago Division		90,385
	Construction of water supply in Meiktila, Tharzi and Pyawbwe Township	Mandalay Division		77,700
	Construction of water supply for Kansaung Village	Magway Division		32,579
	Construction of Thiri Mingalar Monastic Post Primary School in Myingyan	Mandalay Division		99,450
	Reconstruction of Kyun Galay Village Post Primary School in Hlegu Township	Yangon Division		106,002
	Construction of Tay Zar Yar Ma Monastic Middle School in Shwepyitha Township	Yangon Division		100,115

Year	Projects	Area	Receiving agencies	Amount (US\$)
	Construction of West Okkyin Monastic Primary School in Shwepyitha Township	Yangon Division		95,700
	Scaling-up the Production of Anti-venom	Yangon Division		105,380
	Strengthening of the Yangon Division fire brigade	Yangon Division		

Source: Embassy of Japan in Myanmar: <http://www.mm.emb-japan.go.jp>

Most of these projects were rural area development programs such as water resource management, road construction in minority groups; areas especially in Kayah State. However, lately, large amount of money had provided to social development, Japanese ODA was not a sustainable assistance. The good examples are the Soba cultivation and debt relief programs. For soba cultivation project, however Tokyo had a good intention to reduce opium poppy plantation and improve living standard of local people, the Kokang, by promoting soba cultivation, but as soba is not Burmese main dish and they did not know where or how to sell the products when the contract with Japan expired. They turned back to opium poppy since it guarantees that they could sale it with a good price.

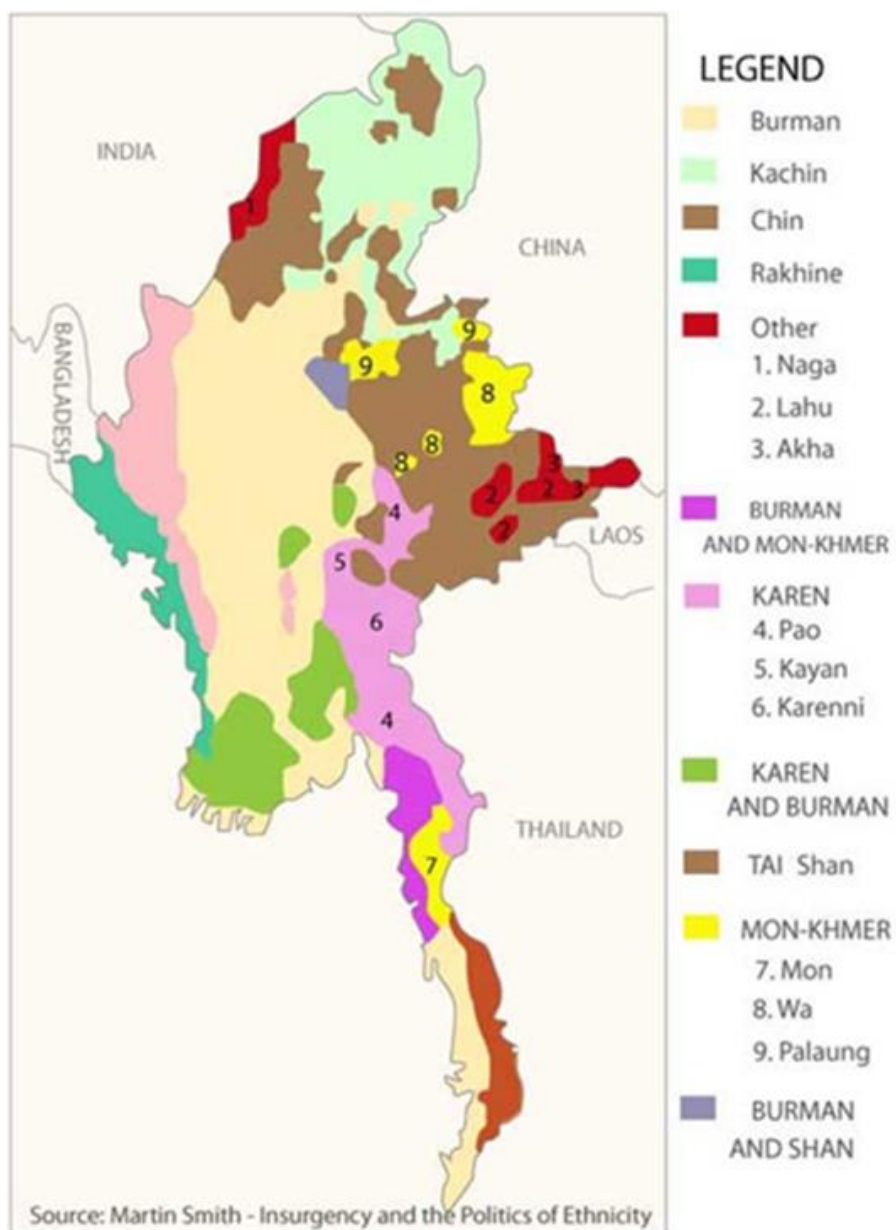
Additionally, a large proportion of school construction in many areas did not improve an education standard of Burmese children as well as the living standard of the teachers. In Myanmar even though, the government support tuition fee for basic education levels (Grade 1-5)¹¹⁵, those who are really poor could not attend school (Laphai Nang Sam Awng, interviewED).

¹¹⁵ There are 10 grades in total. Grade 1-5 are basic education level, Grade 6-8 are middle level, and Grade 9-10 are high level.

However the military government stated discourses that every ethnic group live peacefully in the country as it mentioned in many mottos dedicated by the government, for instance, stay in the same land, drink the same water (တမြေတည်း နေတရေတည်း ဘဘက်), Stay together whether hot or cold (အေးအတူ ပူ သူ), The rich and the poor are the same (မရှိ အတူ ရှိ တူ), and Stay together without breaking an egg and a nest (ဥမကွဲ သိုက် မပျက်) (Wirat and Oranut, 2008: 76; Wirat, 2008). Japanese grassroot grant assistance concentrated in majority Burman living area particularly in Yangon Division.



