



# Burma: domestic reforms and international responses

Dr Cameron Hill  
Foreign Affairs, Defence and Security Section

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## Introduction

Prior to the installation of a civilian government in April 2011, Burma had, for all intents and purposes, been governed by a military regime for almost fifty years.<sup>1</sup> The most recent incarnation of this regime, the State Peace and Development Council (SPDC), was established in 1997 in the wake of the quashing of mass uprisings in 1988 and a pro-democracy movement in support of the National League for Democracy (NLD) party and its leader, Aung San Suu Kyi, following the party's landslide victory in a 1990 general election.

During the SPDC period, the Burma was subject to sanctions by the United States (US), the European Union (EU) and Australia, effectively barred from receiving concessional loans from International Financial Institutions (IFIs) like the World Bank, and had limited official relations with most Western countries. Burma did, however, pursue closer relations with its neighbours, particularly China and India, and was admitted as a member of the Association of South East Asian Nations (ASEAN) in 1997.<sup>2</sup>

The sanctions regimes applied by the West have evolved in response to developments within Burma. In addition to an arms embargo imposed in 1993, since 1997 the US has pursued a range of restrictive measures, applying travel restrictions, financial transaction controls and asset freezes on individuals and entities associated with the military regime, as well as import and investment bans on US companies.<sup>3</sup> The EU has applied visa restrictions on members of the military regime, their families and allies, as well as a freeze on overseas assets.<sup>4</sup> After the September 2007 suppression of a wave of public protests led by Buddhist monks, both the US and the EU tightened sanctions.<sup>5</sup>

Australia's current restrictions on Burma centre on financial sanctions under the *Banking (Foreign Exchange) Regulations 1959*. These sanctions have been targeted against members of the Burmese regime and their associates and supporters. Under the sanctions, transactions involving the transfer of funds or payments to, by the order of, or on behalf of specified Burmese regime figures and supporters are prohibited without the specific approval of the Reserve Bank of Australia. Australia has also maintained targeted travel restrictions against senior regime figures, their associates and

1. This includes an ostensible period of 'civilian rule' under the Burma Socialist Programme Party (BSPP) from 1972 to 1988. See: M Charney, *A History of Modern Burma*, Cambridge University Press, Cambridge, 2009, pp. 133–147. Between the BSPP and the SPDC periods, the State Law and Order Restoration Council (SLORC) regime ruled from 1988 to 1997, pp. 160–179. While the regime itself, some other countries and most international organisations use the name 'Myanmar', the Australian Government's current approach is to refer to the country as 'Burma' except in direct communications with Burmese officials and in multilateral contexts. See: Department of Foreign Affairs and Trade (DFAT), *Burma: Country brief*, viewed 12 May 2012, [http://www.dfat.gov.au/geo/burma/burma\\_brief.html](http://www.dfat.gov.au/geo/burma/burma_brief.html)
2. Charney, *Ibid.*, pp. 186–7.
3. US Department of State, *Background Note: Burma*, 2 August 2011, viewed 4 May 2012, <http://www.state.gov/r/pa/ei/bgn/35910.htm>
4. 'Overview of Burma Sanctions', *BBC News*, 18 December 2009, viewed 8 May 2012, <http://news.bbc.co.uk/2/hi/asia-pacific/8195956.stm>
5. L A Nicksch and M A Weiss, *Economic Sanctions: Burma*, Congressional Research Service, 3 August 2009, viewed 8 May, [http://assets.opencrs.com/rpts/RS22737\\_20090803.pdf](http://assets.opencrs.com/rpts/RS22737_20090803.pdf); 'Overview of Burma Sanctions' *BBC News*, *ibid.*

supporters.<sup>6</sup> Like the US and the EU, Australia also maintains an embargo on defence exports to Burma. Official development assistance has traditionally been restricted to humanitarian aid delivered through multilateral and non-government agencies.<sup>7</sup> The Australian Government has not imposed general trade and investment sanctions on Burma.

In May 2008, the Burmese Government conducted a referendum on a new constitution as part of a so-called 'roadmap to democracy'. This constitution, which allocated a quarter of seats in parliament to the military and banned Suu Kyi from holding office, paved the way for the 2010 election of a pro-military civilian regime, the Union Solidarity and Development Party (USDP). The NLD boycotted these elections amidst widespread allegations of fraud and they were heavily criticised as not free and fair by the United Nations (UN) and most Western countries, including Australia.<sup>8</sup>

## 2011–12 reforms

From late 2011, the USDP regime under President U Thein Sein has embarked on a rapid and wide-ranging program of political and economic reforms. These have encompassed electoral reforms, the release of hundreds of political prisoners, increased labour and media freedoms, peace talks with ethnic groups, and changes to currency and foreign investment rules. These have occurred against the background of improved relations between the Government and the NLD since the Government's release of Suu Kyi from house arrest in November 2010.

In November 2011, the NLD announced that it would contest the April 2012 parliamentary by-elections and that Suu Kyi would stand as a candidate. The decision by the Government to let the NLD re-register as a political party and allow its enormously popular leader to stand for election was a major conciliatory step – during both the 1990 and 2010 elections Suu Kyi had been under house arrest. In March 2012, the Government announced that it would invite Western observers to monitor the voting.<sup>9</sup>

Alongside these electoral reforms, the USDP Government has also moved to release hundreds of political prisoners. Since October 2011, the USDP Government has instituted two major rounds of amnesties, resulting in the release of around 500 civic leaders and pro-democracy and ethnic minority prisoners. According to the US State Department, many of these individuals had been in prison for over 20 years.<sup>10</sup>

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6. DFAT, *Burma: Country brief*, viewed 2 May 2012, op. cit.

