**ABSTRACT**

The United States began expanding its engagement with Burma (Myanmar) in 2009, which went largely unnoticed outside of the Asian studies community. Burma's cautious political opening and pursuit of cease fire agreements to end decades-old ethnic rebellions presented an opportunity for the U.S. to pursue engagement to advance the Obama administration's Asia policy of linking the U.S. economically and militarily with East and South Asia. Burma's geographic location, resources, and emerging role in ASEAN make it a critical linkage in this policy framework. Burma's history is complicated, fraught with conflict still visible in its political, social, and military situation, but it is of sufficient importance that national and transnational actors are maneuvering for position there. The U.S. is already linked to Burma through its economic policies in Asia, and so has incentive to influence Burma's development to reach favorable outcomes in the region. However, Burma has many barriers to growth and reform. Realizing U.S. objectives with respect to Burma may depend on Burma overcoming those barriers. The U.S. may be able to help, but further involvement in Burma holds risk for the U.S. This paper describes the relevant Burmese history, the current maneuvers by national and transnational actors in the region, the U.S. approach to Burma. It then outlines a set of recommendations to clarify the U.S. approach and potentially expand engagement beyond those currently visible that support stability, prosperity, and human rights in Burma while advancing U.S. interests.

**SUBJECT TERMS:**
Burma, Myanmar, U.S. policy, U.S. strategy, U.S. Asia strategy, Southeast Asia, economic engagement, security engagement, ethnic conflict, strategic context, actors, interests, sanctions

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BURMA: STRATEGIC BACKWATER OR STRATEGIC FULCRUM
U.S. CHOICES IN THE BAY OF BENGAL

by

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GG-15, Department of Defense

A paper submitted to the Faculty of the Joint Advanced Warfighting School in partial satisfaction of the requirements of a Master of Science Degree in Joint Campaign Planning and Strategy. The contents of this paper reflect my personal views and are not necessarily endorsed by the Joint Forces Staff College or the Department of Defense.

This paper is entirely my own work except as documented in footnotes.
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The United States began expanding its engagement with Burma (Myanmar) in 2009, which went largely unnoticed outside of the Asian studies community. Burma’s cautious political opening and pursuit of cease fire agreements to end decades-old ethnic rebellions presented an opportunity for the U.S. to pursue engagement to advance the Obama administration’s Asia policy of linking the U.S. economically and militarily with East and South Asia. Burma’s geographic location, resources, and emerging role in ASEAN make it a critical linkage in this policy framework. Burma’s history is complicated, fraught with conflict still visible in its political, social, and military situation, but it is of sufficient importance that national and transnational actors are maneuvering for position there. The U.S. is already linked to Burma through its economic policies in Asia, and so has incentive to influence Burma’s development to reach favorable outcomes in the region. However, Burma has many barriers to growth and reform. Realizing U.S. objectives with respect to Burma may depend on Burma overcoming those barriers. The U.S. may be able to help, but further involvement in Burma holds risk for the U.S. This paper describes the relevant Burmese history, the current maneuvers by national and transnational actors in the region, the U.S. approach to Burma. It then outlines a set of recommendations to clarify the U.S. approach and potentially expand engagement beyond those currently visible that support stability, prosperity, and human rights in Burma while advancing U.S. interests.
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My wife, who supported many weekends lost in Burma and let me pay them back with dinners at our favorite places.

Dr. Keith Dickson, whose encouragement, expert advice, and editing kept the project on track.
DEDICATION

To Americans serving in Burma
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INTRODUCTION

A Strategic Meeting Place

Asia policy must take into account the Bay of Bengal as a new focal point of economic cooperation and development. It potentially serves as an engine of the expansion of democratic institutions and prosperity. Burma lies at the meeting place of Southeast Asia and the Tibetan Plateau, between China and India, between rugged Yunnan Province and the Bay of Bengal, and between Hindu and Islamic peoples to the west and Buddhist peoples to the north and east. Although the Bay of Bengal region has often been treated by the U.S. policy community as an afterthought, this region and Burma in particular, can potentially serve as a fulcrum for U.S. strategy in Asia. However, the regional situation is complex and presents significant risks with the potential benefits it offers for advancing U.S. objectives. Burma, recognized as the heart of a change in the region by China, India, Thailand, and Cambodia, now beckons the United States. Burma will become increasingly important to the strategic interests of the major powers in Asia, around which U.S. policy consistency, coherence, validity, and commitment will be seen to swing. The U.S. government, think tanks, and the international community assume that unified nation states under democratic governance, coupled with the expansion of industry and commerce, are the path to prosperity and security. Burma is just emerging from dictatorship and is fraught with underlying and ongoing ethnic conflicts that threaten to lead to violence and disorder.

Burma’s reemergence calls for a clear, coherent, and consistent policy of engagement that supports the larger U.S. strategic goals in the Pacific. Two basic questions emerge. Will the United States engage more meaningfully in Burma to help
resolve the worst issues plaguing the country? More significantly, will U.S. policy remain hands-off with the expectation that economic development will ultimately bring Burma into the community of nations? The choices the U.S. makes will have far-reaching implications for peace and security in Asia, as well as determining the achievement of American interests in the Pacific.

Since the end of the colonial period, Burma has been a strategic backwater. Geography has intensified this condition. Its rugged rim of mountains on its land borders has served as a barrier to contact. As a result, world commerce has also historically bypassed Burma. Maps of the ancient silk road show small branches fading out in Burma or bypassing Burma completely.¹ No reliable routes have existed from the coast to the interior of China until recent times.

The colonial period disrupted Burmese society, and World War II devastated the population and the infrastructure. Turmoil grew after in independence in 1948, with the military stepping in to prevent civil war in 1958, but never fully relinquishing power. Ruled by a succession of repressive dictators since 1962 with varying degrees of alignment to China, Burma’s neighbors have considered it to be both a nuisance and a threat. The Burmese have grown deeply suspicious of outside influence, and internal repression expanded until 2007. Within Burma today there is the continued desire and struggle by the many ethnic minorities for degrees of independence. These conflicts predate the colonial period.

Burma has been isolated diplomatically and geographically, but those barriers are being transcended as Burma reengages the world. U.S. policy toward Burma since

independence has, until recently, been punitive, and in some cases, destructive. Support to the Chinese Koumintang in northeastern Burma in the 1950s helped to set the stage for some of the most intractable ethnic and criminal issues in Burma today. U.S.-sponsored sanctions regimes increased steadily during the last thirty years. With the tentative opening and promising initial steps to reduce repression of the U Thein Sein government, the Obama administration has recently loosened sanctions and reestablished diplomatic relations with Burma, which has called itself the Union of Myanmar since 1989. ²

Burma’s geographic position, significant natural resources, and growing infrastructure make it of interest to China and India. Today, China’s National Petroleum Corporation is constructing natural gas and crude oil pipelines from the Burmese coast to China’s southwestern Yunnan Province. They are scheduled to begin operating in 2013, providing a major direct overland linkage from the Bay of Bengal to China’s industrial heartland.

These geographic and diplomatic openings present both opportunities and risks for all of the countries in the region, as access opens to the availability of resources, as China becomes more connected to southern Asia, and as the economic spheres of China and India become more linked. As Burma becomes the juncture for these interactions and becomes linked to the global market through energy supply lines, the potential for Burma’s influence in Asia grows significantly. At this point, the United States is standing outside of this enticing economic-strategic opportunity. The 2012 U.S. Embassy opened in Rangoon, tentative steps have been made to decrease sanctions, and hopeful official statements made regarding the Burmese government’s ceasefires with its ethnic groups, and a high profile visit by President Obama are first steps toward positioning the U.S. for

As the other powers in Asia already recognize, Burma is a strategically important country, because it is becoming a key juncture of the major powers in the region, rising much as other nations have in the past. As part of a comprehensive strategy, Burma warrants focused U.S. attention to establish favorable conditions for regional security and prosperity conducive to U.S. interests. Burma, therefore, represents a strategic fulcrum in Asia for long-term U.S. strategic interests. How the U.S. manages its engagement with Burma, as part of a comprehensive approach to the strategic trends in the Pacific, could very well determine the direction of peace and security in the region. This paper will assess Burma’s historic position in the region to understand the ongoing activities currently taking place in Burma, and examine the strategic interests of regional powers to determine potential areas of collaboration and conflict, and their effects on future developments. It will also outline potential U.S. strategic approaches to Burma to promote security and prosperity and assess how these approaches may contribute to advancing U.S. interests in the Asia-Pacific region.

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3 For example, the title of Bhabani Sen Gupta’s 1970 refers to Pakistan as such during that era. See: Bhabani Sen Gupta, *The Fulcrum of Asia: Relations Among China, India, Pakistan and the USSR*, (New York: Pegasus, 1970).
The US Government has not adopted "Myanmar" as the English conventional name. -- International boundary
Division (flank) or state (provisional boundary)
Division or state capital

Burma has seven divisions/chiefly of state and some towns (provisional).

Map source: Central Intelligence Agency, Library: Publications: Maps: Burma,
(accessed 2 April 2013).
CHAPTER 1: STRATEGIC BACKGROUND – HISTORY

Em battled Ancient Kingdom

Burma’s history has several themes: political repression by rulers, simultaneous geographic isolation and interconnectedness with its neighbors, and tension between the ruling majority and the ethnic minorities within its borders. Since 1948, Burma has continually teetered between openness and repression, swinging periodically between democracy and dictatorship.

The country called Burma (or the Union of Myanmar by its own government and the United Nations) lies at the intersection of the Tibetan Plateau and Southeast Asia, with mountains that surround a wide central valley. Tibeto-Burman peoples moved southeast from the Tibetan Plateau, and Austro-Asiatic peoples moved northwest from Southeast Asia to populate the area.¹ For centuries, the tribal peoples in the upland mountainous areas lived independently from those in the central valley. Until British colonial rule in the mid-nineteenth century, no state power had attempted to control the tribes in the upland areas bordering India, and China.

Burma has a central role in the history of Buddhism, and Buddhism is a key dimension of Burmese culture and a source of conflict. The site of Schwedagon Pagoda in Rangoon is one of Buddhism’s holiest shrines, said to be the location of a meeting of two brothers with the Buddha just days after his enlightenment.² This event places the beginnings of Burmese society around 500 BC. At that time, ironworking and irrigation

appeared with walled towns and larger settlements, followed by the first kingdoms. As early as 122 BC, Chinese emperors launched expeditions south to find alternate routes to the Silk Road. Ties to the region of China now called Yunnan were strong in the first millennium AD, and by the ninth century AD, the Tang Dynasty was aware of kingdoms along the Irrawaddy River, but overland travel was long and dangerous. The sea connected Burma with India and Sri Lanka, from which the Burmese gained technology, concepts of kingship, and their conservative form of Buddhism.3

The monarchical period of Burmese history, from the middle of the first millennium AD to 1885, was characterized by four sets of events that resonate in Burma today: invasion by China, wars with ethnic groups on the periphery of Burma, hostilities with Thailand, and the onset of western contact. Chinese dynasties invaded Burma in 1287 and 1644, and four times between 1765 and 1769. At the same time, the Burmese and Thai monarchies warred nearly continuously. For centuries, the ethnic groups along the border have served as buffers for Thailand.4 During the monarchical period, the Burman kings ruled through a concept called mandala, in which power is considered to radiate outward from the king and the throne, and proximity to the king and the throne are more important than borders on a map.5 The last Burmese royal palaces were in Mandalay, along the Irrawaddy in central Burma.6

Portuguese, Dutch, French, and British explorers gradually encroached from the sixteenth to the nineteenth centuries, as Europeans explored the Bay of Bengal and Southeast Asia, made contact with Burmese kings, and opened trade via the port city of

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3 Myint-U, 37-38, 93.
4 Steinberg, 20-21, 45-46.
5 Ibid., 18.
6 Myint-U, 32.
Rangoon in the last half of the eighteenth century. When the armies of the Burmese monarchy invaded the east Indian states of Assam and Manipur in 1824, British and Indian forces repelled them and occupied a sizeable portion of Burmese territory in the first Anglo-Burmese War. The British seized Rangoon in the second Anglo-Burmese War after a dispute over the teak trade, and in 1853 established permanent presence in the central valley and the western coast. Then, in the third Anglo-Burmese War of 1885, the British defeated the last Burmese king to pave the way for a trade route to China and to deny French influence over Burma.\(^7\) Britain annexed Burma in 1886 as two regions within British India, defining the political geography that is largely still used today.\(^8\) Upper Burma encompassed the tribal mountain areas, and Burma Proper encompassed the coast and Irrawaddy River valley.\(^9\)

**Colonialism and Rebellion**

In Burma Proper, British civil servants replaced the governing structure of the Burmese elites and royalty, establishing large-scale rice cultivation, while attempting to form alliances or other arrangements with the tribal peoples to facilitate opening an overland passage to China.\(^10\) The administration developed closer ties with ethnic minorities, many of whom converted to Christianity, and recruited those minority groups into the Indian army and police while excluding ethnic Burmans.\(^11\) The colonial administration introduced an array of policies and governance methods to support the mercantile economy, which dislocated and disrupted Burmese society. Mistrust between

\(^7\) Steinberg, 22-23, 26-28; Myint-U, 15-17.
\(^9\) Charney, 6; Steinberg 28-29; Myint-U, 15.
\(^10\) Ibid.
\(^11\) Charney, 5-13; Steinberg 28-29, 37.
ethnic Burmans and British-promoted minority groups has become a center point of conflict that has characterized conditions in Burma since the 1930s. In 1937, Britain separated Burma from India and granted Burma limited self-rule with a Burmese prime minister and legislative membership under a colonial governor. Burman student groups were important in the wide number of socialist and nationalist groups that made up the Burmese independence movement in the early twentieth century. Two men who would play significant roles in Burmese history, Aung San and U Nu, came to prominence in student movements at Rangoon University during this time.