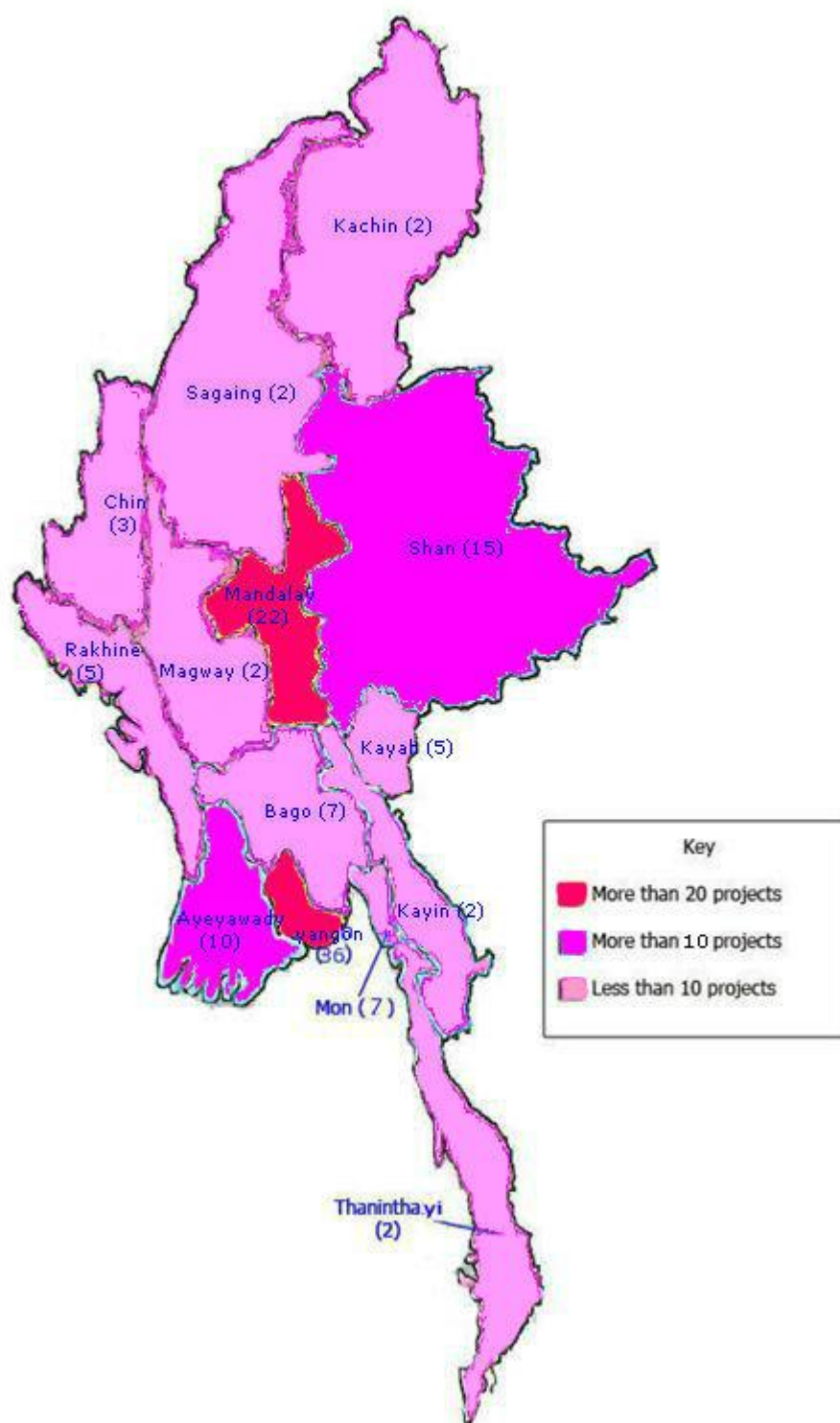
Figure 5: Major ethnic groups in Myanmar



Source: Radio Free Asia:

http://www.rfa.org/english/news/burma/health10192010185147.html/Burma_Ethnic_Map_500.jpg

Figure 6: Japanese grassroots assistance flows in Myanmar (2005-2010)



According to figure 5 and 6, most aid flew to Yangon and Mandalay Divisions. It might be because these areas became the center of Burmese economic, particularly for tourism, they are government controlled areas as well as they have a density of population.

The military government claimed that minority group's forces controlled areas are too dangerous, hence, they rarely support any kind of aid to those areas. Thus, it led to the gap between urban and rural areas, the government is the one who decided where aid flows would go to, the junta tended to give the assistance to Burman areas.

Additionally, as the dictatorship pointed Ayeyawady River as a symbol of unity because it runs to the center of the country which is Burman living area and it arises by many small streams from ethnic minority areas, the government claimed that every ethnic group are a part of the river (Wirat, 2008: 100). Hence, the government has paid more attention to development project in Ayeyawady area than border areas as the junta claimed that those areas were out of control. As the result, it led to a gap of development between the center and the border.

Nowadays, the government expands the development in western part of the river. During 1997-2003 six bridges¹¹⁶ were constructed for expanding avengement from the center to other part of the country. The succession of these bridges was used as a governmental propaganda to promote unity and capacity of the government. Those 6 bridges are; Balaminthin Bridge (Kachin Stat), Anawratha and Minsu-Magway Bridges (Magway Division), Nawaday Bridge (Pyay), Bo Myat Taung and Maubin Bridges (Ayeyawady Division) (ibid.: 101).

The junta has allowed other countries and NGOs doing their activities in ethnic minorities areas which are not significant strategic areas, which, to some extent, have convenient transportation such as Shan and Kayin States. Moreover, most of the

¹¹⁶ Since Colonial period, only one bridge, Ava Bridge, was constructed.

assistance flew in these areas which are in government control part. Hence, Japanese grassroots grant assistance to those areas was the smallest one.

Because of the invasion and oppression during the occupation period, made local people were imprinted and were not trust Japan. Thus, Japan-Myanmar half breeds born during that time were generally looked down and disliked. While people's attitude to Tokyo was colored, the Burmese leaders who had close relations with Tokyo had friendly attitude to Japan.

During Ne Win era, Japan was a trustable and non-threatening source of funds comparing with other donor agencies. Thus, large amount of ODA flows to Yangon during that time supported Burmese economic situation. Although other foreign investors had to make a connection with local businessmen to gain a good connection with the authorities, Japanese businessmen gained benefit from close relations between their government and Burmese leaders.

However, nowadays the Burmese attitude towards Japan is diplomatic. They also look at China as a threat since there had been many Chinese migrated to Myanmar and China has increase its influence in Myanmar, while the government and local people do not know how to handle with them¹¹⁷ (Lahpai Nang Sam Awng, interviewed). For the minority group fighting with Japan during wartime, they also look at Japan in more positive way especially in terms of economic assistance.