7. S Smith (Minister for Foreign Affairs), *Ministerial Statement on Burma*, media release, 8 February 2010, viewed 2 May 2012, <http://ausaid.gov.au/MediaReleases/Pages/Display.aspx?QID=673>

8. 'Western states dismiss Burma's election', *BBC News*, 6 November 2010, viewed 1 May, <http://www.bbc.co.uk/news/world-asia-pacific-11707294>

9. Associated Press (AP), 'Burma invites US election monitors', *The Age*, 21 March 2012, viewed 3 May 2012, <http://news.theage.com.au/breaking-news-world/burma-invites-us-election-monitors-20120321-1vif4.html>

10. US Department of State, *US Policy Toward Burma*, Kurt M Campbell, Assistant Secretary, Bureau of East Asian and Pacific Affairs: Statement Before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific, 25 April 2012, viewed 26 April 2012, <http://www.state.gov/p/eap/rls/rm/2012/188446.htm>. While rights groups estimate that over 800 political prisoners remain in detention, in January 2012 the Burmese Government claimed

A broader range of human rights reforms have also been pursued. In October 2011, the Burmese parliament passed new labour laws allowing workers to form labour unions and permitting strikes.<sup>11</sup> In addition, laws passed by the Parliament in November 2011 allow for peaceful demonstrations.<sup>12</sup> The Government has also relaxed some censorship rules and restrictions on foreign journalists and news sources have been eased.<sup>13</sup>

The USDP Government has also attempted to revive peace talks with the various ethnic groups that continue to contest the state's legitimacy and authority. Fighting between the central Government and non-Burman ethnic groups has been an intractable source of conflict since Burma won its independence in 1948. According to the US State Department, by February 2012 the USDP Government had established ceasefire agreements with the United Wa State Army, the Shan State Army North, the Chin National Front, the Karen National Union, and the New Mon State Army.<sup>14</sup> Clashes with Kachin forces in Burma's north have, however, continued despite talks.<sup>15</sup>

Notwithstanding its large natural resource base, young labour force and proximity to key regional markets, more than a quarter of Burma's population still live under the national poverty line.<sup>16</sup> As part of its reform process and re-engagement with the West, Burma has moved to liberalise parts of its economy through exchange rate reforms, increasing budget transparency, and introducing new foreign investment rules.<sup>17</sup>

## 2012 by-elections

The by-elections held on 1 April 2012 involved 45 seats, including 37 in the 440-member People's Assembly (lower house), six in the 224-member Nationalities Assembly (upper house), and two regional assembly seats (see Figure 1). Most of these seats had been vacated by members who had accepted positions in the new USDP Government. Originally, by-elections were planned for 48 seats but in March 2012 Burma's election commission declared that voting for three seats in Kachin state would be postponed for security reasons. The NLD ran candidates in 44 of the 45 seats and won 43.

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that there were 128. See: M Martin, *Burma's political prisoners and US sanctions*, 1 March 2012, Congressional Research Service, viewed 1 May 2012, [http://assets.opencrs.com/rpts/R42363\\_20120301.pdf](http://assets.opencrs.com/rpts/R42363_20120301.pdf)