The first years of Burmese self-rule prior to World War II were unstable. Strikes, demonstrations, and ethnic tension surged, leading to the collapse of the first two Burmese governments. When World War II began, the Burmese government and Aung San’s independence movement, which had a growing army of partisans, allied with Japan in 1941 to overthrow the British. Ethnic Burmans in the army joined Aung San and the Japanese. The Japanese occupation army and the Burmese government it controlled were brutal, and they both massacred ethnic minority people who fought for the British, particularly Karens in the Irawaddy River delta area. In 1945, with the Allies advancing on Rangoon, Aung San and the Burmese National Army, and other partisans again switched loyalties, hastening the final Japanese defeat.

The war had devastated Burma, but the British military occupation, with its attempt to restore pre-war colonial conditions, only succeeded in plunging Burma into
even more poverty and dislocation, raising desires for independence. Aung San, who had become the nominal leader of Burmese Independence, negotiated the Anglo-Burmese Agreement of 1947 that called for national independence within a year, and the Panglong agreement, which pledged that ethnic Burmans and other minority groups would form a single government.

From Independence to Repression

In April of 1947, Aung San and his Anti-Fascist People’s Freedom League (AFPFL) won the first independent Burmese elections. Assassinated in July of 1947, he is still revered as a martyr. U Nu became prime minister when Burma became independent in January of 1948. The Burmese constitution, approved in September of 1947, provided for multiparty, parliamentary government, degrees of ethnic group autonomy, protections for minority rights, and an independent judiciary. Ethnic minorities could choose to leave the union after ten years. Despite this provision, the Karen, Mon, PaO, Kachin, Palaung, and Rakhine people all began armed insurrections during 1948-58. By 1949, ethnic factions were at war with both the central government and with each other. With the collapse of the Koumintang marking the end of the Chinese Civil War, nationalist Chinese troops fled into Shan State on the border with Thailand. The Burmese Army invaded Shan State, intending to repel the Koumintang, but failed.

17 Charney, 58-60; Steinberg, 41; Myint-U, 87.
18 Aung San, who was in danger of being tried by the British for his collaboration with the Japanese, negotiated the Anglo-Burmese Agreement of 1947 with Britain’s new Labour Prime Minister, Atlee. The minority groups had sought varying degrees of independence. The Karens, in particular, felt betrayed. Steinberg, 41; Charney, 64.
20 Steinberg, 42.
21 Charney, ix.
22 Rieffel, xv; Steinberg, 52-53.
With U.S. and Thai support and by establishing alliances with the ethnically Chinese Kokang, the Koumintang became a permanent presence in Shan State.\textsuperscript{24}

Although U Nu and the AFPFL won elections in 1951 and 1956, the Burmese army, led by General Ne Win, established a “caretaker government” in 1958 to stop what the military believed was an impending civil war. U Nu was returned to power in 1960, but Ne Win and the military seized power in a coup in March of 1962, suspended the constitution, and established a revolutionary council and the Burmese Socialist Program Party (BSPP), which eventually became the one official party in Burma.\textsuperscript{25}

The BSPP junta advocated Buddhist thought and socialist egalitarianism as a national creed. In 1974, the BSPP passed a constitution that recast the Revolutionary Council as a civil administration.\textsuperscript{26} Ne Win’s power was challenged repeatedly, but unsuccessfully, by protesters and insurgencies, none of which ever gained sufficient mass support to challenge the government. All opponents were brutally crushed. Ne Win’s dictatorship lasted until 1988. Isolation, socialism, ongoing conflict with the hill tribes, and pervasive repression and censorship all had taken a heavy toll.\textsuperscript{27} Author Thant Myint-U visited Burma during the 1970s and 1980s, and described Ne Win’s Burma as, “isolated, impoverished, with his army fighting little insurgencies in the hills ….

Rangoon … seemed entirely cut off from the late twentieth century”, “few telephones or cars on the streets … no supermarkets or modern shops of any kind.”\textsuperscript{28}

\textsuperscript{24} The Koumintang began supporting themselves by international opium trafficking. The descendants of these trafficking groups exist today. Myint-U, 87-88; Steinberg, 46.
\textsuperscript{25} Steinberg, 53-55, 62-70; Rieffel, xv.
\textsuperscript{26} Charney, 107.
\textsuperscript{27} Ibid, 129-131, 140-141, 143-145.
\textsuperscript{28} Myint-U, 19-20.
The BSPP government crumbled in 1988 as popular protests grew, and the military stepped in again.\textsuperscript{29} This protest period, which peaked in early August, 1988, has become known as the 8-8-88 Revolution.\textsuperscript{30} The army installed Maung Maung as president and formed the State Law and Order Restoration Council (SLORC) to restore peace, tranquility, order, smooth transportation, food and clothing for the people, and to sponsor democratic elections.\textsuperscript{31} The SLORC imposed martial law, and the restoration of order in the cities led to the deaths of 8,000 – 10,000 people. Aung San Suu Kyi, daughter of the late Aung San, became a leader of the new National League for Democracy (NLD) political party advocating for free elections.\textsuperscript{32} The SLORC placed Aung San Suu Kyi under house arrest in July of 1989 and began a propaganda campaign to discredit the NLD leaders as agents of outside powers, including vilification of Aung San Suu Kyi after the Nobel Committee announced its decision to honor her with the 1991 Nobel Peace Prize. The SLORC changed the country’s name from Union of Burma to Union of Myanmar, which the SLORC claimed was more ethnically inclusive, free of colonial baggage, and more correctly Burmese in spelling.\textsuperscript{33}

\textsuperscript{29} By 1987, economic conditions in Burma reached their nadir, the UN designated Burma a least developed nation. Protests against repressive governments were spreading in Asia. In 1988, the BSPP pressured Ne Win into stepping aside after a series of student protests which the Burmese army again brutally suppressed, and after a respected former military officer had aired a 41 page letter criticizing the regime. See Steinberg, 77, 81; Charney, 146.

\textsuperscript{30} The numbers corresponding to the date were thought to be auspicious by some Burmese.

\textsuperscript{31} Steinberg, 78.

\textsuperscript{32} Charney, 160; Steinberg, 78.

\textsuperscript{33} During the 8-8-88 protests, Aung San Suu Kyi spoke to tens of thousands of protesters in Rangoon before a banner bearing Aung San’s portrait. Footage in \textit{Burma Soldier} shows her speaking to protesters from what appears to be an elaborately and dramatically set stage with Aung San’s portrait in the background.

\textsuperscript{33} Deep suspicion of outside and colonial influences was a SLORC hallmark. They set about renaming the country, its cities, and its ethnic groups. The political opposition, including many of the ethnic minority groups, viewed the name change to Myanmar as an illegitimate decision by an illegitimate military government. Charney, 148-173; Steinberg, 10; Encyclopedia Brittanica (online), s.v. “Aung San Suu Kyi,” \url{http://www.britannica.com/EBchecked/topic/43227/Aung-San-Suu-Kyi} (accessed 11 Dec 2012).
Storm Warning

For the next 18 years, the SLORC maintained martial law, while signaling an intent for the eventual return to representative government. Although the SLORC did allow elections, it did not allow the results to alter the status quo. Than Shwe replaced Saw Maung as President in 1992; in 1997 the SLORC renamed itself the State Peace and Development Council (SPDC) and gave more power to regional military commanders. Than Shwe began to make cautious attempts to re-legitimize Burma in the international community, but delayed reforms. The Union of Myanmar joined the Association of South East Asian Nations (ASEAN) in 1997, and sought cease fire agreements with the ethnic insurgent groups. Concern in the regime grew in the 2000s as sanctions mounted and the country’s financial situation worsened. The ruling party extended censorship, purged regime advocates of reform, and announced that the seat of government would move out from Rangoon, to Naypyidaw 240 miles inland. The location was chosen to remove the possibility of an attack from the sea, its proximity to the center of ethnic conflict, and its historic connection to the traditional center of Burmese monarchic power.

After 1988, the SLORC and SPDC governments reestablished ties with North Korea, which Ne Win had severed in 1983 after North Korean agents attacked the South Korean president and his cabinet in Rangoon. North Korea provided Burma with arms, and suspicions grew that Burma harbored a nuclear ambition as protection against invasion rumors surfaced related to North Korea supporting Burma building underground facilities and obtaining precision machines related to nuclear development. In 2000,

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34 Martial law included the provision that a military tribunal could try any crime deemed to be an offense against SLORC orders, and such tribunals could issue only three sentences: death, life in prison, or three years hard labor.

Burma announced its intent to purchase a small Russian reactor, but the transaction was never completed. The existence of a Burmese nuclear program has never been confirmed, but suspicions still linger and Burma’s compliance with international non-proliferation regimes remains a central condition of U.S. offers to expand engagement with Burma.\footnote{Andrew Selth covers the history concisely. See Andrew Selth, “Myanmar, North Korea, and the Nuclear Question,” in Myanmar/Burma: Inside Challenges, Outside Interests, Lex Rieffel, ed., (Washington, DC: Brookings Institution Press, 2010), 181-194; Also see Steinberg, 189.}


two storms

In August 2007, joint protests by students and Buddhist monks began in response to a sudden SPDC mandated increase in fuel prices that left the average Burmese unable to afford transportation to work. The monks’ participation was significant, as the SPDC had continued the previous regime’s practice of promoting an image of Buddhist devotion and piety.\footnote{Buddhism had been the state religion since 1961.} Protests continued through September, despite increasingly violent reaction by the army, culminating in the 26 September attacks on monks and other protesters, and the street execution of an injured Japanese cameraman. These images, captured on video, spread quickly in Burma and throughout the world.\footnote{Satellite television and internet technologies had not existed during previous Burmese protest periods. Charney, ix, x, 196-197; Steinberg, 137-139.} By the end of 2007, Amnesty International reported that the SPDC held over 2,100 political prisoners.\footnote{Science for Human Rights, “Individuals at Risk,” Amnesty International, http://www.amnestyusa.org/research/science-for-human-rights/individuals-at-risk (accessed 5 Nov 2012).} The 2007 protests became known as the Saffron Revolution.\footnote{The term “Saffron” refers to the color of the Buddhist monk’s robes.Charney, 196-197.}

On May 2, 2008, Cyclone Nargis struck Burma, devastating the coastal lowlands from Rangoon to Arakan, killing over 100,000 people and leaving millions homeless. The SPDC delayed accepting aid from the international community for three weeks until

\footnote{Charney, 196-197.}
finally agreeing to an ASEAN/UN approach in which no Western military and only a few Western aid workers would be allowed in the disaster zone. The international community provided about $500M in aid.\(^{41}\)

With its legitimacy eroded, its important coastal areas devastated, and its people in dire straits, the SPDC in 2009 embarked on the Roadmap to Democracy, including plans for a new constitution and elections in 2010. The Obama administration began a series of dialogs with the SPDC and the NLD under a policy of pragmatic engagement. The constitution was drafted and elections occurred on November 7, 2010, with opposition and ethnic minority parties winning a few seats in parliament. The regime released Aung San Suu Kyi from house arrest on November 17. The articulate, English-speaking, Western-educated, ethnically Burman NLD leader now enjoyed international recognition and acclaim for her principled 22 year campaign for basic human rights.