According to Dr. Yu Sein, President of Dawei Chamber of Commerce, Myanmar would like Japan to give economic assistance particularly large-scale investment and technology transfer (Dr. Yu Sein, interview). In this sense, Japan was quite successful as showing in many mega investment projects ad specialist transfer between two

¹¹⁷ Most of Burmese accused that the Chinese made living cost in the country getting higher and the military junta could long-term stay in power because of China. For Yangon residents, they said that they are not trust Chinese products. In addition, intellectuals tried to boycott those goods several time a few years ago, but not receive much support. According to a Burmese student majoring in International Relations, China gains economic advantage as they sell cheap but unhealthy products to Myanmar (Myanmar Correspondent Chen Lixiong, 2014).

countries, though some project was not success for example, the Four Industrial Project.

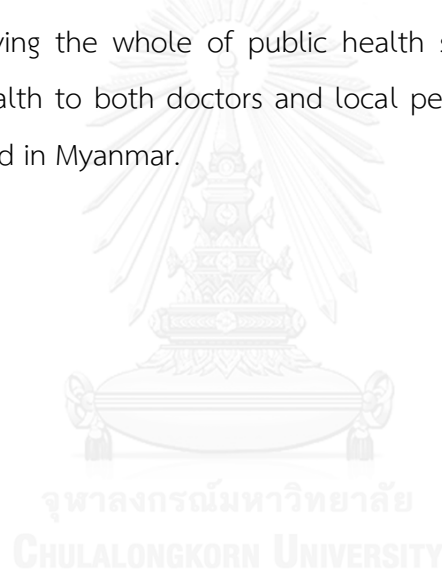
On the other hands, for ethnic minority, they prefer to have assistance in forms of technical assistance as well as Japanese language teaching which would be benefit for their future work¹¹⁸ (Saw Harvey, interviewed). In this sense, Japan did not success much because Tokyo focused in humanitarian aid and multilateral cooperation. Japan had an estrangement with the SLOC. However, there had Japanese class operated in universities, unfortunately, the Burmese government trended to close those institutions for prevent from protest led by the student; hence, not only Japanese language but also other subjects were affected. Moreover, Japan's aid for Japanese language teaching was little comparing to other projects (table 15).

Japanese ODA did not effective in Human Rights and democracy although those issues were specified in both ODA Charters as well as her hard working in quiet dialogues. The reasons might be because traditionally, Japan is not based on Human Rights concept (Yokato and Aoi, 1999: 116 cited in Kamigori, 2003: 93). Thus, Tokyo is not active in ODA implementation concerning with those mentioned issues. Geographically, Japan is in Asia, so, she has to protect her interest and good relations with other Asian nations, however, the West forced Tokyo, as a developed country, to recognize democracy and Human Rights situation in Myanmar. So, Japan finds herself in a difficult position between the West and Asia on the policy towards Myanmar, as Tokyo used friendly relationship by providing 'carrot' rather than 'stick'.

In terms of health, Japan provided large amount of her aid, both bilateral and multilateral, by providing medical equipment, improving laboratory, renovating hospitals in many part of the country, and controlling pestilences especially malaria. However, malaria was not identified as widely spreading diseases in Myanmar.

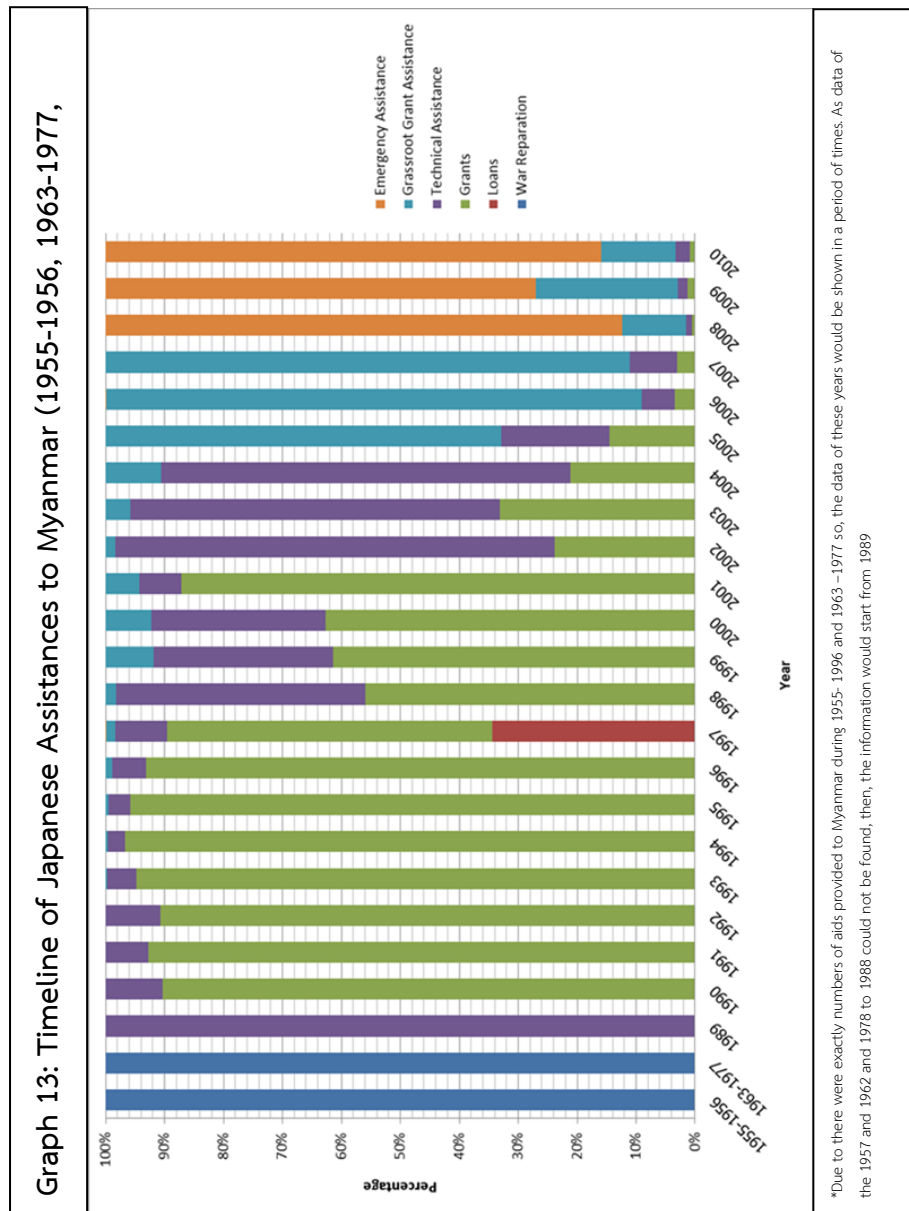
¹¹⁸ The Karen would like Japan to invest in Dawei Special Economic Zone and Dawei Deep Sea Port Projects, but the problem is no one knows Japanese.