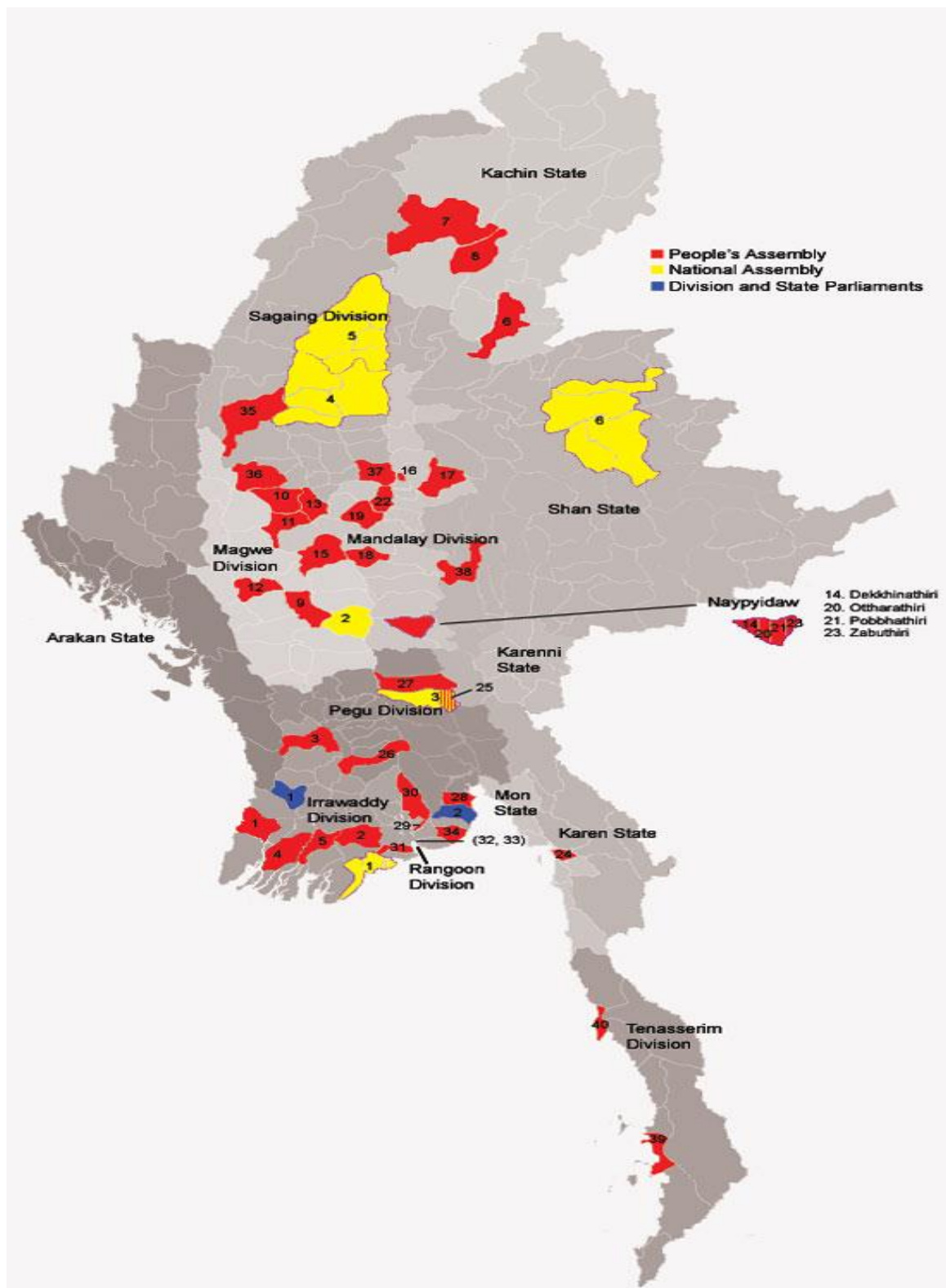
11. 'Burma labour law to allow unions and strikes', *BBC News*, 14 October 2011, viewed 1 May 2012, <http://www.bbc.co.uk/news/world-asia-pacific-15303968>
12. AP, 'Burma guarantees right to protest', *Sydney Morning Herald*, 26 November 2011, viewed 1 May 2012, [http://parlinfo.parlinfo/download/media/pressclp/1253154/upload\\_binary/1253154.pdf;fileType=application%2Fpdf#search=%22burma%22](http://parlinfo.parlinfo/download/media/pressclp/1253154/upload_binary/1253154.pdf;fileType=application%2Fpdf#search=%22burma%22)
13. S Naing, 'Has Burma's Glasnost Begun?', *The Irrawaddy*, 16 February 2012, viewed 2 May 2012, [http://www2.irrawaddy.org/article.php?art\\_id=23049](http://www2.irrawaddy.org/article.php?art_id=23049)
14. US Department of State, *US Policy Toward Burma*, op. cit.
15. M Petty, 'Myanmar to beef up peace effort to end Kachin conflict', *Reuters*, 30 April 2012, viewed 8 May 2012, <http://uk.reuters.com/article/2012/04/29/myanmar-conflict-idUKL4E8FT0AK2012042>
16. Asian Development Bank (ADB), *Myanmar: Overview*, viewed 8 May 2012, <http://www.adb.org/countries/myanmar/main>
17. Economist Intelligence Unit (EIU), *Country Report: Myanmar (Burma)*, April 2012, viewed 1 May 2012, [http://country.eiu.com/FileHandler.ashx?issue\\_id=569003241&mode=pdf](http://country.eiu.com/FileHandler.ashx?issue_id=569003241&mode=pdf)

This was a decisive outcome and included Suu Kyi's victory in the People's Assembly seat of Kawhmu, near Rangoon.

The participation of international observers was seen as particularly important given the lack of credibility surrounding the 2010 poll. Over 150 experts from ASEAN, the US, the EU, Japan, India, and Australia observed the election.<sup>18</sup> The Australian Government sent five observers, including three journalists, an official from the Department of Foreign Affairs and Trade (DFAT) and an official from the Australian Electoral Commission.<sup>19</sup> Just prior to the vote, the NLD voiced concerns about the poll, including allegations of intimidation during campaigning and inaccurate voter registration lists.<sup>20</sup> While not regarded as fully free and fair, most independent observers concluded that the elections had sufficient integrity to justify the result. In the words of one US monitor, while there were problems relating to the electoral system that will need to be addressed before the 2015 national polls, 'obviously, these problems did not affect the outcome'.<sup>21</sup>