The new government of President U Thein Sein, a retired general, and a parliament of more than 80 percent pro-junta Union Solidarity and Development Party representatives took power in March, 2011. Thein Sein called for economic and political reforms and an end to corruption. Between 2010 and 2011 the government began expanded economic engagement with surrounding states.\(^{42}\) After Thein Sein agreed to elections in April 2012, the NLD party won 43 of 44 contested seats in the 664-seat

\(^{41}\) In the year following the disaster, the SPDC complained about the comparatively small $500M in aid Burma received after Nargis, as compared to the $10B that was provided to reconstruct Aceh, Indonesia after the tsunami. See Myint-U, 23-25.

ASEAN leaders responded to these favorable indications by calling for sanctions to be lifted. The Obama administration elevated its dialog with Burma. U.S. and Burmese officials began meeting in 2009. Secretary of State Hillary Clinton visited Burma and met with Aung San Suu Kyi in Rangoon and Thein Sein in Napyidaw in December 2011. The U.S opened an embassy in Rangoon in 2012, appointed Derek Mitchell the first U.S. Ambassador to Burma in 22 years, and began easing economic sanctions as Thein Sein released some political prisoners. Burma appointed Than Swe as Ambassador to the U.S. Aung San Suu Kyi received the U.S. Congressional Gold Medal in September 2012 in Washington. On November 19, 2012, President Obama visited Aung San Suu Kyi and Thein Sein, and spoke at Yangon University, expressing support for continued Burmese reforms to promote democracy, respect human rights, finalize peace settlements with ethnic groups, and cooperate on counter-proliferation.

44 Nelson, 3 April 2012.
CHAPTER 2: CURRENT STRATEGIC CONTEXT - ACTORS AND INTERESTS

Fulcrum of Interests

As Burma expands contact with the outside world, the nations with direct interests at stake are China, India, Thailand, Laos, and Japan. The international community, particularly ASEAN, the UN, and the EU have both direct and indirect interests. This creates an interesting regional dynamic that has significant strategic implications. An indicator of Burma’s growing importance to the two major Asian powers is trade. Currently, India and China conduct between $60B and $70B of annual trade, a figure which continues to rise.¹ Developments in Burma and between India and China affect Bangladesh, which India and China both view as important to their interests in establishing a modern version of the old trade routes from India to Southeast Asia.² While these national actors use Burma to balance interests while hedging against potential unsatisfactory outcomes, the international organizations seek to gain legitimacy as the ultimate validators of Burma’s international legitimacy. International corporations and illicit actors play a significant if undefined role. This chapter will examine the

triangle of interests formed by key national actors, international organizations, and
Burma.

China

China views Burma as strategically important for three main reasons. First,
Burma serves as a friendly buffer against India and Thailand. Second, Burma is an
energy-rich, non-aligned nation, which the Chinese view as a useful partner in protecting
against what it perceives as a U.S. dominated global energy market. Third, Burma is a
potential outlet from southern China to the Bay of Bengal. Energy transport from the Bay
of Bengal would avoid the Strait of Malacca chokepoint and improve China’s position,
especially with respect to India.3

China and Burma have been both trading partners and rivals throughout history.
In this relationship Burma has sought either to accommodate or to resist Chinese
influence.4 In 1950 Burma was the first non-communist country to recognize the new
Peoples Republic of China (PRC). Between the late 1960s and late 1980s, the PRC
covertly supported the anti-regime Burma Communist Party, which carried on an
insurgency in northern Shan State until it fractured.5 When Ne Win fell from power in

3 See the following in Gabriel Collins’ book. David, Pietz, “The Past, Present, and Future of
Holmes and Toshi Yoshihara, “China’s Naval Ambitions in the Indian Ocean,” John Garofano, “China, the
South China Sea, and U.S. Strategy,” Gabriel B Collins, Andrew S. Erickson, and Lyle J. Goldstein,
“Chinese Analysts Consider the Energy Question”, Dan Blumenthal, “Concerns with Respect to China’s
Policies, Gabriel B. Collins, Andrew S. Erickson, Lyle J. Goldstein, and William S. Murray, editors,
(Annapolis, Md: Naval Institute Press, 2008), 55-56, 64, 76-77, 125, 128, 284, 309, 423-426.
4 Malik, 16.
5 David I. Steinberg, Burma/Myanmar: What Everyone Needs to Know, (New York: Oxford
University Press, 2010), 49-50, 77; Donald M. Seekins, “Burma-China Relations: Playing with Fire,” Asian
Survey, Vol. 37, No. 6, (University of California Press, Jun., 1997), pp. 528-530,
http://www.jstor.org/stable/2645527?origin=JSTOR-pdf (accessed 11 December 2012); David Arnott,
“China-Burma relations”, in Challenges to Democratization in Burma: Perspectives on Multilateral and

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1988, the PRC mobilized along the border with Shan State when the USS Coral Sea appeared off Burma’s coast to evacuate U.S. personnel. In the SLORC and SPDC era of the 1990s to the present, Sino-Burmese relations thawed, aid and trade grew, and China expanded its infrastructure investments in Burma while acting as the Burmese army’s chief patron, providing the SLORC regime with its means of survival.\(^6\) Mohan Malik states that China currently considers Burma to be subordinate, meaning friendly, similar to North Korea and Cambodia.\(^7\) The PRC uses the ethnically Chinese Kokang minority in Burma as a buffer against the Burmese Army. In 2009 the Burmese army disarmed the ethnic Chinese Kokang militia, sending over 30,000 refugees streaming into China and heightening tensions. China still maintains contact with militias in the border region via local Yunnan officials.\(^8\)

Today, China has large political and economic stakes in Burma. It has provided billions of dollars in annual aid to the Burmese military since the 1990s, and also conducts billions of dollars of trade with Burma. Chinese goods including clothing, tobacco, and machinery dominated Burmese markets through the 1990s and continue to do so.\(^9\) China has recently suggested closer bilateral relations.\(^10\) The biggest projects with Burma are energy related: primarily pipelines and hydroelectric dams. Beginning in 2013, China intends to move 200,000 barrels of oil and 12 billion cubic meters of natural gas per day from the Burmese coast in Rakhine State, to southern Chinese cities and new

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Support included advanced weapons, armored personnel carriers, tanks, and missiles. See Steinberg, 79, 94; Seekins, 526.

\(^7\) Malik, 26.

\(^8\) Myint-U, 217-218; Rieffel, ed., 168.

\(^9\) Seekins, 529; Steinberg, 121.

refining and distribution capabilities. The pipeline and refinery construction began in 2009 and will initially cost nearly $6 billion. The Chinese will pay the Burmese government 50,000 barrels of oil per day as a fee.\textsuperscript{11} Joint high speed rail and highway projects are also underway to link Burma and Yunnan.\textsuperscript{12} Chinese firms are building or planning dam projects worth billions of dollars on the Salween and Irrawaddy rivers to generate 20 gigawatts of electricity, mostly for China.\textsuperscript{13} In 2011 and 2012, Thein Sein suspended the China Power Investment Corporation’s Myitsone Dam project on the Irrawaddy after protests by the NLD party and Kachin ethnic minority villagers over government attempts to relocate people by force to accommodate the project.\textsuperscript{14}

Regardless of these recent complications, Chinese-Burmese economic relations will remain important. Both are signatories to the ASEAN Framework Agreement on Comprehensive Economic Cooperation, which establishes a free trade area encompassing China, Brunei, Indonesia, Malaysia, the Philippines, Singapore, Cambodia, Laos, Vietnam, and Myanmar by 2015.\textsuperscript{15} China’s proactive aid and investment in the Burmese regime, apparently unburdened by concern with Burma’s human rights issues, helped to

\textsuperscript{13} Myint-U, 111.
\textsuperscript{15} John Garofano, in Collins, ed., 284.
prompt what some view as a race among other regimes to remove sanctions and begin to do business and expand their own influence in Burma.\textsuperscript{16}

China is driving regional connection and market integration across Asia in an unprecedented manner. While this carries benefits for individual countries like Thailand and Laos, it also complicates regional relations. Burma is at the center of the new relational dynamics caused by the growing connectedness. Burma’s engagement with China complicates Burmese relations with its neighbors – relations that have historically been contentious. Other regional actors, like India and Japan are drawn to Burma for economic and strategic reasons to counter Chinese influence. As a result, Burma is becoming the magnet for national and transnational actors in Asia.

\textbf{India}

India and Burma also have complex historical ties. Burmese Buddhists have a degree of kinship with Buddhism’s origins on the sub-continent.\textsuperscript{17} Many Indian laborers and professionals migrated to Burma during the colonial period, and the Indian independence movement influenced Burmese nationalism.\textsuperscript{18} The Naga and Kachin ethnic groups have been pawns in a cross-border struggle between India and Burma. In the 1990s, India began to reverse its anti-regime Burma policy.\textsuperscript{19} Beginning in the early 2000s, India provided training and sold arms to the Burmese army, and they collaborated against ethnic insurgencies in Assam, Manipur, and Nagaland along the Burmese-Indian

\textsuperscript{16} Dan Blumenthal, in Collins, ed., 426-427.
\textsuperscript{17} Myint-U, 31.
\textsuperscript{18} Steinberg, 28-30; 44.
Trade, mostly sea-based, has existed between Burma and India for thousands of years. Today, Burma and India conduct about $1B in annual trade. Burma’s primary legal export to India is beans for dal, an important food staple. India views Burma as a strategic block to Chinese ambitions in the Bay of Bengal and Andaman Sea, but India views itself as being a decade behind China in developing a strategically useful relationship with Burma.

While influencing Burma to remain stable and peaceful, India seeks Burma’s cooperation to deal with insurgents in India’s northeast states, which border the Naga, Chin, and Kachin areas of Burma. Like China, India also seeks access to Burma’s energy resources, particularly natural gas. As part of its Look East policy, India seeks to use Burma as a bridge to trading with the rest of Indochina. Currently, India and Thailand are jointly supporting a highway project linking India, Mandalay, and Thailand. India is supporting a $214 million road and river infrastructure project and a new deep water port at Sittwe in Arakan State. Indian President Manmohan Singh visited Burma in May 2012 to sign deals on border area development, investment, and banking.

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Thailand

Thailand and Burma have important cultural connections. Northern Burma, northern Thailand, western Laos, Assam India, and Yunnan China have been culturally linked since about the 14\textsuperscript{th} century.\textsuperscript{28} Burma and Thailand have often been on opposite sides, both as regional rivals in the 16\textsuperscript{th} and 17\textsuperscript{th} centuries, and as new states sharing a troubled border in the twentieth century.\textsuperscript{29} Thai and Burmese military forces clashed in 1992, after the Burmese pursued Karen insurgents across the Thai border.\textsuperscript{30} The SLORC and SPDC viewed Thailand as a surrogate for applying U.S. sanctions policies, while Thailand has enduring concerns over the SPDC’s interest in modernizing its large army and exploring a nuclear capability.\textsuperscript{31}

As a reflection of the historic rivalry between the two governments, Thai policy on Burma is a mix of fear and friendship. Burma is a security concern, but also a critical provider of energy and labor; and it is an important partner in balancing Chinese and Indian regional influence. Pro-democracy Thai regimes opposed Burma’s inclusion in ASEAN, because of Burma’s human rights record, but the two countries are currently


\textsuperscript{28} Myint-U, 79-81, 280-281.

\textsuperscript{29} Thailand and Burma have a history of conflict. The Burmese monarchy invaded and destroyed the royal Thai capitol in 1564, 1569, and 1767. The Japanese invaded Burma from Thailand in 1942, and gave the Thai Shan State. After the war, Thailand supported the Koumintang in Burma, outraging the Burmese army. From 1962 to 1988, Thailand supported the Shan and Karen insurgencies as buffers against the Ne Win regime. In 1991, Thai President Chatchai Choonhavan began engaging with the SLORC in Burma under a policy called, “turning battlefields into markets.” See Steinberg, 5; Charney, 50-52, 185; Myint-U, 88-91; Suzanne Dimaggio, ed., \textit{Current Realities and Future Possibilities in Burma/Myanmar: Perspectives from Asia.}, New York: Asia Society, 2010, 101.

\textsuperscript{30} Charney, 185.