Additionally, Burmese people prefer to have local treatment or buy medicines for themselves because medical treatment cost is very expensive.¹¹⁹ In addition, since public health system is not cover in most of rural area, those who came along way for receiving their treatment in the city has to spend extra money for travelling and living costs. The ration between doctors and people in rural area was 1:20,000 or more than they (Wirat and Oranuct, 2008: 275). Moreover, doctors' income was too low, although they have to do hard works. Those who just graduated would be pointed to rural area, is they did not want to go there, they had to pay 500,000 Kyats of their tuition fee back to the government. In accordance of these reasons most of doctors lost their motivation to continue their works. So, if Japan does not provide its assistance for improving the whole of public health system as well as promoting knowledge about health to both doctors and local people, it is difficult to improve public health standard in Myanmar.



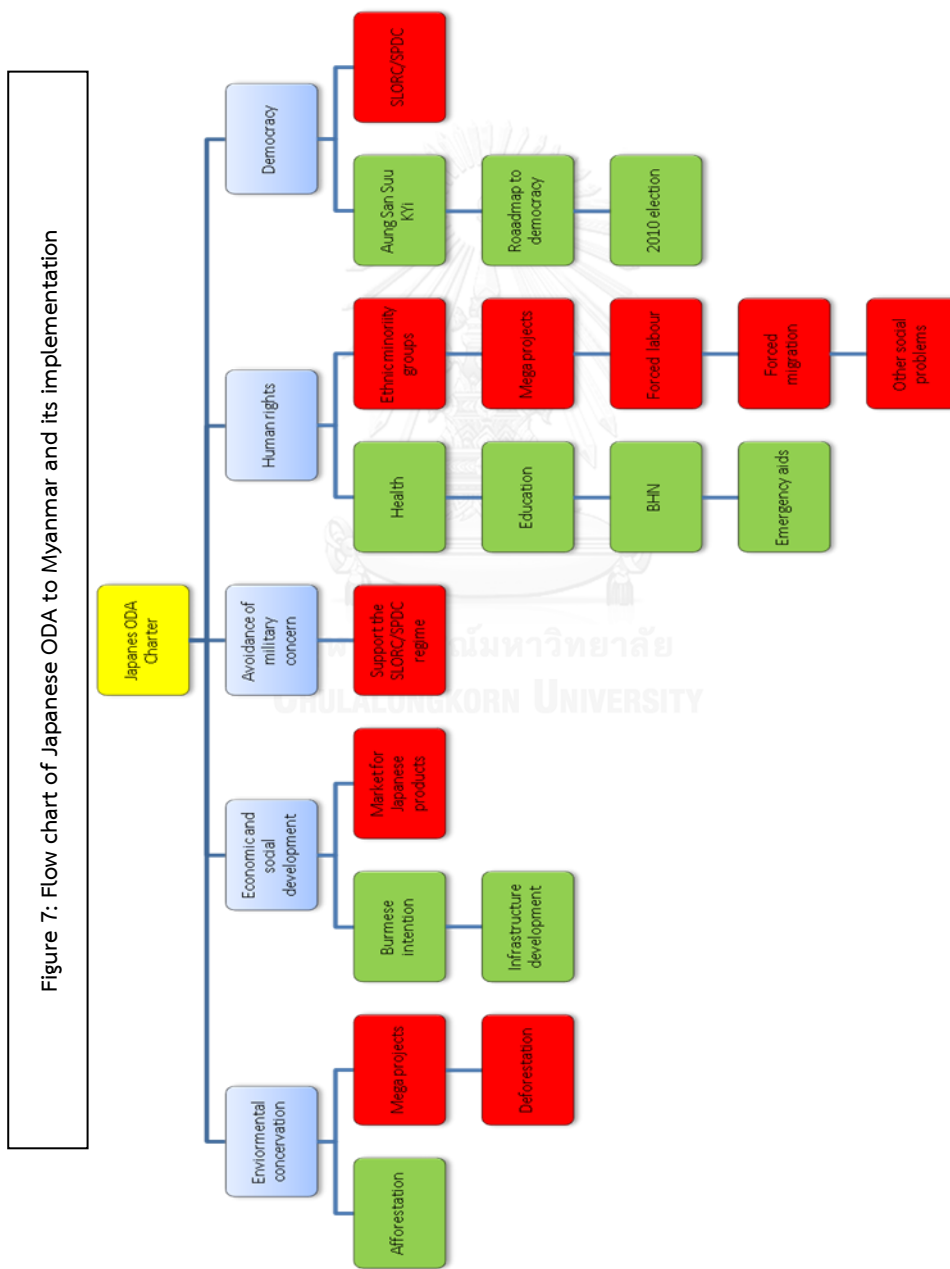
¹¹⁹ Medicines selling in drug store are one tenth cheaper than medical treatment cost (Khine Than Su, 2014).

5.4 Analysis



According to graph 12 the period of 1990 and 2001, Japan provided large amount of grant to Myanmar. Most of her grant flew to debt relief program as Myanmar was declared as the Least Development Country (LDC) in 1986. However Japanese grant was decrease since 2002. It might be due to the change of Japanese policy which focused more on humanitarian issue such as human resources development, then,

money paid to technical assistance was increase. However, after the revision of her ODA Charter in 2003, Japan provided most of her aid to grassroots grant assistance. This trend continued until 2008. Due to the damage made by Cyclone Nagris in 2008, Tokyo provided large numbers of her assistance to emergency aids both for urgent and rehabilitation programs.



According to the 1992 and 2003 ODA Charters main principles of Japanese assistance are: environmental conservation; economic and social developments; avoidance of military use of ODA and international conflict; and promote international peace, market-oriented, democracy and human rights. In the other hands, statements concerning with Japan-Myanmar relations was based on democracy and Aung San Suu Kyi issues while other key principles hardly mentioned, It might be because democracy was the important issue in which the U.S and the West focused and tried to pressed Tokyo to follow their sanction. But Japan had continuously provided assistance to Myanmar. Although sometime she suspended her aid flows, the emergency and humanitarian assistances continuously paid to the regime.