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18. S Y Naing, '159 observers to monitor Burma election', *The Irrawaddy*, 28 March 2012, viewed 2 May 2012, [http://www2.irrawaddy.org/article.php?art\\_id=23303](http://www2.irrawaddy.org/article.php?art_id=23303)
  19. B Carr (Minister for Foreign Affairs), *Australian observer team monitors election in Burma*, media release, 1 April 2012, viewed 30 April 2012, [http://www.foreignminister.gov.au/releases/2012/bc\\_mr\\_120401.html](http://www.foreignminister.gov.au/releases/2012/bc_mr_120401.html). An attempt by two Australian Parliamentarians to join the official monitoring mission was refused by the Burmese authorities. See: 'Australian MPs refused visa for Burma poll-watch', *Radio Australia*, 30 March 2012, viewed 2 May 2012, <http://www.radioaustralia.net.au/asia/2012-03-29/australian-mps-refused-visas-for-burma-pollwatch/682776>
  20. Agence France Presses (AFP), 'Burma polls not completely fair: Suu Kyi', *SBS World News*, 31 March 2012, viewed 7 May 2012, <http://www.sbs.com.au/news/article/1638829/Burma-polls-not-completely-fair-Suu-Kyi>
  21. National Institute for Democracy (NDI), *Statement of Peter M. Manikas, Director of Asia Programs before the Senate Committee on Foreign Relations, Sub-committee on East Asia and Pacific Affairs*, 26 April 2012, viewed 2 May 2012, <http://www.ndi.org/files/Manikas-testimony-042612.pdf>

Figure 1: Parliamentary by-election seats



Source: Alternative ASEAN Network on Burma, cited in M F Martin, *Burma's Parliamentary By Elections*, Congressional Research Service, 28 March 2012, p. 2, viewed 7 May 2012, <http://www.fas.org/sgp/crs/row/R42438.pdf>. This map includes the three seats (6, 7 and 8) in Kachin State where by-elections were not held.

## International responses

### The United States

Changes in current US policy towards Burma were set in motion during a visit by the Secretary of State, Hilary Clinton, in December 2011. This was the first visit by a US Secretary of State to Burma in over 50 years.<sup>22</sup> Secretary Clinton described the changes in Burma as ‘the first steps toward a long-awaited opening’. In response, she declared that the US would adopt a strategy of ‘matching actions with actions’.<sup>23</sup>

In line with this strategy, on 4 April 2012 Secretary Clinton announced that following the by-elections the US would:

- seek accreditation for a permanent Ambassador to Burma and establish a US Agency for International Development (USAID) mission within its Embassy
- support the resumption of normal United Nations Development Program (UNDP) operations
- authorise funds to be sent by private US entities for non-profit activities
- facilitate travel to the US for select Burmese politicians and parliamentarians
- begin a process to ease its ban on the export of financial services and investment ‘as part of a broader effort to help accelerate economic modernisation and political reform’.<sup>24</sup>

In relation to this last measure, on 17 May 2012 the US announced that it would suspend the restrictions on investment by American companies and the export of US financial services across all economic sectors, including mining and natural resources. Secretary Clinton described these changes as ‘the most significant adjustments to our previous policy that have been taken to date’.<sup>25</sup> The US Government has said it will work with all American investors in Burma ‘to be sure we are promoting responsible investment and deterring abuses’ and will pursue ‘transparency, and through transparency, accountability for the activities of our companies’.<sup>26</sup> This will include the continued designation of Burmese individuals and entities involved in violations of human rights. Secretary Clinton also announced that the arms embargo would continue and that the current US special

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22. AFP, ‘Clinton challenges Burma to expand reforms’, *Sydney Morning Herald*, 1 December 2011, viewed 1 May 2012, <http://news.smh.com.au/breaking-news-world/clinton-challenges-burma-to-expand-reforms-20111201-1o7gy.html>

23. H Clinton (US Secretary of State), *Press availability in Nay Pyi Taw*, Secretary’s remarks, 1 December 2011, viewed 2 May 2012, <http://www.state.gov/secretary/rm/2011/12/177994.htm>

24. H Clinton (US Secretary of State), *Recognising and supporting Burma’s democratic Reforms*, Secretary’s remarks, 4 April 2012, viewed 30 April 2012, <http://www.state.gov/secretary/rm/2012/04/187439.htm>

25. H Clinton (US Secretary of State), *Remarks with Foreign Minister of Burma U Wunna Maung after their meeting*, Secretary’s remarks, 17 May 2012, viewed 18 May 2012, <http://www.state.gov/secretary/rm/2012/05/190260.htm>

26. Ibid.; US Department of State, *Background briefing on Burma*, special briefing, 17 May 2012, viewed 18 May 2012, <http://www.state.gov/r/pa/prs/ps/2012/05/190271.htm>



representative, Derek Mitchell, would be appointed as Washington's permanent Ambassador to Burma.<sup>27</sup>

Over the longer-term, the US has stated it will 'continue to call for the unconditional release of all political prisoners and the removal of conditions on those released', seek an immediate halt to hostilities in ethnic minority areas, particularly Kachin state, and pursue human rights violations against the ethnic minority Rohingya people.<sup>28</sup> In terms of democratic reforms, the US has signalled that it will continue to urge the Burmese Government 'to promote greater civic openness and support for a vibrant civil society and more free media' and reform 'dozens of oppressive, arbitrary and unfair laws'.<sup>29</sup> The US is also urging Burma to keep its commitments to comply with international nuclear non-proliferation obligations and to end its military relationship with North Korea.