\textsuperscript{31} Steinberg, 5; Dimaggio, ed., 106-107.
cooperating on an ambitious set of energy and infrastructure development projects.\textsuperscript{32} Natural gas provides 60 percent of Thailand’s energy, and 20 percent of that natural gas comes from Burmese gas fields. Hydroelectric power from dams on the Salween River is another key energy source for Thailand, and more projects are planned.\textsuperscript{33} Today, Thailand and Burma are collaborating on a multi-year set of industrial, tourist, pipeline, and highway infrastructure projects linking southern Burma to Bangkok, at a cost of more than $60B over several years.\textsuperscript{34} Over two million mostly unregistered Burmese of various ethnicities do unskilled labor in Thailand which is essential to the Thai economy, even if these migrants are believed to compose a criminal element.\textsuperscript{35}

In exchange for economic development with Burma, the Thai government reduced support for insurgents and even handed over Burmese dissidents who had fled to Thailand after the 8-8-88 revolution. During 2001-2006, the Thai government expressed more concern for human rights issues, but continued economic projects. When the military took power in 2006, they turned away Rohingya refugees from Burma and Hmong refugees from Laos in 2009.\textsuperscript{36} Thailand’s security interests require that Burma remain non-nuclear; that Burma remain stable and intact, avoiding any action that would increase refugee flows, criminality, and violence; and that Burma remain a reliable source of energy. The nations have agreed to cooperate on border crossings, energy development, agricultural development, and building Burmese capacity for governance.\textsuperscript{37}

\textsuperscript{32} Malik, 202, 217-218.
\textsuperscript{33} Dimaggio, ed., 106-107.
\textsuperscript{34} Myint-U, 318.
\textsuperscript{35} Dimaggio, ed., 106-107.
\textsuperscript{36} Ibid, 103-107.
Laos

Burma’s smaller neighbor to the northeast, Laos, is also beginning to open and reform after decades of underdevelopment under communist rule. Laos shares Indic cultural and linguistic influences with Burma and Thailand. The international community has provided Laos with between 10 and 25 times the aid per capita that it has to Burma, bringing Laos today to a per capita GDP twice that of Burma.\(^{38}\) Insurgents and traffickers shelter in the porous, poorly governed Burma-Thailand-Laos border region. Like Burma, Laos is also benefitting from infrastructure projects sponsored by the regional powers to link resources and markets. The Chinese plan to build a high speed rail line from Kunming to the Laotian capital, Vientiane, and on to Bangkok, which along with the Indian sponsored efforts and the other Chinese projects, would complete the linking of the major Indian and Chinese cities with Burmese, Thai, and Laotian resources and markets in time for the 2015 launch of the Asian Economic Community.\(^{39}\)

Japan

Japan provided financial aid to Ne Win’s regime, and in 1988 urged his BSPP government to allow foreign investment. When the SLORC took power, foreign investment helped the SLORC weather international sanctions. Japan, concerned about

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\(^{38}\) Steinberg, 175; Myint-U, 24.

China’s growing influence in Burma, began to seek influence in Burma, sometimes siding with the Burmese junta by voting against UN Security Council sanctions resolutions.\textsuperscript{40} Engagement with a repressive regime still presents a diplomatic and informational dilemma for Japan.\textsuperscript{41} Today, Japan views Burma as strategically critical to its energy policy, as China continues crowding Japan out of key energy markets, including Burma.\textsuperscript{42} Japan would like to see multilateral, regional international engagement policy that assists Burma in becoming more open, more respectful of human rights, and more economically healthy and transparent.\textsuperscript{43}

\textbf{Twentieth Century Institutions Engage}

The Association of Southeast Asian Nations (ASEAN) is a relatively new, but influential body in the region. It is interesting to note that while Burma is a member, China, Japan, India, the U.S. and Australia are not. One of the ways that ASEAN membership benefits small nations is by serving as a forum through which they can connect to markets of Western and Asian major powers.\textsuperscript{44} Non-members use ASEAN connected forums, such as the Asia-Pacific Economic Cooperation (APEC) and the ASEAN Comprehensive Framework on Economic Cooperation between ASEAN Members and the People's Republic of China.

\textsuperscript{40} Charney, 182-184; Blumenthal, in Collins, ed., 426.
\textsuperscript{41} Dimaggio, 57-74.
\textsuperscript{42} David Pietz, in Collins, ed., 78; Blumenthal, in Collins, ed., 426, 427, 429, 430. Also, according to Malik, Japan’s strategy is to balance Chinese influence. See Malik, 373.
\textsuperscript{43} Dimaggio, ed., 57-74.
\textsuperscript{44} Non-member nations connect to the ASEAN members via a variety of ASEAN sponsored communities, forums, and agreement frameworks such as the East Asia Summit, the East Asian Community, and the ASEAN Comprehensive Frameworks on Economic Cooperation between ASEAN Members and the People's Republic of China.
Members and the Peoples Republic of China, as levers of influence.\textsuperscript{45} The comparatively small member nations use ASEAN and its connecting forums to balance their relations with and influence by the major powers.\textsuperscript{46} The ASEAN chair rotates between members, and in 2014, Burma will assume the ASEAN Chairmanship for one year.\textsuperscript{47} As a result, member states have an interest in good relations with Burma. ASEAN seeks to become a key agent for collective security, good governance, and human development in Asia.\textsuperscript{48} Political struggles between its members and the regional powers not in ASEAN have complicated member relationships. Because ASEAN assiduously follows its charter principle of non-interference in member state affairs, ASEAN admitted SPDC-era Burma in 1997.\textsuperscript{49} Thus, democratic members find themselves maintaining open economic ties with repressive regimes.


\textsuperscript{46} Malik, 211-212,217-218; Garofano, and also James R. Holmes and Toshi Yoshihara in Collins, ed., 125, 289. Thailand and other small countries like Laos use their membership in ASEAN to balance relations with the U.S., India, and China. For example, through ASEAN forums they get a connection to Western trade and avoid total domination by China, while not overplaying security relationship to the U.S. and thus antagonizing Beijing. In depending on ASEAN’s collective influence, these member states have an interest in good relations with other members to influence decision making by the collective body. Thus, relations with Burma rise in importance for these powers. Gerald Segal explains how this works, using the case of Vietnam in the early 1990s, in his 1996 paper. See Gerald Segal, “East Asia and the “Constrainment” of China,” \textit{International Security}, Vol. 20, No. 4 (Spring, 1996), The MIT Press, pp. 107-135, \url{http://www.jstor.org/stable/pdfplus/2539044.pdf?acceptTC=true} (accessed 12 December 2012). See also DeSantis.


\textsuperscript{48} As such, ASEAN would become a conferer of legitimacy. However, some believe Burma’s leading generals may view only the U.S. as the source of such legitimacy. See Rieffel, ed., 17.

The United Nations has maintained a Secretary General’s Special Advisor for Myanmar since the Saffron Revolution of 2007. The current Special Advisor Vijay Nambiar of India was appointed in January, 2012. The UN has actively involved itself in managing refugee camps and providing aid. The UN has often criticized Burma’s human rights record, including its military’s abuses, and its pursuit of nuclear technology. The Burmese government has denied or restricted UN or other outside organizations from observing its elections, although it did allow some limited observation in 2012.

The European Union (EU) has recently reestablished contact with Burma after 15 years of heavy restrictions on trade, a ban on military assistance, and visa restrictions imposed since 1996. EU High Representative for Foreign Affairs and Security Policy, Catherine Ashton, visited Thein Sein in April 2012, and has recommended increased collaboration with the regime to promote the rule of law, human rights, and securing lasting peace with the ethnic minorities. EU sponsored humanitarian aid groups have a

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50 Steinberg, 89.
52 Steinberg, 22, 108, 179.
53 Military abuses include use of child soldiers and its leading role in the regime’s other human rights abuses. There are 29 UN memos and other statements regarding Myanmar available in the UN’s online database from 2012 alone. A search of official UN documents in their database on the term “Myanmar” yields over 1,800 results. http://unbisnet.un.org:8080/ipac20/ipac.jsp?session=1X5D5063260N0.43202&menu=search&aspect=subtab124&npp=50&ipp=20&spp=20&profile=bib&ri=1&source=%7E%21horizon&index=.SW&term=myanmar&aspect=subtab124&x=13&y=14#focus search conducted 8:30am 21 Nov 2012.
substantial presence in Burma, and also work to coordinate aid among many aid groups of all types in the country.  

Burma has historically been a troublesome geographic and geopolitical barrier between China, India, and other countries of Southeast Asia, but over the past ten years all states in the region have recognized Burma as a resource-rich and representing a key junction between their economies and interests. As a result, Asia’s national and transnational powers are converging on Burma, seeking to use it as a fulcrum for their interests in the future Asia. However, any engagement with Burma is complicated by its history of conflict, repression, developmental challenges, and by its current illicit economy which supports some of its most powerful individuals. Like other Asian powers, the U.S. has shown an interest in engagement, but questions surround what form that engagement should take in the face of extraordinary economic-political dynamics that the U.S. has largely watched. To help understand the U.S. strategic dilemma, it is necessary to examine Burma’s potentials and realities in the context of U.S. strategy in Asia.

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CHAPTER 3: BURMA POTENTIALS AND BARRIERS TO DEVELOPMENT
AN ASSESSMENT

Potentials to Development

Burma has tremendous potential at this present moment in its national life. The populace is literate, its demographics are favorable, and it has societal institutions that provide a framework for development. The country’s natural resources are significant. Its emerging role as a road, rail, and pipeline juncture between China, South Asia, and Southeast Asia makes it potentially a key service industry nation for a third of the world’s population, directly linked to the Chinese, Indian, and Thai economies. There are indications that the current regime, the Burman ethnic majority, and the ethnic minorities appear ready to make peace, and there are leaders emerging who seem more capable than their predecessors of realizing this peace. Finally, Burma’s connection to the rest of Asia via ASEAN is a potential connection to the U.S., Australian, Japanese, and Canadian economies via APEC. The stated aspirations that Burma holds for itself, and which its neighbors and others say they share, are for Burma to be a democratic, non-violent member of a prosperous Asian community not dominated by outside powers. The country has significant potential to achieve these aspirations.

Human Potential

As a society, Burma has a historic tradition of literacy dating back to the monarchical period. Buddhism, which traditionally has informed the governing and social philosophies of Burmese society, values literacy. In the colonial period, both British
colonial and American and European mission schools were popular and well attended. The Burmese workforce’s literacy makes it attractive to businesses. Burma’s demographics are also favorable, with a young population and a slightly lower than replacement birth rate. Thant Myint-U points out that the generation coming of age today across Asia is the first post-colonial, post-war generation, and possesses a renewed optimism. The Burmese diaspora represents another potential: numbering about 100,000 in the U.S. and millions in Southeast Asia, these people may hold the potential to assist in facilitating aid and economic investment in Burma.