In tern of environmental conservation, Japan lacked of clear implementation of this priority as it was shown in Balachaung hydro-electric plant project which destroyed large area of forest in Kayah State. Although Japanese government proposed afforestation projects, large amount of her debt relief flew to the Myanmar Public Timber Cooperation which is the state-owned company, then, it led to heavy deforestation for timber mining.

Although the ODA Charter clearly stated that Tokyo would avoid paying her assistance to military concerning programs, her debt relief strengthened the Burmese military government's power because the Myanmar periodical Cooperation which was supported by Japanese debt relief was used by the junta for justification of its righteous role as the government.

For economic and social development, however Japan gave her precedence to this priority, most of her assistance went to economic sector as Tokyo looked at Yangon as the market for her second-handed products such as the providing of second-handed buses to the Burmese government. Moreover, Japanese government, as well as the Burmese military government, believed that the economic development would lead to democratization and the change in human rights situation in Myanmar.

Even though, large amount of Japan's aid flew to this field, it was not much successful to stimulate the regime to improve its political and economic conditions.

After 2003, main priority of Japanese assistance moved to humanitarian issue especially for health and education. Even though the assistance intended to improve living standard of local peoples, most of her aid went to Burmans majority areas. It was because the Japanese government could not choose the area where her aid would flow in, but the Burmese government was the one who chosen it under the excuse of the safety in those area. However the real reason is the nationalism ideology which has been influence in the Burmese leaders over the decades. Additionally, some projects, such as the soba cultivation project, did not provided sustainable development and raise the living standard of people living in the area. Some programs, i.e. the Baluchang hydroelectric plant project, caused environmental damage, the destroy of ethnic minority groups culture as well as forced labour and force migration.

However if look in Japanese part, her ODA towards Myanmar was rather successful as the assistance especially those provide to infrastructure brought about to the convenient and safety in transportation system such as the renovation of Yangon International Airport and the construction of many bridges and roads which connect many parts of the country. Moreover the construction of Baluchaung hydroelectric plant is one factor that solved the electric shortage in Myanmar, although it provided electricity only in some part of the country.

Additionally, as Japan provided ODA as a reward for the Burmese military government when there was a good sign for political change, as a result her aid, along with her quiet dialogue diplomacy, was one factor that encouraged the junta to organize the general election in 2010 and led the country change her political system to be more liberal.

Moreover, Japan also successful for human resource development as it shown that Tokyo has been provided her ODA for technical assistance since the early period of

her ODA development. In addition she also provided large amount of humanitarian aid through grassroot grant projects.

Although Burmese government focused on economic development particularly agricultural sector, Japan's assistance flew in large scale projects, i.e. Baluchaung hydro-electric project, and Four Industrial project. Moreover, in Japanese ODA did not change much in Burmese politic and social. This was because of both Japanese and Burmese factors.

For Japan, however, she indicated Human Rights and democracy as her priority policy towards Myanmar, in practice, her aid providing to Myanmar were based on case-by-case basis. Although Japanese business groups has decrease their role in aid policy as the change in Japan's foreign policy, in some cases, they still kept their influence to press the government for providing aid and investing in the project they would like to involve in such as, Dawei Special Economic Zone. Lately, Japan's aid flowing to Yangon did not a boomerang economy as it was criticized in during her economic boom, since the assistance sis not expand Burmese market for Japan's products as the Burmese preferred to use Thai goods¹²⁰, and somehow Chinese products. Moreover, Japan did not invest only in mega-project as before. From 2003, Japan has provided her aid in from of grassroot grant assistance to promote grassroot development. However, most of assistance flew in Burman majority areas, as the military junta was the one who decided where aid would flew in. Hence, the development clustered in big cities such as Yangon and Mandalay. Moreover, nationalism concept which was influenced in Burmese policy also led the military government paid their priority to Burman areas as well as some part of ethnic minority where are under their control. Additionally, Japanese ODA did not improve much to living standard of the locals as most of problem are systematic problem, i.e education and public health, hence, even though Tokyo pay her budget to those projects it could not efficiency solve the problem.

¹²⁰ Although it is quite expensive, the quality is good. Many locals decided to use Thai products as the influence on Thai television program as well as the influence and attitude form those who are migrant workers in Thailand.

Besides, the other reasons made Japanese ODA was not efficient for Myanmar was the Burmese government because of several internal conflict, Burmese policies, unstable economic and politic conditions, nationalism concept and the military junta government itself.

Japanese ODA to Myanmar has been depended on the situation inside Myanmar. During Ne Win administration, most of her aid was in form of debt relief for mitigating money crisis in the country and raising living standard of Burmese peoples. After the revise of ODA Charter in 2003, Japan focused more on technical assistance. However this kind of aid was gradually decreased after the attack of Cyclone Nagris in 2008. Since then, Tokyo has spent lots of money to emergency aids especially for rehabilitation projects.

In the case of Myanmar Japanese ODA had both positive and negative affects to the country and its people. According to the 2003 ODA Charter and many statements, the most important priority of Japan is democratization. In this area her assistance and quiet dialogues were some factors that urged to a change in Burmese politic especially the release of Aung San Suu Kyi and the 2010 election. However, Japan tried to avoid the support of military use of her ODA, it was inevitable to accept that those money flew in to military government and those who were related with them. For human rights issue, however Tokyo spent lots of her assistance to health and education areas, most of those aids was for the construction and buying equipment. This trend was due to the failure or the problem of Burmese public health and education systems themselves. Moreover many project supported by Japanese ODA was in Burmans majority areas. The mega projects also caused forced labour and forced migration as well as other social problems. In the other hands Japan developed major infrastructures in Myanmar especially in terms of transportation and the attempt to reform Burmese economic system. Although one of the reasons behind this action was the profit of Japanese company invested in the country, local peoples also gained the benefit from this development. For environmental

conservation, Japan's aids caused both afforestation and deforestation as it depended on what organization the money flew in.

However in the Japanese part, her ODA was successful in the improvement of infrastructure, humanitarian development and democratization.



CHAPTER VI

CONCLUSION

ODA has become important instrument in Japanese foreign policy. While Tokyo became one of the largest donor countries, she has been largely criticized about her implementation of aid policy. However, its foreign policy became more liberal and focused more on Human Rights and democracy issue, Japanese government felt uncomfortable to adopt the ODA Charters as the concepts identified in both Charters were brought by external pressure, not domestic demand. This ineffective implementation largely affected by interest clash among policy making agencies, as well as the pressure from business group.