## The United Kingdom

The UK, Burma's largest Western aid donor, has also moved to recognise and reward Burma's reforms. Speaking at a press conference with Suu Kyi in Rangoon two weeks after the by-elections, Prime Minister David Cameron argued that 'there are prospects for change in Burma' and that 'it is right for the rest of the world to respond'.<sup>30</sup>

The UK has strongly supported the suspension of all EU economic sanctions in order to show 'that we respect and welcome the progress that has been made'. It has also made clear the distinction between *suspending* and *lifting* sanctions in order to show 'that if this progress is not irreversible then sanctions could be re-imposed'.<sup>31</sup> On 26 April 2012, the UK Government announced that, in addition to its Embassy in Rangoon, it would establish a new 'British interests office' in Burma's capital, Nay Pyi Taw.<sup>32</sup>

## The European Union

The EU has also welcomed the 'historic changes' in Burma, changes 'which allow the EU to open a new chapter in its relations with Burma/Myanmar'. On 23 April 2012, the EU agreed to suspend all restrictive measures imposed on the Government, with the exception of its arms embargo. It also agreed to 'monitor closely the situation on the ground, keep its measures under constant review, and respond positively to progress on ongoing reforms'.<sup>33</sup>

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27. H Clinton, *Remarks with Foreign Minister of Burma*, op. cit.

28. US Department of State, *US Policy Toward Burma*, op. cit.

29. Ibid.

30. D Cameron (Prime Minister of the United Kingdom), *Transcript: Press Conference with Aung San Suu Kyi*, speeches and transcripts, 13 April 2012, viewed 3 May 2012, <http://www.number10.gov.uk/news/transcript-aung-san-suu-kyi-press-conference/>

31. Ibid.

32. 'Britain to open new Foreign Office branch in Myanmar', *The Straits Times*, 26 April 2012, viewed 27 April 2012, [http://www.straitstimes.com/print/BreakingNews/SEASia/Sory/STIStory\\_792896.html](http://www.straitstimes.com/print/BreakingNews/SEASia/Sory/STIStory_792896.html)

33. Council of the European Union, 3159<sup>th</sup> *Council Meeting*, press release, 23 April 2012, viewed 3 May 2012, [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/129739.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/129739.pdf)

During a subsequent visit to Burma, the High Representative for Foreign Affairs and Security, Catherine Ashton, opened a new office in Rangoon that will oversee the EU's aid programs.<sup>34</sup>

## Japan

Japan has also responded positively to reforms in Burma. In late April 2012, President Sein became the first Burmese leader to visit Tokyo in almost 30 years.<sup>35</sup> During talks between President Sein and Prime Minister Yoshihiko Noda, Japan agreed to write off US\$3.7 billion of Burmese debt, resume bilateral development assistance, and develop plans for a joint special economic zone near Rangoon. Speaking after the meeting, Prime Minister Noda remarked that 'at a time when Myanmar's [Burma's] democratisation is at a key stage, Japan is declaring to further support its efforts to reform and to continue bolstering assistance'.<sup>36</sup>

## China

Over the last decade, China has emerged as Burma's largest source of foreign investment and military aid.<sup>37</sup> Indeed, some commentators have argued that it is Burma's concern about its growing dependence on China that has spurred its attempts to re-engage with the West.<sup>38</sup> They have pointed to the Government's 2011 decision to suspend an unpopular Chinese hydropower investment project, the Myitsone Dam, as an example of growing official unease regarding the extent of Beijing's interests and influence in Burma.<sup>39</sup>

Nevertheless, given both the time it will take for any increased Western investment and trade flows to come online and China's size and proximity advantages, Beijing will likely remain an important economic partner for Burma.<sup>40</sup> While China has remained largely silent on Burma's domestic

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34. 'EU Foreign Policy Chief Ashton Visits Burma', *BBC News*, 28 April 2012, viewed 4 May 2012, <http://www.bbc.co.uk/news/world-asia-17878601>

35. AFP, 'Myanmar President Thein Sein to visit Japan', *channelnewsasia.com*, 18 April 2012, viewed 3 May 2012, [http://www.channelnewsasia.com/stories/afp\\_asiapacific/view/1195985/1/.html](http://www.channelnewsasia.com/stories/afp_asiapacific/view/1195985/1/.html)

36. 'Japan to write off \$3.7 billion Burma debt', *BBC News*, 21 April 2012, viewed 3 May 2012, <http://bbc.co.uk/news/world-asia-17797910?print=true>

37. M Charney, *A History of Modern Burma*, op. cit., p. 187. Mizzima News Agency, 'China named largest investor in Burma', *BBC Monitoring Asia-Pacific*, 23 February 2011, viewed 3 May 2012, <http://search.proquest.com/docview/853198906>

38. L Murdoch, 'China Nervous as Burma Starts to Look West', *Sydney Morning Herald*, 30 November 2011, viewed 2 May 2012, [http://parlinfo.aph.gov.au/parlInfo/download/media/pressclp/1262526/upload\\_binary/1262526.pdf;fileType=application%2Fpdf#search=%22media/pressclp/1262526%22](http://parlinfo.aph.gov.au/parlInfo/download/media/pressclp/1262526/upload_binary/1262526.pdf;fileType=application%2Fpdf#search=%22media/pressclp/1262526%22)

39. L Murdoch, 'China angered as Burma halts controversial dam', *The Age*, 6 October 2011, viewed 2 May, <http://web.ebscohost.com/ehost/detail?vid=2&hid=10&sid=e5a84189-fc97-4950-8cb3-2407aeb21bff%40sessionmgr11&bdata=JnNpdGU9ZWWhvc3QtYGl2ZQ%3d%3d#db=anh&AN=SYD-61P144QW8TK1GDRD2OER>