Emerging Leadership

The regime, the democratic opposition, and the ethnic minorities show signs of readiness to make peace and attempt to develop as a nation. The National League for Democracy (NLD) party has joined the government, winning 43 seats in parliament, while maintaining its role as the leading opposition party and challenging the regime’s power within parameters of the Burmese constitution. Most of the ethnic minorities have agreed to ceasefires, which are largely holding. The Thein Sein regime has pushed back

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on China as a dominant power and invited engagement from others. Aung San Suu Kyi, the NLD leader, Nobel laureate, and daughter of the revered Burmese independence leader, is highly regarded in the international community and among many Burmese, including members of ethnic minority separatist groups.\(^7\) Thein Sein has appointed a presidential ceasefire negotiator, Aung Min, who has said that any necessary steps will be taken to achieve peace.\(^8\) Thein Sein is also making more conciliatory statements than his predecessors regarding the Rohingya, despite the Burmese government’s position that the Muslim Rohingya, who live in the key coastal Rakhine State, are unwelcome non-citizens.\(^9\) The government’s policies regarding the Rohingya have been called “slow motion genocidal,” but the regime has begun to make conciliatory statements in the face of international pressure.\(^10\) The ethnic minority groups seem to be coordinating with each other, although their individual positions and demands differ. While Burmese government history does not show leaders willingly giving up power, it is possible that the leaders wish to cede some power peacefully in order to survive to enjoy retirement.


rather than meet the fates of their predecessors, including prosecutions of family members.\textsuperscript{11}

The information environment is still developing. Activists for democracy, development, and ethnic group specific issues operate websites from outside the country, still unsanctioned and often banned by the regime, offering a wide range of reporting to the Burmese people.\textsuperscript{12} The regime, however has recently abolished pre-publication censorship, under which reporters were required to submit their stories to state censors.\textsuperscript{13}

Investment and Economic Development

Burma’s position and natural resources multiply its human potential. Its position between China and the Indian Ocean and subcontinent has attracted great power interest for more than 2000 years, and with pipeline completion in 2013, the first major land line communication network from the Bay of Bengal to China will be open.\textsuperscript{14} Burma has significant natural resource wealth. Current estimates of its oil and gas reserves vary. They may be as large as 2.46 trillion cubic meters of gas and 3.2 billion barrels of offshore crude oil, while other estimates are as low as 283 billion cubic meters of natural gas and 50 million barrels of oil. PetroChina has already signed an agreement for over 6


\textsuperscript{12} Online news organizations with English language versions include: Shan Herald Agency for News (SHAN), \url{http://www.english.panglong.org/}; The Irrawaddy, \url{http://www.irrawaddy.org/}; and Radio Free Asia, \url{http://www.rfa.org/english/}.


trillion cubic feet of gas, a significant portion of the reserve.\(^{15}\) It also has mineral and forestry wealth in the form of timber and gems. Burma has deep water ports at Rangoon, Sittwe, and Moulmein.\(^{16}\) Thai and Chinese firms are building others at Kyaukphyu and Dawei.\(^{17}\) With Chinese, Indian, Thai, and European firms investing billions in Burma, the potential for economic growth in Burma seems dramatic.\(^{18}\) Burma’s population of about 50 million people generated a gross domestic product of about $50 billion in 2011 after decades of stunted development. Thailand, with a population of 67 million and similar energy reserves, generated a GDP of $340 billion.\(^{19}\) Burma’s increasing connections to other Asian nations via ASEAN should afford opportunities for large scale economic development if it can overcome its challenges. Cross border trade has been expanding, especially along Burma’s upper Shan State border region around Riuli in China’s Yunnan Province.\(^{20}\) Burmese infrastructure is generally considered to be poor. However, the


influx of economic development is changing the infrastructure rapidly and dramatically, especially in expansion of the road infrastructure by a factor of four or more, and rapidly moving airport and rail expansion.\textsuperscript{21} These international investments present the potential for political and economic transformation, because the investing corporations and nations seek increased government transparency to enhance trade and construction while an increasingly affluent Burmese elite seek greater personal liberty to match their new lifestyles.

The international community, including the UN, the EU, Japan, and the United States, has shown interest in Burma’s economic development, as well as desire to balance China’s influence in the region and help to address Burma’s sectarian conflicts and transnational issues. International aid groups have a growing presence in Burma and will benefit from improved legal border crossings from Thailand and India. With major powers expanding their engagement in Burma, the aid groups and the Burmese whom they serve should benefit from increased resources and coordination.

Institutions

Burmese society has an institutional framework with potentials to serve as foundations upon which to build improved governance as economic development expands. These include the military, the new government and constitution, and the Buddhist monkhood. Buddhism is important in much of Burmese life and provided a key portion of the governing structure of Burman society. Burmans, including the present

government, have always held the monkhood, or *sangha*, in high regard. The Burmese constitution of 1947, written by Burmans, gives a special place in Burmese society to Buddhism. U Nu made Buddhism the state religion in 1960. Every party in power has tried to cultivate an image of Buddhist piety and dedication to support its power and control. The Burmese state press features many stories of regime officials visiting and funding construction of shrines. The current regime was understandably shaken when the *sangha* participated in demonstrations in 1990 and 2007.\(^{22}\) Despite the *sangha*’s potential positive influence, some members have been implicated in ethnic violence against Muslims in Burma, and so the *sangha* is not viewed positively by all parties.\(^{23}\)

The Burmese government structure holds potential as a legitimate governance framework, if transparency and rule of law can be established. The government and army’s historic behaviors have been barriers to the country’s prospects. The U Thein Sein government was elected in 2010 and took power in February, 2011. Burma does have a constitution, which dates to 2008. It specifies the government structure, including the military role in the bicameral parliament, and it provides for civil liberties. It also includes provisions that allow the government to suspend civil liberties, and which make participation by opposition parties difficult. The majority Union Solidarity and Development Party controls about 75 percent of both houses, which corresponds to the Burmese constitutional requirement of a 75 percent majority for amendment.\(^{24}\) The constitution also specifies that the military appoints 25 percent of the members of each

\(^{22}\) Steinberg, 23-25, 135-137.
Although certainly a tool of the ruling party, Burma has the basic government structure in place. In the April, 2012, parliamentary elections, the National League for Democracy (NLD) party won 43 seats.

### Barriers to Development

As positive as the recent trends have been, there are also serious barriers to development, which have developed over decades of repression and corruption. While international investment in projects are changing the landscape, building infrastructure, and enriching some, much of the country is still recovering from internal ethnic conflicts that have not completely ended. Trust between the central government and the minority groups cannot be expected to emerge quickly after decades of abuses. Repressive institutions and practices led by the military permeate the society, making change advocacy difficult and potentially dangerous. Even after the historic 2012 elections, there continue to be questions about Burma’s ability to capitalize on its potentials. A culture of official corruption has led to an institutional framework whose real functionality is questionable at best. For example, Burma’s education system is described by Lant Pritchett, Michael Woolcock, and Matt Andrews as “broken,” “appallingly” underfunded, and barely above Somalia in its capacity to advance Burma’s economic development.

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Additionally, Burma is beset by illicit trafficking organizations that control an enormous and powerful underground economy, exerting outsized influence on Burma’s government and society.

Military Rule and Repression

The Burmese military, or tatmadaw, is the largest power structure in the country, and most members of the government and business have connections to tatmadaw. The armed forces number between 350,000 and 500,000 members, armed with several billion dollars’ worth of arms purchased mostly from China, consisting of tanks, multiple rocket launchers, armored personnel carriers, howitzers, patrol boats and trucks from China, and MiG-29 fighters and Mi-24 helicopters. The tatmadaw also has ties to North Korean, arms dealers and may have explored nuclear technology transfer. The tatmadaw and their families exist as a separate, privileged community that is at once the most respected and most feared institution in Burmese society. Moreover, the tatmadaw directly or indirectly controls the majority of businesses. Together with its military intelligence branch and the pervasive network of government officials and informants, the tatmadaw controls life in Burma. The tatmadaw’s domination is supported by a 70 year history of


29 Burma has also collaborated with Russia and South Korea on early nuclear developments. See Steinberg, 161, 189.

30 The tatmadaw is secretive and information on its size, composition, and missions vary. The following sources informed this paragraph. Trefor Moss, “Briefing: Post election Myanmar: a new era for the Tatmadaw?,” IHS Jane’s Defence Weekly, 2010-Nov-22,
Burmese government repression and human rights abuses. Burmese democracy advocate and former soldier Myo Myint describes being taught in tatmadaw training in the 1980s that the army was allowed to do “anything” to anyone tatmadaw viewed as opposition.³¹ That 70 year history followed 60 years of colonial occupation, during which the model for these repressive institutions was established. In 2011 the U.S. State Department claimed the tatmadaw security services were operating with impunity to repress dissent.³²

Ethnic Conflict

The British drew Burma’s national borders as part of the Great Trigonometric Survey in 1886, roughly corresponding to the territories that the Burman kings had conquered over the preceding centuries. These mountainous border regions are home to many ethnic groups. The major ethnic groups in Burma, outside of the 69 percent majority Burmans, include: the Rohingya, the Chin, the Naga, the Kachin, the Wa, the

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³¹ Burma Soldier, Interview with Myo Myint (English subtitles translation of Burmese), Home Box Office Documentary, BreakThruFilms, leBrocquy Fraser Productions, Julie leBrocquy and Sheila Nevins, Executive Producers, 2010. 10:30-12:06.
Shan, the PaO, the Kayah, the Karen, and the Mon. Another important group are the ethnically Chinese Kokang, who live near the key border town of Ruili. The groups have never been fully integrated into the Burmese state, and have engaged in varying degrees of resistance to the central Burmese government since 1948. The British formed the Burmese army almost entirely of people from these minority groups.

Colonial British censuses required individuals to state a single race or ethnicity, which sharpened identity divisions in the society. Many groups rebelled immediately when Burma’s new independent government and constitution did not grant them autonomy. The longest running rebellions is in Karen State, which has been at war with the central government since 1949. The SLORC began negotiating cease fire arrangements with most of these groups after 1988, and the SPDC and now Thein Sein have tried to solidify those agreements.

Today, the government has negotiated cease fire agreements with each group except the Rohingya, though many of these agreements remain tenuous, with the situation being characterized by continued mistrust and failure to reach terms that are acceptable to the groups and the regime. The regions along the

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33 Charney, 5; Steinberg, xxvi. Steinberg, xxiv cites the 1983 census. Other sources have suggested that the 1983 census figures are incorrect, but all authorities agree that the Burman are the majority. For a more complete description of these groups, see Appendix 1.

34 Steinberg, 111; Myint-U, 217.

35 Steinberg, 29.

36 Historically, while the tribal regions had never been fully integrated into the Burmese state, many Burmese fluidly identified themselves in different contexts, and interaction and intermarriage was common. See Charney, 8.


38 Steinberg, 44, 111.

Chinese border have been more peaceful, allowing a degree of economic development, and allowing the ethnic groups in those areas to participate. However, the development brings new issues into play between the groups and the regime, such as land acquisition, water rights, and unequal economic benefits, and is further complicated by the illicit economy which thrives between Burma and all of its neighbors, particularly across the 2,000 kilometer border with China.

40 Xiaolin Guo, in Rieffel, ed., 97.
Leaks in the Roof - The Narcotics Trade

Narcotics cultivation and trafficking are the issues that surround and complicate the entire picture of Burmese governance, economy, and relations with the ethnic groups, particularly in northeastern Burma. The Burmese government and the drug trade are intertwined at national, regional, and local levels to a degree that defies simplistic statements about the need for improved rule of law and tatmadaw assistance in counternarcotics operations. The Burmese-Thai-Lao-Chinese border area including Burma’s upper Shan State is known as The Golden Triangle. This area and the Kachin area to the north at the India-China-Burma border have been historic opium cultivation areas for centuries. Today, Burma is second only to Afghanistan in opium cultivation. China, Thailand, Bangladesh, and India are all markets for Burmese heroin and methamphetamine.

During the colonial period, the British sold opium from the area to China, and allowed the tribal chieftains to profit from that trade in exchange for peace. In the 1950s and 1960s, remnants of the Koumintang began international heroin trafficking from the Golden Triangle, while the communist Chinese supported Burmese communists and the Wa ethnic group to oppose the Koumintang. The Burmese under Ne Win formed local militias to counter the Chinese and communists and ethnic insurgents in the 1960s. Trafficking kingpins emerged from this cauldron, with former Burmese militia leaders

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42 Myint-U, 141-142.
44 Myint-U, 71.
Khun Seng, Khun-sa, and Lo Hsing-han operating Shan trafficking armies, and ethnically Chinese Bao Youxiang leading the rival United Wa State Army (UWSA).\textsuperscript{45} Ethnic armies in other areas, including the Kachin, the Palaung, and the PaO also became involved in the drug business.