Burmese foreign policy has been based on neutrality as its experience during occupation period. During the short term of civilian government, Yangon contacted with any countries under the condition of preserving national autonomy and accepted any kind of assistance, especially for infrastructure and economic developments. However, when Ne Win ruled the country, the authorities decided to applied isolation approach along with neutralism policy. During this period, Yangon hoped for assistance for large-scale infrastructure projects. After the SLORC/SPDC seized the power, her foreign policy became more dynamic and constructive as Yangon opened its door to international society. The military junta government decided to reform the country for receiving more aid flows to the following priority areas: economic development, infrastructure investment and agricultural development.

The relationship between Japan and Myanmar has been considered as highly friendly since the war time. As their special relations, large amount of Japanese aid flew to Myanmar until 1988. Hence, Tokyo became the largest donor to Yangon and had big influence on Myanmar development. Japanese policy changed in 1988 due to violent suppress to demonstrators led by the junta. Since 1989 Japanese ODA

focused in humanitarian issue and based on case-by-case basis. The aid which Tokyo provided to Myanmar after 1989 made along with 'Sunshine Policy' which stressed soft way and rewarded Yangon when there was any positive change rather than freezing her assistance and sanctions. However, his policy has looked at as her absolute influence in the regime survival.

Case studies showed that ODA flows provided to the military government made the authorities retrogressive rights of local people and continue to oppress them, although, Tokyo had good intentions to improve living standard of the Burmese.

However, Japanese ODA flew to Myanmar with a motive to develop the country, there were several reasons that made it was not much successful. Those reasons came from both Japanese and Burmese sides.

For Japan, she had paid her priority to mega-project infrastructure development to expand market for Japanese products. However, as Myanmar opened its door to other countries and the changing of Japanese policy making process, Japanese influence in Myanmar has been deteriorated. From 1988 Tokyo changed her priority to humanitarian issue as the pressure of the U.S. Although, she would like to promote grassroot development, most of the money flew to Burman areas. Hence, the development clustered in major cities. Even though, Japan's aids directed to the point of Burmese demands, infrastructure and economic developments, during the first years of Myanmar's independence. Under Ne Win administration, those who really gained advantage were Japanese businessmen and the dictatorships. After the 8888 uprising, Burmese government had required for, economic development assistance, Moreover, because most of problem in Myanmar is systematic problem, in this sense Japanese aid did not satisfy the needs of local people as well as the government.

Besides, other reasons from Yangon's side was several internal conflict, Burmese policies, unstable economic and politic conditions, nationalism concept, and the military junta government itself.

During the long decades Japanese ODA policy depended on Burmese internal situation. During the isolation period up until 2001, Tokyo provided large amount of aids to grant programs. However during a short period of 2002 to 2004 the expense changed to technical assistance. However, after that Japan focused on grassroots grant assistance until the attack of Cyclone Nagris in 2008 that made her policy turned to emergency aids.

The implementation of ODA charter provided both negative and positive to Myanmar. However, it was one factor that made the military government remained in power for a long times and created a market for Japanese products, it also made a change in politic, i.e. the release of Daw Suu Kyi and the 2010 election, as well as a transportation and infrastructure developments.

In accordance to the research, Japanese assistance does not significantly impact to Burmese economic and social developments. In terms of economic development, however Japan tried to support Myanmar's economic system, it created a market for Japanese products especially through the projects concerning with her ODA. For social development, it was not successful as there were Burmese systematic and administrative problems. Thus Japanese aid was not raising the living standard of local people as it was aspect. However, the assistance has been partially successful in human resources development particularly those via technical assistance and grassroots grant assistance programs. This trend might be because it was the important aspect in Japan's assistance policy which was indicated in her ODA Charter as well as in many statements of Japanese high-ranking administrators.

Although Japanese government would like to improve living quality of the locals whether they were Burmans or other minority groups, most of her aid provided to the Burman majority living areas such as Yangon and Mandalay Divisions. It was because the Burmese military government was the one who decided where the assistance should flew in under the excuse that those areas were safety zones. For other ethnic living areas, those states sharing the border with Thailand, for example Shan and Kayin States, were benefit from the assistance as there had quite well-

developed infrastructure, particularly roads, and most of the area of those states were under the government control.

In terms of the objectives of Japan's aid policy towards Myanmar was that Tokyo would like to have influence in Burmese economic and gain benefit from Burmese natural resources, especially energy resources, as it shown in many mega projects such as the Baluchaung hydroelectric plant, Four industry project, and recently Thilawa Special Economic Zone project. Moreover, Japan would like to use her ODA as an element to decrease Chinese influence as well as to balance her power with China and India in Southeast Asia. So, after the 1990 general election, Tokyo applied quiet dialogue and aid policies to keep her influence in the country, although she was pressured by the sanction states. Hence, Japanese OA to Myanmar has served to her national interest, while Burmese development, both economically and socially, were secondary concerns.

6.1 Research Limitations

6.1.1 Language barrier

Although the interviews were in both English and Thai, some information would be inexact as sometime the interview was done through interpreter, and some key persons who speak English could not show their exact opinion.

6.1.2 Burmese data

However, it would be better if I could balance information of both Japanese and Burmese sides, it is difficult to fine data from Myanmar's side as it was troublesome to contact with Burmese officers and academic who in charge or have exactly knowledge about Burmese aid policy. Moreover, the military junta did not show statistic data to the public, all graphs, tables, and other statistic were based on information from outside the country. Additionally, sometime key person, especially local people were too feared to talk about the government's policy.

6.2 Recommendations

From the above conclusion, these are some recommendations for the Japanese government in order to make her assistance be more effective to Myanmar.

- Try to find out the local's own opinion and intentions about implementation, decision making and monitoring to make a satisfactorily met between Japanese aids and Burmese people.
- Avoid helping Japanese private sector to prioritize their interest and economic gains.
- Use her ODA under the respect of local people's lives and livelihood.
- Avoid assistance that support or causing human rights violation in the country.
- Provide assistance in form of a mix of money and ideas or know-how which could help the country to achieve a sustainable development.
- Consolidate political issue such as human rights and democratization with economic concern.