40. EIU, *Country Report: Myanmar*, op. cit., p. 5.

reforms, Beijing has stated that it is 'glad' to see growing contact between Burma and Western countries and that it supports the easing of sanctions.<sup>41</sup>

## India

India has pursued closer bilateral engagement with Burma over the last decade. As well as trade and military supplies, this includes aid and technical assistance.<sup>42</sup> According to India's Ministry of External Affairs, bilateral trade has expanded significantly, from a modest US\$12.4 million in 1980–81 to US\$1.07 billion in 2010–11.<sup>43</sup>

More recently, during a visit to India by President Sein in October 2011, New Delhi extended a US\$500 million line of concessional finance to help Burma implement rural development and information technology projects. The two countries also agreed to enhance cooperation on cross-border transit, counter-insurgency and counter-terrorism, and natural resource development.<sup>44</sup> In addition to balancing China's influence in the region, some Indian commentators have focused on the economic opportunities that Burma's opening-up could provide in terms of enhanced trade and investment links with India's north-east region, as well as greater access to wider ASEAN markets.<sup>45</sup>

## International and regional organisations

The UN has maintained a humanitarian and development assistance presence in Burma throughout the sanctions period. In addition, under a mandate from the General Assembly, the UN Secretary General is charged with using his good offices to pursue discussions on human rights and the restoration of democracy with the government and the people of Burma.<sup>46</sup> In early 2012, the Secretary General's Special Advisor on Myanmar, Vijay Nambiar, described Burma's reforms as demonstrating 'an unprecedented level of initiative' and called on the international community to 'respond robustly to people's needs by lifting current restrictions on the country'.<sup>47</sup> During a visit to Burma in April 2012, Secretary General Ban Ki-moon announced a new partnership between the UN and Burma which would include the provision of assistance to undertake Burma's first census in thirty years, as well as to support the rule of law, improve the electoral system, and bolster anti-

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41. Xinhua News Agency, 'China welcomes growing contact between Burma, West – Official', *BBC Monitoring Asia-Pacific*, 16 January 2012, viewed 2 May 2012, <http://search.proquest.com/docview/916165104>; Xinhua News Agency, 'China calls for lifting sanctions against Burma', *BBC Monitoring Newsfile*, 5 April 2012, viewed 2 May 2012, <http://search.proquest.com/docview/964149598?accountid=42418>
  42. Charney, *A History of Modern Burma*, op. cit., pp. 186–7.
  43. Indian Ministry of External Affairs, *India-Myanmar Relations*, viewed 8 May 2012, <http://www.mea.gov.in/mystart.php?id=50044503>
  44. S Parashar, 'India extends credit line of \$500 million to Myanmar', *Times of India*, 15 October 2011, viewed 8 May 2012, [http://articles.timesofindia.indiatimes.com/2011-10-15/india/30283216\\_1\\_india-and-myanmar-myanmar-president-transit-transport-project](http://articles.timesofindia.indiatimes.com/2011-10-15/india/30283216_1_india-and-myanmar-myanmar-president-transit-transport-project)
  45. N Banerjee, 'Myanmar eco reforms open up new vistas for northeast', *Times of India*, 3 May 2012, viewed 8 May 2012, [http://articles.timesofindia.indiatimes.com/2012-05-03/guwahati/31555367\\_1\\_kaladan-sittwe-rhi-tiddim](http://articles.timesofindia.indiatimes.com/2012-05-03/guwahati/31555367_1_kaladan-sittwe-rhi-tiddim)
  46. DFAT, *Burma: Country brief*, op. cit.
  47. United Nations (UN), 'Press Conference by Secretary General's Special Advisor on Myanmar', *UN News Service*, 24 February 2012, viewed 2 May 2012, [http://www.un.org/News/briefings/docs/2012/120224\\_Nambiar.doc.htm](http://www.un.org/News/briefings/docs/2012/120224_Nambiar.doc.htm)

corruption measures.<sup>48</sup> With Burma's role in the international narcotics trade serving as one of the major sources of friction with the West over the last couple of decades, Ban also highlighted ongoing cooperation between the UN and the Government to help develop alternative livelihoods for farmers involved in opium cultivation.<sup>49</sup>

The IFIs have also increased their engagement with Burma over recent months. The International Monetary Fund conducted a consultation mission in January 2012 and is supporting Burma's efforts to modernise its exchange rate regime.<sup>50</sup> The World Bank has indicated it will open a country office in Burma in early June 2012 and is working with other donors to examine options to support reforms. The extent of its engagement will, however, depend on options for clearing the country's loan arrears and on 'whether existing reforms can be sustained'.<sup>51</sup> The Asian Development Bank, which administers regional integration programs in which Burma participates, has stated it is keen to pursue 'constructive engagement' but that, like the World Bank, loan arrears pose a 'big hurdle' to further financial assistance.<sup>52</sup>

While the other member-states of ASEAN have sometimes disagreed over the Association's role in promoting change in Burma, they have welcomed the current reform program and re-engagement by the West. In a statement released at the conclusion of their April 2012 summit in Phnom Penh, ASEAN leaders reiterated their call for the international community 'to support and encourage democratic developments' and for 'the lifting of all sanctions on Myanmar immediately'.<sup>53</sup> Burma will host the ASEAN and the East Asia Summit meetings in 2014.