From the 1970s to present, the tatmadaw and the Burmese government have dealt with cultivators and traffickers who opposed the regime, by either leaving alone or countering them by supporting their rivals. At times, the regime would offer to collaborate with the U.S. and Thai drug enforcement officials, at one point offering up Khun-sa in exchange for lifting of the U.S. arms embargo in 1988.\textsuperscript{46} The U.S. Drug Enforcement Administration considered Khun-sa’s organization to be “the dominant force in worldwide heroin distribution” in the 1990s.\textsuperscript{47} The different narratives of the history of drug enforcement efforts in the region point out the difficulty of fully understanding the illicit trade’s influence. Collecting official salaries equivalent to $150 per month, tatmadaw commanders grew rich in the opium areas of Shan State, Kachin State and Sagaing Division.\textsuperscript{48} Thein Sein has been publicly quoted as calling alleged Wa

\textsuperscript{45} Charney, 128, 144, 188-189; Steinberg, 46-47, 106.
\textsuperscript{46} The U.S. rejected the offer. See Charney, 188-189. The elderly Khun Sa surrendered much of his army’s armament, and retired in Rangoon in 1996, allegedly under house arrest. He died in 2007. Proteges of the original Golden Triangle kingpins now run much of the trade. See “Hand in Glove.”
\textsuperscript{48} Than Shwe and Thein Sein both commanded the upper Shan State region as Major Generals. See “Hand in Glove.” Than Shwe is alleged by opposition groups to have spent three times as much on his daughter’s 2006 wedding than the Union of Myanmar spent annually on healthcare, and she is said to have received $50M in gifts. A video of the wedding reached the Burmese populace some time in 2006-2007, and the resultant outrage may have contributed to the onset of the 2007 Saffron revolution. See Burma Soldier, 53:20-54:00.
trafficking kingpins Bao Youri and Wei Hsuehkang “real friends” while he was commander of tatmadaw forces in the region.49

The tatmadaw expansion from 180,000 to over 350,000 after 1988 was funded through the policy of self-sufficiency, under which tatmadaw commanders sustained their units from the local economy. Tatmadaw became middle men in the drug trade, collecting informal taxes on drug shipments and profiting from their familial control of both legal and grey market businesses that benefit from the drug money flowing into the communities. As infrastructure and economic development expand, transportation capacity has grown, and new drug economies have sprung up, particularly methamphetamine production and trafficking into Thailand.50

Other effects of the drug trade further complicate the picture. Drug rings are implicated in human rights violations. Intravenous heroin use in communities on the Chinese border has made the area the epicenter for HIV/AIDS in China. Traffickers have opened a variety of casinos, hotels, nightclubs, and brothels on the Chinese and Lao border, supporting trafficking in women from across Asia and as far away as Russia.51 Amphetamine use is also rising in Burma.52

Profits in Burma from the drug trade are estimated at $1 billion per year, but this may be a gross underestimation. There is no assessment that addresses the extent to which Burmese narcotics groups and the regime profit from the downstream international

49 “Hand in Glove”, p. 1.
trafficking. The international trafficking generates hundreds of times the revenue of the cultivation, processing, and first stage trafficking upon which available calculations of Burma’s drug economy seem to be based.\textsuperscript{53} The global heroin economy may be as large as $750 billion per year, of which Burma may provide as much as 30 percent of the source opium.\textsuperscript{54} After decades of amassing narco-fortunes and controlling such a large portion of the supply, it seems unlikely that the Burmese kingpins have not found ways to share in those downstream profits.\textsuperscript{55} What this means in assessing Burma’s barriers to growth is that the illicit economy and the related interests of Burma’s power brokers may be a much stronger motivator than has been accounted for previously.

\textsuperscript{53} Sample figures to support this assertion. A kilogram of heroin sold to a trafficker at the Thai border for $1,200 will sell to an international trafficker in Bangkok for $6,000 to $10,000 wholesale, who will in turn sell it for $90,000 to $250,000 wholesale to U.S. traffickers, where it becomes street heroin worth over $1M in the U.S. See: “Opium and Heroin Cultivation and Trade,” factsanddetails.com, http://factsanddetails.com/world.php?itemid=1216&catid=54&subcatid=348 (accessed 5 Dec 2012); Burmese methamphetamine labs produce hundreds of millions of tablets per year, which retail to addicts in Thailand for 50 to 60 cents each U.S, and of which a small lab can produce 20,000 tablets per day, and a large lab can produce millions of tablets per day. See, “Hand in Glove.” The U.S. State Department quotes UN figures which value Burma’s total 2011 opium crop at $275Million and state that there is no reliable way to count how many methamphetamine tablets are produced. See: International Narcotics Control Strategy Report, Volume I, Bureau for International Narcotics and Law Enforcement Affairs, U.S. Department of State, March 2012, http://www.state.gov/documents/organization/187109.pdf (accessed 5 Dec 2012), p.145. The DEA once claimed that Khun-sa might have control of 45% of the global opium trade, see “Khun Sa (Chang Chi-fu), master of the heroin trade, died on October 26th, aged 73,” See The Economist (online), November 8th 2007, http://www.economist.com/node/10097596?story_id=10097596&CFID=26317033&CFTOKEN=13306592.stm (accessed 20 December 2012).

\textsuperscript{54} While Burma is the second largest opium producer in the world behind Afghanistan, Afghanistan has begun to pull farther ahead in its proportion of the total production according to most sources.

\textsuperscript{55} Like everything in the drug trade, the figures are in dispute. “Hand in Glove” states that Khun Sa asserted in the 1990s that UN estimates of opium production were much higher than the real figures. Most reports seem to agree that Afghanistan and Burma are the largest opium producers in the world, with Afghanistan producing at least twice as much as Burma. See “Opium and Heroin Cultivation and Trade,” factsanddetails.com, http://factsanddetails.com/world.php?itemid=1216&catid=54&subcatid=348 (accessed 5 Dec 2012).
Corruption and the Resource Curse

While Burma’s rich energy and natural resources offer opportunity for betterment of its peoples’ lives, its corrupt and dysfunctional institutions make it a likely victim of the “resource curse.” The resource curse in development economics is that natural resource-abundant economies tend to grow more slowly than economies without substantial resources, because entrepreneurship fails to develop when the majority of economic development comes from resource extraction. This phenomenon is more pronounced in states where governing institutions are not functional. In those cases, resource rich countries tend to suffer from “grabber” economies in which the powerful hoard the resources to be extracted and use those resources to “seek rent” from those developing related businesses to peddle influence, to reward friends, to punish rivals, or to co-opt political opposition. Functional institutions have been shown to insulate a country from the resource curse by creating an environment in which resource producers have potential for economic growth similar to the potential enjoyed by the grabbers. Because of this growth potential, entrepreneurs pursue production as much as ownership and acquisition. Having entrepreneurs distributed across an economy leads to better long term growth potential.

Burma today has dysfunctional institutions and a grabber economy that is in danger of falling into the resource curse. The Burmese government monetary policy magnifies the tendency toward rent-seeking or grabbing, particularly in regard to key

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energy resources, which the state-owned Myanmar Oil and Gas Enterprise controls. Energy is sold on the world market in dollars, and the government establishes an official exchange rate that greatly overvalues the Burmese currency, the kyat, at 6 kyat per dollar. However, the kyat’s purchasing power on the Burmese economy is equivalent to much lower 1,200 kyat per dollar. In this way, the Burmese government officials in control of the energy become wealthy selling oil and gas, while simultaneously telling Burmese citizens that sales are making scant difference in the Burmese economy.\(^{58}\) The government issues foreign exchange credits (FECs) to travelers and business people in exchange for their dollars, and those FECs are used on the local economy. Burmese citizens are forbidden from possessing foreign currency. Government monetary sleight of hand is compounded by a banking system where the major institutions are owned by illicit trafficking tycoons.\(^{59}\) One feature of resource cursed states with grabber economies is that those who hoard control of natural resources use their control to buy off political challengers, giving those challengers incentive to maintain the grabber economy.\(^{60}\) It is unclear to what extent this has already occurred in Burma and therefore to what extent the influential opposition parties would perpetuate Burma’s slide into the economic resource curse.\(^{61}\)

Opium sales on the global market are subject to the same dual economy as energy, wherein the traffickers are paid in dollars, and then pay the farmers vastly deflated prices in kyat. The precise effect of this is unclear. It would tend to undervalue the price at the farm, which might discourage opium growing. On the other hand, if

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\(^{59}\) Turnell, “Burma’s Economy 2010.”

\(^{60}\) Mehlum, Moene, Torvik.

\(^{61}\) In other words, are even the opposition parties corrupt, and if so is the country too far gone?
traffickers buy from farmers at more realistic exchange rates, it would magnify the farmer’s incentive to grow opium instead of legal crops. It further complicates calculating the extent of narcotics trafficking portion of the economy. In either case, it means that any public official who is being enriched by illicit trafficking or by energy trade has an incentive to maintain the current status quo in the Burmese monetary system. Thus, the financial, monetary, political, legal, and economic reforms that would be needed to unlock Burma’s growth potential strike directly at the livelihoods of corrupt regime influencers.

Making Sense of the Situation

Burma presents a mixed picture to strategists and entrepreneurs. On the surface, the regime’s recent political moderation opens the possibility for evolutionary democracy and peace with the ethnic minorities. Burma’s institutions, demographics, position, and natural resources have attracted enormous investment money to Burma promising the potential for untold economic wealth. However, the barriers to this prospect are real and daunting. Burmese society remains traumatized, crippled and suppressed by the all-pervasive political-military elite. Although there is truce with the historically hostile ethnic groups, they are still marginalized and exploited. With many of the multi-billion dollar projects slated to come through their homelands, the minorities will have to decide to reap benefits, or resist. The Burmese drug trade, historically well-developed and encouraged by the regime as a means of keeping factions weak and divided while at the same time profiting from regional production and trafficking, represents an insidious but
enormously profitable underground economy that directly competes with legitimate economic development.

The economic developments in Burma, nearly all of which are currently infrastructure projects linking China, India, the Bay of Bengal, and the Southeast Asian subcontinent, depend on peace and security in the mountainous ethnic homelands on the borders through which these roads, rail lines, and pipelines must pass. The different groups have different objectives and have benefitted or suffered depending on developments within Burma. In some cases, the groups that have armed insurgencies have more than one armed group with different objectives. The regime claims that Burma is home many more ethnic groups. The plurality of groups has in some ways assisted the regime in avoiding outside scrutiny of its actions. The regime characterizes those resisting the central government and the tatmadaw as enemies, creating an outside narrative of a central regime beset by one, rather than several simultaneous, rebellions. Western media tends to refer to the regime’s conflict with the ethnic minorities as such, often without differentiating between the groups. Forming a lasting peace in Burma will require not only significant reform within the regime, but genuine interest in moving from ceasefires to formal peace settlements with the diverse array of resistance groups.

Settlements will require trust, which is minimal as the dictatorship’s tactics in dealing with the rebellions and dissenters have been savage. The international community, including the U.S. State Department and nongovernmental organizations, state that tatmadaw uses: forced conscription labor, forced eviction and relocation, torture, abduction, forced labor of civilians, indiscriminate firing on noncombatants, use

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62 Steinberg, xxvi.
of civilians as human shields and mine sweepers, rape, and extrajudicial killings. Some of the armed groups and trafficking organizations also are accused of similar violations.\(^{63}\) These conflicts have created hundreds of thousands of internally and externally displaced persons.\(^{64}\)

Burma is a nation with human, geographic, resource, and governance potential. However, its most powerful institution with the capability to lead reform is also most feared. The legacy of severe repression the tatmadaw has left on the Burmese people along with its influence in the legal economy, combined with its apparently symbiotic relationship with a narcotics trade of undefined but significant magnitude, means that it is at the center of any path forward for Burma. The ethnic groups, who also benefit from the illicit economy, have interests that do not always align with each other or with the regime.

Meanwhile, economic development driven by China, India, and ASEAN moves forward to connect India, China, Southeast Asia, and the Indian Ocean with the potential to transform Burma and connecting it to the globalized economy. If economic development is the path to reform and conflict resolution, the incentives will have to be overpowering to compete with the illicit trade profits many elements of Burmese society enjoy. For the United States, standing on the margins but deeply interested in taking


\(^{64}\) Human Rights Watch, “Burma: Country Summary.”
action to shape the strategic direction of the Pacific some important decisions have to be made concerning its policy toward Burma.
CHAPTER 4: U.S. STRATEGY IN THE REGION

Rebalancing

The Obama administration has increasingly unveiled the layers of its Asian strategy. The administration perceives Asia as the engine of future world economic growth. Seeking to confirm its status as a Pacific power, the United States seeks to lead a new international order based on peace and prosperity. To accomplish this goal, the administration’s approach focuses on security alliances with both traditional as well as new partners, along with increased engagement with international organizations such as ASEAN. As the U.S. strategy unfolds, Burma intersects with other U.S. global strategies for controlling the drug trade, combating human trafficking, and containing illicit financial networks. Thus, Burma represents a nexus of security related interests as well as representing a potential new partner for furthering broad U.S. strategic goals in Asia.