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APPENDICES

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

APPENDIX I

Chronology of Japan- Myanmar Relations, 1952-2010

- 1952** : The ending of Japanese occupation in Myanmar
- 1954** : Japan and Myanmar signed Peace Treaty Agreement on war reparations (total US\$ 250 million) and establish diplomatic relations in November.
- 1960** : The complete of first phase of Baluchaung hydro-power project
- 1962** : General Ne Win made a coup d'état and established Revolutionary Council and state socialist economy.
- 1965 – 1977** : Japan paid additional war reparation to Myanmar Z\$US 140 million).
- 1974** : Myanmar joined the Asia Development Bank (ADB).
- 1976 - 1977** : The increase of Japanese assistance commitment to Myanmar (450%- - 500% in 1977 compared with 1976)
- 1985 – 1986** : Aung San Suu Kyi did her research at the Center of Southeast Asian Studies, Kyoto University.
- 1987** : September – Ne Win canceled 25, 35, and 75 Burmese bank note without compensation
- December – Myanmar became Least Developed Country (LDC).
- 1988** : Early of 1988 – Aung Gyi, former close associate of Ne Win, met Japanese businessmen and politician in Yangon. They urged economic reforms.
- March – early September – Massive protest in Yangon and other cities
- April – U Tin Tun, Myanmar's deputy prime minister, went to Japan and met Japanese Prime Minister and finance minister. They reiterated fundamental reforms.
- 8 August – Burmese student activists declared general demonstrations
- 13 September– The Japanese government suspended its ODA disbursement to Myanmar due to political situation.
- 18 September – The State Law and Order Restoration Council (SLORC) ruled the country.
- 28 September – Otaka, Japanese ambassador in Yangon, announced that the resumption of ODA flows depended on political stabilization

1989 : 4 January – Okata and other diplomat in Yangon boycotted SLOC's Independence Day celebration.

25 January – Japan-Burma Society pleaded Japanese government to resume ODA flows.

February – Japanese released some committed ODA flows.

17 February – Japan extended formal recognition to the SLORC 24

February – A Burmese representative attended the funeral ceremony of Emperor Hirohito.

July – The first house arrested of Aung San Suu Kyi

1989 – 1990 : Myanmar government sold Burmese embassy land in Tokyo for \$US 433 million.

1990 : May – The NLD won general election.

August – One of main faction leader in the LDP, Watanabe Michio, visited Yangon and urged for Aung San Suu Kyi's release.

November – Ogata Sadako went to Yangon under UN auspices to investigate human rights situation.

Anti – Japanese campaign ran in the state media.

1990 – 2000 : Japan gave debt relief grants.

1991 : Japan officially mentioned about the release of Daw Suu Kyi from house arrest.

1995 : July – Aung San Suu Kyi was released from house arrest.

October – Japan gave ¥ 1.6 million for renovation of Rangoon Nursing Institute.

1996 : Daw Suu Kyi criticized Japanese role in Myanmar.

May – All Nippon Airways (ANA) petition Japanese government to open direct flight between Kansai International Airport and Yangon.

1997 : The State Law and Order Restoration Council (SLORC) changed its name to the State Peace and Development Council (SPDC).

1998 : Japanese government committed ¥ 2.5 billion loan for modernization Yangon Mingaladon Airport.

2000 : May – Minister of Economy, Trade and Industry, Fukuya Takeshi, visited Yangon and mentioned about new loan project which would depend on political reform.

6 June – General Khin Nyunt, first secretary of SPDC, attended Obuchi Keizo's funeral ceremony.

October – Okata Sadako, UNHCR High Commissioner, met Senior General Tan Shwe in Yangon.

2001 : Japanese government announced ¥3.5 billion for the repair of Baluchaung hydro-electric plant after the dialogue between the junta and Aung San Suu Kyi.

2002 : Kawaguchi Yoriko, Minister of Foreign Affairs discussed with Senior General Tan Shwe and Daw Suu Kyi. They urged foreign aid and evaluation of reconciliation process.

2003 : SPDC attacked Aung San Suu Kyi and her supporters in Sagaing Division (Black Friday Incident).

Japan began to assign grassroot assistance to non-government organization.

June – Tabaka Hitoshi, Minister of Foreign Affairs, visited Myanmar and met General Khin Nyunt.

2004 : Japanese government approved ¥ 3.4 billion for reforestation project in central Myanmar.

October – General Khin Nyunt was convicted under house arrest for 7 years as an accusation on corruption.

2005 : U Nyan Win, Minister of Foreign Affairs, visited Japan.

2007 : Saffron Revolution occurred in Yangon and other major cities.

27 September – Nagai Kenji, a Japanese reporter, was killed by a Burmese soldier during the demonstration.

16 October – Japan suspended ¥ 550 million assistance for constitution of the Economic Studies Centre.

2008 : January - U Nyan Win, Minister of Foreign Affairs , went to Japan.

May – Kimura Hitoshi, Senior voice Minister of Foreign Affairs, visited Myanmar.

Cyclone Nagris made landfall in Ayeyawady Delta.

A constitutional referendum was held.

June – Yano Tetsyro, Senior vice Minister of Foreign Affairs, went to Myanmar.

2009 : Prime Minister U Thein Sein visited Japan.

The Hatoyama cabinet promised to provided more aid flows to encourage the Junta to release Daw Suu Kyi in time for the election, and to continue its democracy roadmap.

2010 : January - U Nyan Win, Minister of Foreign Affairs , went to Japan.

November – Aung San Auu Kyi was released from house arrest.

General election



APPENDIX II

List of Japan Myanmar Association members (as 9 July 2014)