## International non-government organisations

International non-government and human rights groups have generally been more cautious in their assessments of the progress of political reform in Burma and some have argued that the West should place stricter conditions on re-engagement.

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48. UN, 'On historic visit, Ban praises Myanmar's reforms and urges further partnership', *UN News Service*, 30 April 2012, viewed 1 May 2012, <http://www.un.org/apps/news/story.asp?NewsID=41888&Cr=Myanmar&Cr1>

49. UN Office on Drugs and Crime, *Secretary-General welcomes UNODC assistance to support opium poppy farmers in Myanmar*, media release, 4 May 2012, viewed 10 May 2012, <http://www.unodc.org/unodc/en/frontpage/2012/May/secretary-general-addresses-challenges-faced-by-opium-poppy-farmers-in-myanmar.html>

50. AFP, 'IMF chief lauds Myanmar's currency reforms', 21 April 2012, *Google News*, viewed 7 May 2012, <http://www.google.com/hostednews/afp/article/ALeqM5hdDBVIUUGcLhZTiUB621h84TKLaw?docId=CNG.13cab0ac4687cee335b609a436ed6d99.571>

51. World Bank, *Statement on Myanmar: Pamela Cox, World Bank East Asia and Pacific Vice President*, media release, 26 April 2012, viewed 2 May 2012, [http://www.worldbank.org/en/news/2012/04/26/statement-on-myanmar-pamela-cox-world-bank-east-asia-pacific-regional-vice-president?cid=EAP\\_TwitterWorldBankAsia\\_P\\_EXT](http://www.worldbank.org/en/news/2012/04/26/statement-on-myanmar-pamela-cox-world-bank-east-asia-pacific-regional-vice-president?cid=EAP_TwitterWorldBankAsia_P_EXT)

52. 'Clear debts and we'll help, ADB tells Burma', *ABC Radio Australia News*, 27 April 2012, viewed 3 May 2012, <http://www.radioaustralianews.net.au/stories/201204/3490858.htm?desktop>

53. Association of Southeast Asian Nations (ASEAN), *Chairman's Statement of the 20<sup>th</sup> ASEAN Summit*, 3–4 April 2012, viewed 3 May 2012, <http://www.asean.org/documents/20th%20summit/FINAL%20Chairman%20Statement1330.pdf>

Amnesty International's February 2012 submission to the UN Human Rights Council alleges that, while Burma's human rights performance has improved in some areas, 'in several ethnic minority areas the army continues to commit violations of international human rights and humanitarian law against civilians, including acts that may constitute crimes against humanity or war crimes'. The submission also notes continuing systemic discrimination against ethnic groups like the Rohingyas.<sup>54</sup>

Human Rights Watch has argued that all moves by the US and other Western countries to ease sanctions 'should be sequenced and timed in a manner that reflects actual additional progress toward the necessary political reforms and progress to improve human rights in Burma'.<sup>55</sup>

## Australia

The Australian Government has moved swiftly to re-calibrate its bilateral relationship with Burma in response to domestic and international developments. A visit by the then Minister for Foreign Affairs, Kevin Rudd, in mid-2011 was the first visit by a Western minister following the establishment of the USDP Government and the first by an Australian foreign minister in almost ten years.<sup>56</sup> During this visit Mr Rudd flagged Australia's intention to expand its development assistance engagement in areas such as education. Mr Rudd also called on the Burmese Government to release all political prisoners, describing this as a 'single action [that] would have a significant transformative effect on the international community's attitude to the newly-established government'.<sup>57</sup>

Following the first round of political prisoner releases and confirmation that Syi Kuu and the NLD would contest the Parliamentary by-elections, the Australian Government announced on 9 January 2012 that it would revise its sanctions list and reduce the number of individuals to whom it applied. Under this change, Australia would retain 'the ability to add individuals to the sanctions list at any time, but members of Burma's new Government who were not previously on Australia's sanctions list will not be listed'.<sup>58</sup>

Further revisions to Australia's sanctions regime have been implemented in the wake of additional reforms and the Parliamentary by-elections. On 16 April 2012, the Government announced that it

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54. Amnesty International, *The human rights situation in Myanmar requires the Human Rights Council's continued attention: written statement to the 19<sup>th</sup> session of the UN Human Rights Council*, 13 February 2012, viewed 3 May 2012, <http://www.amnesty.org/en/library/asset/ASA16/001/2012/en/8859ff1c-28c9-4143-ae91-3463e3ab86f8/asa160012012en.pdf>
  55. Human Rights Watch, *Joint letter to President Barack Obama regarding sanctions on Burma*, 24 April 2012, viewed 4 May 2012, <http://www.hrw.org/node/106721>
  56. 'Australian Foreign Minister meets President U Thein Sein', *Myanmar Times*, 1 July 2011, viewed 7 May 2012, <http://www.mmtimes.com/2011/news/582/news58207.html>; M Cho, 'Rudd's Burma visit a chance to push for meaningful change', *Sydney Morning Herald*, 29 June 2011, viewed 7 May 2012, <http://www.smh.com.au/opinion/politics/rudds-burma-visit-a-chance-to-push-for-meaningful-change-20110629-1ggq26.html>
  57. K Rudd (Minister for Foreign Affairs) *Transcript of doorstep interview*, 2 July 2011, viewed 1 May 2012, [http://www.foreignminister.gov.au/transcripts/2011/kr\\_tr\\_110702\\_doorstop.html](http://www.foreignminister.gov.au/transcripts/2011/kr_tr_110702_doorstop.html)
  58. K Rudd (Minister for Foreign Affairs), *Reduction to Australia's sanctions list for Burma*, media release, 9 January 2012, viewed 1 May 2012, [http://www.foreignminister.gov.au/releases/2012/kr\\_mr\\_120109.html](http://www.foreignminister.gov.au/releases/2012/kr_mr_120109.html)