In a speech to the Australian Parliament on November 17, 2011, President Obama announced a significant change in American strategic priorities. Proclaiming the United States as “a Pacific nation” the President stated that “The United States will play a larger and long-term role in shaping this region and its future, by upholding core principles and in close partnership with our allies and friends.”^1^ The President’s declaration had its origins in the 2010 National Security Strategy, which included language that indicated greater emphasis on the Pacific. In Canberra, the president outlined the key aspects of this shaping effort:

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First, we seek security, which is the foundation of peace and prosperity. We stand for an international order in which the rights and responsibilities of all nations and all people are upheld. Where international law and norms are enforced. Where commerce and freedom of navigation are not impeded. Where emerging powers contribute to regional security, and where disagreements are resolved peacefully.²

In pursuing this future of shared prosperity and peaceful cooperation under U.S. leadership, the United States would rely on its existing Asian alliances, as “the bedrock of security in Asia,” which the President described. The U.S. leadership role would be enhanced by a more active involvement in the region’s multilateral architecture. The U.S would pursue a “positive, constructive, and comprehensive relationship with China”, while building a strategic partnership with India.³ The 2012 Defense Strategy Guidance essentially repeats the President’s Canberra address word for word. The U.S. will “focus on the security of the Asia-Pacific.” Reclaiming that U.S. “security interests are inextricably linked” to this region, military forces “… will of necessity rebalance toward the Asia-Pacific region” (emphasis in original). The Defense Strategic Guidance outlines the ways to accomplish this rebalancing through what are described in the National Security Strategy as “… innovative, low-cost, and small footprint approaches to achieve our security objectives, relying on exercises, rotational presence, and advisory capabilities.”⁴ In advance of President Obama’s trip to Thailand, Burma, and Cambodia for the East Asia Summit, in a speech at the Center for Strategic and International Studies

² Ibid.
on November 15, 2012, National Security Advisor Tom Donilon described the administration’s approach to Asia. The administration views the U.S. as a Pacific power whose interests are linked with Asia’s economy, security, and political order. Donilon stated that the U.S. engagement in the region will focus on a variety of issues, including: security challenges, humanitarian and disaster relief, economic integration, strengthening institutions, codes of conduct and rule of law, and human rights.¹ Donilon outlined five lines of effort aimed at achieving regional goals supporting the administration’s “overarching objective” of a “stable security environment and a regional order rooted in economic openness, peaceful resolution of disputes, democratic governance, and political freedom.”² The first line of effort is strengthening and modernizing security alliances in order to support the stable security environment.³ The second line is deepening partnerships with emerging powers such as India so that the U.S. will be postured with the right alliances to support national goals in the future.⁴ Third, the U.S. will engage more deeply with regional institutions such as ASEAN and the East Asia Summit (EAS). The administration is placing ASEAN at the core of its Asia policy, and promoting ASEAN as: the forum for regional dispute resolution via a code of conduct for solving territorial disputes such as those in the East China Sea and South China Sea, and as the Southeast Asian linkage to the Group of 20 (G-20) community for global economic cooperation. The administration is promoting the EAS as the forum for leadership level cooperation.

² Ibid.
³ The stable security environment specifically includes maritime and law enforcement partnerships and presence that support unimpeded commerce and freedom of navigation.
⁴ Unstated goal here is to make security less costly for the U.S. through increasing reliance on partners in Asia.
political consultation. The fourth line is the pursuit of a stable and constructive relationship with China, in order to gain improved cooperation with China on regional and global issues, promote managing disputes non-disruptively, and to pull China more completely into the international system to take on greater responsibility and uphold human rights. Fifth, the U.S. will advance the region’s economic architecture in order to achieve open, transparent, free, fair trade that seamlessly connects the regional economies. 

**Approach to Asia**

President Obama has visited East Asian and South Asian nations each of the first four years of his administration, usually in conjunction with Asia Pacific Economic Cooperation (APEC) or Association of Southeast Asian Nations (ASEAN) conferences and summits. The administration views APEC and the Trans-Pacific Partnership (TPP) as the means to connect the U.S. and its allies to the ASEAN economies. The U.S. approach to Asia includes rebalancing within Asia to greater engagement with Southeast Asia and ASEAN for three reasons: ASEAN’s members are located along key global trade routes; together they comprise the third largest economy in Asia; and the administration views ASEAN as an essential institution for crafting regional responses to challenges. The United States is one of the 21 APEC members, along with Australia, Canada, Japan, South Korea, and Mexico. The administration endorsed the APEC Growth Strategy in 2010, which called for a series of actions and initiatives to promote balanced, inclusive,

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9 Apparently this is intended to link the eastern Pacific states’ economies (APEC and the TPP), with the Southeast Asian economies (ASEAN). See Donilon’s remarks in White House, “President Obama’s Asia Policy.”

10 Donilon’s remarks outlined the fundamentally economic argument for the rebalance to Asia, stating that Asia accounts for 25 percent of Global GDP today and an estimated 30 percent by 2015, 50 percent of all global economic growth through 2017, and 25 and 30 percent respectively of U.S. exports and imports. See, Ibid.
sustainable, innovative, and secure growth for both APEC economies and the wider region. The administration is pursuing the TPP to expand U.S. exports to Asia, and make the regulatory environment in Asian nations more compatible with U.S. businesses. The TPP includes ASEAN member states Brunei, Malaysia, Singapore, and Vietnam, as well as the U.S., Australia, New Zealand, and Canada. APEC includes those states plus Japan, China, South Korea, Taiwan, and Russia.\(^{11}\)

In the security realm, the Department of Defense has engaged with the Philippines, India, Indonesia, and Malaysia, while also emphasizing existing alliances with Japan, South Korea, and Australia.\(^{12}\) The U.S. tripled foreign military financing aid to the Philippines in 2012, and is pursuing a comprehensive partnership with Indonesia that includes a proposed $1.4 billion in sales of advanced arms.\(^{13}\) The U.S. conducts training of Malaysian armed forces and Coast Guard, and sells Malaysia aircraft upgrades and munitions.\(^{14}\) The U.S.-India security partnership includes joint exercises,

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\(^{12}\)White House, “President Obama’s Asia Policy.”.


collaboration on several issues, and military sales amounting to $19 billion dollars.\textsuperscript{15} The U.S. will establish Marine Air Ground Task Forces in Japan, Guam, and Australia, and by 2020, will position 60 percent of the U.S. naval fleet in the Pacific.\textsuperscript{16}

**Approach to Burma**

Given this new redirection to the Pacific, it is not surprising that the U.S. is taking a new approach to Burma, especially in light of the fact that Burma will assume the ASEAN chair in 2014. The current policy of engagement with Burma is a significant change from the policy of 1988 to 2009, which was primarily based on sanctions in response to the Burmese government’s rejection of democratic norms and human rights.\textsuperscript{17} Remarks by the President during his visit to Burma in November 2012 indicate that the U.S. seeks a prosperous, stable, secure Burma that respects democratic values and human rights, and is neither a proliferator of WMD nor a threat to its neighbors.\textsuperscript{18}


\textsuperscript{16} White House, “President Obama’s Asia Policy.”

\textsuperscript{17} Congress enacted the first of the current set of Burma-specific sanctions beginning after the SLORC repression of demonstrations in 1988. Burma is also covered by other laws that apply to specific issues. A sanction in this context is a measure taken by a nation, in this case the U.S., with the intent of coercing the target regime, in this case the Government of Myanmar, to change its behavior. The sanctions are based on six different U.S. federal laws and five different presidential documents, some of which date back to the Reagan and George H.W. Bush administrations. The U.S. Burma-specific sanctions and other issue-specific sanctions still in force are as follows. Burma-specific sanctions are laws and executive orders that: restrict financial services and specific and general imports from Burma; ban investment in Burma; and ban visas and freeze assets for certain Burmese individuals and entities. Issue-specific or functional sanctions punish Burma under other applicable U.S. laws regarding: child soldiers; drug trafficking; human trafficking; money laundering and organized crime; religious freedom; workers rights; and all arms exports and defense articles. For summary of the specific laws covering Burma sanctions, see Appendix 2 and the October 19, 2012 Congressional Research Service report, *U.S. Sanctions on Burma*. (Washington: October 19, 2012), pp. 4-13 http://assets.opencrs.com/rpts/R41336_20121019.pdf (accessed 14 December 2012).

The U.S. renewed engagement with Burma in 2009 when the military government began to ease restrictions on National League for Democracy leader Daw Aung San Suu Kyi. Contacts with the Burmese government continued, and in May 2012, the U.S. opened an embassy for the first time in 22 years to demonstrate the U.S. commitment to supporting both government reform in Burma, and Burma’s reintegration into the international community.\(^1\) Shortly thereafter, President Obama announced an easing of sanctions that prohibited U.S. companies from dealing with non-military entities in Burma.\(^2\) In 2012, the administration has again eased some sanctions in response to Burma’s holding and honoring the results of the spring elections in which the NLD party won seats.\(^3\) In November, 2012, President Obama was the first president to visit Burma. He met President Thein Sein, NLD Chairperson Aung Sang Suu Kyi, and spoke at Rangoon University. The intent was to demonstrate that the U.S. can be counted on as a partner when the Burmese government makes what the U.S. believes are the right choices.\(^4\) Reinforcing this theme at the University of Yangon, the President said:

So today, I’ve come to keep my promise and extend the hand of friendship….sanctions have been eased, and we will help rebuild an economy that can offer opportunity for its people, and serve as an engine of growth for the world. But this remarkable journey has just begun, and has

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\(^3\) In July and September, 2012, the administration eased portions of the visa ban on Thein Sein and Speaker Shwe Mann, and other officials deemed “pro-reform,” and eased some aspects of the financial services and investment ban. See, Congressional Research Service, *U.S. Sanctions on Burma.*

\(^4\) White House, “President Obama’s Asia Policy.”
much further to go. Reforms launched from the top of society must meet the aspirations of citizens who form its foundation. The flickers of progress... must be strengthened...for all this nation’s people.23

Obama repeated the themes of the Canberra speech, emphasizing the rewards of closer U.S. cooperation in return for reform. After meeting with Aung San Suu Kyi the President outlined the reforms necessary. These included: building democratic institutions, establishing rule of law, promoting human rights, and including all stakeholders in the reform process.24 While in Burma, President Obama announced a U.S.-Burma joint partnership on democratic reform, and a Joint Plan on Trafficking in Persons.25 In his State of the Union address in January 2013, Obama used the example of Burma as a country with potential to reform through economic progress.26

Other U.S. Security Interests

As the President’s announcement indicated, the U.S. has other security interests related to Burma. Burma’s role in the illegal drug trade and its use of illicit finance are addressed in other U.S. strategy documents. Burma also has several issues on which the U.S. has expressed broad policy objectives, which include non-proliferation, trafficking in persons, and global climate change and environmental issues.

23 U.S. President, “Remarks by President Obama at the University of Yangon.”
The U.S. approach to Burma supports the wider objectives of the administration’s strategic engagement with Asia. Burma’s role in ASEAN and its move away from authoritarianism opens opportunities for the U.S. to gain influence as part of its Asia-Pacific rebalancing strategy. The U.S. is willing to make an investment in Burma to support democratic reforms, build trust with Burmese leaders, and help to address some of Burma’s challenges. Opportunities to address U.S. transnational issues also intersect with an engagement with Burma. This intersection of shared interests holds the potential to become powerful coordinated action.

Yet, as noted previously, Burma’s history, its relations with its neighbors, and the social-political dynamics that exist in Burma today, all hamper any engagement with Burma. The path forward is not very clear, obscured by tatmadaw corruption and dominance, ethnic minority unrest, powerful and influential transnational illicit networks with great power and influence, and the effects of regional economic integration on Burmese society and institutions. The rewards and benefits of engagement may not be easily achieved in the face of these significant challenges.
CHAPTER 5: U.S. CHOICES AT A CROSSROADS

The U.S has initiated engagement with Burma as part of its rebalance in strategy in the Asia-Pacific region. The dilemma for the Obama administration is how to engage Burma in a way that supports the comprehensive goals of U.S. strategy? Burma’s people and resources, and the burgeoning international investment in its infrastructure hold promise, but the political and social environments after decades of conflict, repression, and isolation present significant challenges.

The core U.S. objectives in engaging Burma are clearly economic. U.S. approval helps Burma attract more economic investment from North America, Asia, and Europe. Political reform (broadly defined), support for non-proliferation of WMD, and a pro-U.S. voice in ASEAN appear to be benefits of improved U.S.-Burma relations. But are these benefits sufficient to motivate the government of Burma to reform in accordance with U.S. desires? Among other challenges, successful reform will also require constructive engagement with the ethnic minority groups, whose interests differ from the regime’s. If Burma is to reform, the United States will have to decide to what degree it it is willing to provide assistance in solving the long-standing issues that limit progress in Burma.