Regular members

- | | |
|--|---|
| 1. Marubeni Corporation. | 25. Aeon Group |
| 2. Mitsubishi Corporation. | 26. Musashi-Fusoh, Co., Ltd. |
| 3. Keiri Bank Co., Ltd. | 27. Mitsubishi Motors Corporation |
| 4. Nippon Koei Co., Ltd. | 28. Metal One Corporation |
| 5. Hitachi, Ltd. | 29. Arix Co. Ltd. |
| 6. Oriental Consultants Co., Ltd. | 30. Asia Air Survey Co., Ltd. |
| 7. Yamaha Motor Co., Ltd. | 31. Hazama Ando Corporation |
| 8. Electric Power Development Co.,
Ltd. (J-Power) | 32. Japan Myanmar Cultural, Economic,
Friendship Association |
| 9. Nikken Sekkei Civil Engineering Ltd. | 33. Ise Foods, Inc. |
| 10. Taiyo Life Insurance Company | 34. Kokyo Tatemono Co., Ltd. |
| 11. Konishiyasu Co., Ltd. | 35. JFE Steel Corporation |
| 12. Otsuka Pharmaceutical Factory, Inc. | 36. NEC Corporation |
| 13. Atsumi & Sakai | 37. Marubeni-Itochu Steel Inc. |
| 14. Taisei Construction Co., Ltd. | 38. Nippon Telegraph and Telephone
Corporation (NTT) |
| 15. Nissin Corporation | 39. SE Corporation |
| 16. Sumitomo Corporation | 40. Mitsubishi Heavy Industries, Ltd. |
| 17. Mitsui & Co., Ltd. | 41. JX Nippon Oil & Gas Exploration
Corporation |
| 18. The Bank of Tokyo-Mitsubishi UFJ,
Ltd. | 42. Itochu Corporation |
| 19. Chiyoda Corporation. | 43. Sompo Japan Insurance Inc. |
| 20. All Nippon Airways Co., Ltd. | 44. Sumitomo Mitsui Banking
Corporation |
| 21. Life Corporation Co., Ltd. | 45. Tokio Marine & Nichido Fire
Insurance Co., Ltd. |
| 22. Seishin Kosan Co., Ltd. | |
| 23. Lawson, Inc. | |
| 24. Posco Japan Co., Ltd. | |

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46. Foundation for Global Children
47. Isuzu Motors Limited
48. TMI Associates
49. Mitsubishi Materials Corporation
50. CHUBU Electric Power Co., Ltd.
51. Mori Hamada & Matsumoto
52. JX Nippon Oil & Energy Corporation
53. Nippon Meat Packers, Inc.
54. Mitsubishi Electric Corporation
55. Italian-Thai Development Plc.
56. Daiwa Institute of Research Ltd.
57. Daiki Company
58. Ryobi Holdings Co., Ltd.
59. Takashimaya Co., Ltd.
60. Yoshimoto Pole Co., Ltd.
61. Nippon Suisan Kaisha, Ltd.
62. Osaka Sanitary Metal Industries
Cooperative Union
63. Nagashima Ohno & Tsunematsu
64. CBS Corporation
65. Suzuki Motor Corporation
66. Anderson Mori & Tomotsune
67. Toshiba Corporation
68. Nippon Express Co., Ltd.
69. Japan Exchange Group, Inc.
70. Nippon Steel & Sumitomo Metal
Corporation
71. Naigai Trans Line Ltd.
72. Secom Co., Ltd.
73. Mitsubishi UFJ Lease & Finance Co.,
Ltd.
74. Idemitsu Kosan Co., Ltd.
75. Toyota Tsusho Corporation
76. Meidensha Corporation
77. Eastern Car Liner, Ltd.
78. KPMG AZSA LLC
79. IHI Infrastructure System Co., Ltd.
80. IHI Corporation
81. Rio Co., Ltd.
82. IHI Transport Machinery Co., Ltd.
83. Mizuho Corporate Bank, Ltd.
84. Daiwa Living Co, Ltd.
85. Suzue Corporation
86. Ams International Company
87. Kirin Holdings Co., Ltd.
88. DS Health Care Group (Dental
Support Co., Ltd.)
89. Shinko Corporation
90. Takami Co.,Ltd.
91. NSG International Co., Ltd.
92. Tsubame Sanjo Regional Industries
Promotion Center
93. Educational Institution Tokyo
Business Gakuen
94. JTB Corporate Sales Inc.
95. Dentsu Sports Asia, Pte. Ltd.
96. JCB International Co., Ltd.
97. Big Thumb Co., Ltd.
98. KDDI Corporation
99. ARD Japan Co., Ltd.
100. Aichi Electric Co., Ltd.
101. FUJITRANS Corporation

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| 102. ROHTO Pharmaceutical Co., Ltd. | 112. Hongo Tsuji Tax & Consulting |
| 103. CTI Engineering Co., Ltd. | 113. Fuji Television Network, Inc. |
| 104. Hitachi Zosen Corporation | 114. NTT DATA Corporation |
| 105. Spaaqs Asset Management Co.,
Ltd. | 115. NTT Communications Corporation |
| 106. Asia Total Law Office | 116. NTT DOCOMO Inc. |
| 107. Asia Legal Research and Finance
Co., Ltd. | 117. Sumitomo Bakelite Co., Ltd. |
| 108. JGC Corporation | 118. Sumitomo Heavy Industries, Ltd. |
| 109. Sumitomo Chemical Co., Ltd. | 119. Sumitomo Forestry Co., Ltd. |
| 110. Taikisha Ltd. | 120. The Overseas Coastal Area
Development Institute of Japan |
| 111. Sumitomo Osaka Cement Co., Ltd. | 121. Japan Asia Strategic Advisory |
| 123. Yamato Mannequin Co., Ltd. | 122. Tokuoka Sekkei LTD. |
| 124. Japan Dredging and Reclamation
Engineering Association | |
| 125. Sojitz Corporation | |
| 126. Fujitsu Ltd. | |
| 127. Wakachiku Construction Co., Ltd. | |
| 128. Osaka Gas Co., Ltd. | |
| 129. Yanmar Co., Ltd. | |
| 130. Co., Ltd. Hozenall | |
| 131. Nagata Co., Ltd. | |
| 132. Tomio Sekiyu Co., Ltd. | |
| 133. Sumitomo Mitsui Construction Co.,
Ltd. | |



Supporting members

1. Joy Tec Inc.
2. Apex International Inc.
3. Nepro Japan Co., Ltd.
4. H.I.S. Co., Ltd.
5. Anzu Corporation
6. Vessel Hotel Development Co., Ltd.
7. General Institute of Psychology Co., Ltd.
8. Asahi Sangyo Kaisha, Ltd.
9. Sendagaya Japanese School/YoshiokaEducational Foundation
10. Sunrise Co-op.
11. Shinra Network Co., Ltd.
12. Lami Corporation Inc



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- Working group in the publishing of “Wondering in Dawei” book, 2013
- Special lecturer on Dawei Deep Sea Port Project, Walailak University, 2013
- Research assistance in 15 years strategy planning for Chulalongkorn University (Culture) Project , 2012
- Research assistance in Transborder Road Link (Dawei - Phu Nam Ron) (history and archaeology), 2012
- Volunteer at Asian Research Center for Migration, Institution of Asian Studies, Chulalongkon University, 2011
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