would reduce the number of individual Burmese officials subject to financial sanctions and travel restrictions from 392 to about 130. Under the revisions, 'civilians, including the President and other reformists within the Government and Parliament, will be removed from the list, while serving military figures and individuals of human rights concern will remain'.<sup>59</sup> Australia will retain its arms embargo.

In announcing these changes, the current Minister for Foreign Affairs, Bob Carr, stated that the Government 'will continue to encourage the Burmese Government to continue down the path of reform, including by granting full political freedoms and reconciling with ethnic groups'. The Minister for Trade and Competitiveness, Craig Emerson, added that Australia would discontinue its policy of neither encouraging or discouraging bilateral trade nor investment in pursuit of a 'normalised' economic relationship with Burma.<sup>60</sup> Australia's bilateral development assistance to Burma has also been increased in the 2012–13 Budget.<sup>61</sup>

The Coalition's Shadow Minister for Foreign Affairs, Julie Bishop, has argued that Australia must adopt a 'realistic and pragmatic' approach which should involve 'continuous reassessments of our relations with Burma as things change'.<sup>62</sup> The Australian Greens have questioned the Government's decision to normalise the bilateral trade and investment relationship, arguing that it may weaken Australia's ability to push for further reforms.<sup>63</sup>

## Looking ahead

Over both the short and long-term, important questions confront Burma's political leadership. Their response will play a key role in determining the international community's, including Australia's, future engagement.

In the short-term, the evolving relationship between the USDP Government, its allies in the military, and the NLD within the Parliament will be closely watched by the Burmese people and the international community. The NLD, which holds less than ten per cent of the seats in the Parliament, will need to strike an often difficult tactical balance between principle and pragmatism, a balance vividly demonstrated by its recent back-down on the issue of the Parliamentary oath.<sup>64</sup> Ultimately, the military still retains its power of veto through the guarantee of holding a quarter of seats in the

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59. C Emerson (Minister for Trade and Competitiveness) and B Carr (Minister for Foreign Affairs), *Australia recognises reform in Burma*, media release, 16 April 2012, viewed 3 May 2012, [http://trademinister.gov.au/releases/2012/ce\\_mr\\_120416.html](http://trademinister.gov.au/releases/2012/ce_mr_120416.html)

60. Ibid., op. cit.

61. B Carr (Minister for Foreign Affairs), *2012-13 Development Assistance Budget*, media release, 8 May 2012, viewed 9 May 2012, [http://www.foreignminister.gov.au/releases/2012/bc\\_mr\\_120508b.html](http://www.foreignminister.gov.au/releases/2012/bc_mr_120508b.html)

62. J Bishop (Shadow Minister for Foreign Affairs), *Burma elections*, media release, 3 April 2012, viewed 9 May 2012, <http://juliebishop.com.au/portfolio-media-releases/968-burma-elections.html>

63. S Ludlam, *Aun San Suu Kyi finally in Burma's parliament, but struggle for democracy in Burma far from over – Greens*, media release, 3 May 2012, viewed 7 May 2012, <http://scottludlam.org.au/content/media-releases/aun-san-suu-kyi-finally-burma%E2%80%99s-parliament-struggle-democracy-burma-far-over->

64. Z Daniel, 'Suu Kyi to swear Parliamentary oath', *ABC News*, 30 April 2012, viewed 1 May 2012, <http://www.abc.net.au/news/2012-04-30/suu-kyi-to-swear-parliamentary-oath/3981024>

Parliament, and significant executive power remains vested in the President – ‘until this power structure is radically altered through a redrafting of Myanmar’s [Burma’s] constitution, the USDP is likely to continue to dominate parliamentary proceedings’.<sup>65</sup> Further moves by the Government on political prisoners and human rights will be important to the relationship with Washington in a US Presidential election year. Finally, the longevity of the current ceasefires with ethnic minority forces, and whether a ceasefire with Kachin groups can be secured, will be a crucial determinant of the country’s overall stability, the Government’s ability to focus on its political and economic reform program, and the tenor of the West’s engagement with the USDP Government.

Over the longer term, Burma faces a set of much deeper, inter-related challenges that will test the Government’s commitment and capacity to reform as it approaches the 2015 national elections. These challenges include the unresolved issue of constitutional change and settling the future political and economic role of the military, building lasting reconciliation with non-Burman ethnic minority groups after decades of conflict, rebalancing the relationship with China, tackling governance weaknesses and endemic corruption, and achieving sustained economic growth and poverty reduction.

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65. EIU, *Country Report: Myanmar*, op. cit., p. 5.

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