First Option – Continue Current Engagements

The current set of U.S. engagement is directed by the State Department and the U.S. Agency for International Development (USAID). Despite the maintenance of extensive sanctions on particular Burmese individuals and economic activities with Burmese military controlled entities, USAID is providing food, sanitation assistance, and aid to displaced persons in Kachin State, while promoting broader initiatives aimed at
improving nutrition and health, democratic reform, human rights and economic prosperity. USAID also has an effort directed at countering human trafficking.\textsuperscript{1} The State Department has also quietly begun “nascent steps” with the tatmadaw to discuss these issues. As a reward for the tatmadaw diminishing its association with North Korea, the U.S. invited Burma in 2013 to observe the annual COBRA GOLD partnership exercise with Thailand.\textsuperscript{2} Militarily, the administration is using the engagement policies to peel Burma away from North Korea, reducing the potential for Burmese WMD proliferation, and further isolating North Korea. The State Department has taken a lenient position to narcotics trafficking and money laundering, accepting the statements of commitment from Burmese counter-narcotics officials, while tacitly acknowledging their limited resources and limited authority in ethnic areas. The State Department no longer characterizes Burma as a money laundering “country of primary concern.”\textsuperscript{3} Yet, even as


engagement is underway, the State Department reports hundreds of thousands of displaced persons from ethnic conflict, ongoing abuses of power by the tatmadaw, and environmental degradation stemming from rapid development.⁴

These engagement activities are primarily focused on human development efforts, are low cost, and require few resources. This type of low level, low cost, modest engagement follows a pattern the U.S. has used in Colombia and Indonesia. However, the very nature of the Burmese government and its abysmal record of human rights abuse make this approach somewhat problematic and controversial. Burmese opposition newspapers decry the willingness of the U.S. to associate with Burmese military leaders who were at the center of the brutal repression of political opponents under the Ne Win, SLORC, and SPDC regimes.⁵ Despite promises to reform, critics say the regime is not keeping promises regarding human rights and democratic reform.⁶ Minority groups, the long-time victims of abuse by the tatmadaw, are especially mistrustful of claims of reform.⁷ The limited expenditure of resources, and the leniency applied to the regime appears to be a low-cost method of gaining U.S. economic influence in Burma. However, the cost of this approach is that the U.S. turns a blind eye to endemic corruption, human

rights abuses, ethnic conflict, and illicit trafficking that characterizes conditions in Burma.

This approach potentially brings Burma as a favorable voice supporting the U.S. in ASEAN, and assists the U.S. strategic agenda by supporting the inclusion of China into a peaceful international order. In return, the U.S. leads the effort to open Burma to engagement with Western nations and positions the U.S. to participate in the increasing economic integration of South Asia, Southeast Asia, and China. Politically, the current approach potentially positions the U.S. to build credibility with the Burmese should political reforms continue to progress. A stable and democratic Burma should help to further ease security issues between Burma, Thailand, and India, and facilitate future regional solution to illicit trafficking, displaced persons, and environmental depredation. Burma may support U.S. strategy by slowing China’s expansion into the Indian Ocean basin and help to balance Indian and Thai security concerns.

The current approach also has risks which are more significant than may be apparent at first. The U.S., by engaging with Burma publicly since 2009, has attached its prestige and credibility to continued reform in Burma. As a result, if Burma fails to continue democratic reform it presents increased risk to regional stability, Asian and U.S. economics, and U.S. credibility as an agent of universal human rights and democracy. The consequences of failure are seen as minimal - only a lamentable Burmese slide back to dysfunction. However, the regional situation has changed significantly since the 1990s and 2000s, when Burma was widely viewed as a backwater. Burma is interconnecting economically with South and Southeast Asia, and is a member of ASEAN. There is real risk that Burma will fail to reform meaningfully with the U.S. limited engagement policy.
Because of the historic legacy of repression and the ethnic conflicts, corruption, and institutional dysfunction that have become endemic as a result, reforms are, and will continue to be, slow and uncertain. Burma’s corruption, illicit trafficking, and the regime’s economic policies fuel the population’s insecurity, incentivize tatmadaw abuses, discourage the ethnic groups from integrating with the central government, and render most investments in Burma tantamount to support for the current system and regime. This perpetuates the cycle of dysfunction in Burma and hurts U.S. credibility.

The tatmadaw will continue to exist as the most capable and influential institution in Burma. Unless it can restore a degree of trust with the Burmese people, including ethnic minorities, as the protector of their security, other groups will maintain their own security forces and the cycle of stalemate in the ethnic areas is likely to continue. As Burma relaxes restrictions, the global media has more access. The U.S. has encouraged expanded press freedom and cessation of censorship. However, most Burmese do not have access to the internet. Encouraging expanded access to electronic communications, however, holds the risk of encouraging its use by the regime for the expansion of the surveillance state which has pervaded Burma since the colonial period. Expansion of electronic media and internet access could actually be an enabler for repression as it has become in Iran and China.\(^8\) There is risk that a new atrocity or scandal will be attributed to the tatmadaw opening questions about U.S. support to a suppressive regime.\(^9\) This risk also confronts the Burmese opposition led by Aung San Suu Kyi. In choosing to

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participate in the mainstream Burmese government with a seat in parliament and a potential run for the Burmese presidency in 2015, she is now being viewed by some democracy reformers as an enabler for the regime, even though many reformers acknowledge that the *tatmadaw* inclusion will be essential to accelerated Burmese development and reform.¹⁰

The question of minorities in Burma is a major barrier to the kinds of reform that meets U.S. interests. During the recent years of ceasefire negotiations and periods of peace in the Burmese highlands, various forms of governance have arisen in these areas where power is distributed and shared in different ways in different locales.¹¹ Some groups may not be interested in participating in the Burmese government as such, having been promised and having fought for independence since the late 1940s. Current economic development approaches increase tension as villagers are pushed off their land to make way for development, seeding doubts about the aims of the political reformers among the displaced people who supported democratic reform and Aung San Suu Kyi’s election to parliament.¹²

The most significant risk of the current approach, now that engagement has begun is that Burma will continue to limit reforms to the cosmetic while economic ties to the

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West via ASEAN continue to increase, until it has become a de facto accepted member of the international community without having made real progress in democratic reforms. U.S. response options are limited to reinstating sanctions and restricting business ties. Another possibility is an internal rebellion to overthrow the ruling regime as reforms stall and repression returns. This would place the U.S. in a difficult situation, threatening the entire U.S. strategy in Asia. The only way the U.S. may be able to engage Burma as part of larger political-economic strategy in Asia is to expand its level of engagement to bring about substantial reform throughout Burma’s political, social and economic institutions.

**Expanded Engagement: Potentials and Risks**

In an expanded engagement, the U.S. would continue the current proactive aid efforts, augmented with intensified assistance in building population security and trust on which to found permanent peace agreements with the ethnic minority groups. At the same time, the U.S. would intensify engagement with the *tatmadaw* to promote its evolution into a security force worthy of a democracy, while addressing specific changes in economic policies that benefit Burmese society as a whole. The U.S. would also have to address illicit trafficking, money laundering, and their effects on the Burmese government and economy, and coordinate activities in these areas with other states. The incentive for the Burmese would be unfettered trade with the U.S. and the West, a strong strategic partnership with the U.S. and wealth generation that will benefit all elements of Burmese society.
Security Engagement

The simmering mistrust and ongoing violence in parts of Burma is a significant barrier to reform. An expanded security engagement with the Burmese would seek to negotiate permanent peace settlements, which would facilitate the other reforms the U.S. desires. The security concerns of all sides must be addressed in order to build confidence, reduce the causes of violence and build trust over time.\textsuperscript{13} By focusing on population security first, as a basis upon which to build peace settlements, the current level of violence and possibilities of renewed violence can be lowered. Population security and addressing group-specific grievances created by decades of conflict are keys to real solutions in the ethnic areas. However, these must be combined with strengthening the state and its institutions as providers of security and stability, and with economic improvements for the population.\textsuperscript{14} The United States would have to broker this engagement of confidence building.

In addition to reducing ethnic violence the U.S. must engage the tatmadaw in some form of security assistance relationship. If the tatmadaw begins to view the U.S. military more as a potential partner than as a threat, it would benefit the U.S. and the region in two ways. The tatmadaw’s incentive to pursue a weapon of mass destruction

\textsuperscript{13} “Ethnic conflict can be contained, but it cannot be entirely resolved. Effective management seeks to reassure minority groups of both their physical security and, because it is often a harbinger of future threats, their cultural security. Demonstrations of respect, power-sharing, elections engineered to produce the interdependence of groups, and the establishment of regional autonomy and federalism are important confidence-building measures that, by promoting the rights and positions of minority groups, mitigate the strategic dilemmas that produce violence. International intervention may also be necessary and appropriate to protect minorities against their worst fears, but its effectiveness is limited.” See, David A. Lake and Donald Rothchild, “Containing Fear: The Origins and Management of Ethnic Conflict,” International Security, Vol. 21, No. 2, (Autumn, 1996), The MIT Press, http://www.jstor.org/stable/2539070?origin=JSTOR-pdf (accessed 7 September 2012).

capability would be reduced, as would its incentive to keep U.S. government and aid
group personnel out of Burma.

The tatmadaw incentive for accepting expanded U.S. security engagement is
twofold. First, economically, if Burmese security improves and foreign investment
expands, the tatmadaw stands to gain financially as it is tied to most businesses in Burma.
Second, partnership with the U.S. confers legitimacy on the tatmadaw both with its own
population and as a balance to Chinese influence.

Economic Engagement

More focused economic engagement to encourage Burmese reform would benefit
the U.S. by making Burma a safer place for investment. Engagement would focus first on
Burmese monetary policy, specifically currency reform, to remove some of the incentive
for abusing the system, impede money laundering, and improve the lot of the average
Burmese citizen.

Economic development by natural resource extraction is inextricably tied to
environmental issues. Burma already suffers from deforestation, which exacerbates issues
like flooding, landslides, and ecosystem destruction. Environmentally sustainable natural
resource business practices help to promote functional long-term economies, while
unsustainable practices tend to push economies toward the “grabber” mode and states
into the resource curse. Sustainability should be encouraged, and the U.S. and others
attempting to build businesses in Burma will need to balance long-term sustainability
against the need for immediate profitability.
Illicit Trafficking

Next in priority after key monetary reforms, any program of development assistance to Burma would need to address the illicit narcotics trafficking economy and its corruptive influence on the country. Human trafficking is already a USAID emphasis area in Burma. In assisting other nations in the past, the U.S. has focused on counter-narcotics to the exclusion of other factors, and this proved ineffective. In Burma, the illicit trade is enormous, and law enforcement impact is tiny. The State Department cites that the Burmese counter-narcotics agency has no access to the ethnic areas, particularly those where armed insurgents are still present in strength such as the Shan, Wa, and Kachin areas. The role of narco-dollars and major traffickers in Burma is acknowledged to be large, yet their connections with the government and even the major trafficking bosses’ influence are not well understood. An enhanced engagement

\[\text{id:15} \text{For example, Plan Colombia initially focused on counter-narcotics to the exclusion of other efforts such as counterinsurgency and population security, but only became effective after these elements were made central. See, U.S. Army John F. Kennedy Special Warfare Center and School, “ARSOF in Colombia: 50 Years of Persistent Engagement,” by Janice Burton, Special Warfare, October-December 2012 edition, http://www.soc.mil/swcs/swmag/archive/SW2504/SW2504ARSOFinColombia.html (accessed 27 December 2012).}\]

\[\text{id:16} \text{The U.S. State Department tries to positively characterize the Burmese law enforcement impact on narco-trafficking, but the figures the Department cites indicate that seizures represent a tiny percentage of the estimated narcotics trafficking economy. For example, the Department cites seizures of 828 kilograms of high-quality opium, 282 kilograms of low-quality opium, 52 kilograms of opium oil, and 42 kilograms of heroin in 2011. Estimating wholesale trafficking value of all of the resultant heroin using prices from Chapter 3, the total value of all of the seized drugs in 2011 was between $150,000 and $200,000, or less than a tenth of the total $200M annual wholesale heroin economy in Burma, using the Departments own very optimistic low estimate of the value of that economy. See U.S. Department of State, “2012 International Narcotics Control Strategy Report: Country Reports – Afghanistan through Costa Rica,” U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, March 7 2012, http://www.state.gov/j/inl/rls/nrcrpt/2012/vol1/184098.htm#Burma (accessed 27 December 2012).}\]

\[\text{id:17} \text{Ibid.}\]

\[\text{id:18} \text{The Burmese government claims to not be connected to drug trafficking. As has been shown in previous chapters, the narco economy in Burma is large and probably much larger than U.S. official acknowledgements indicate, and Burmese leaders clearly have ties to known trafficking bosses. However, Ko-Lin Chin’s book describes a golden triangle culture wherein heroin and trafficking may be more pervasive and conducted by many more small players than is currently acknowledged in the Western vision of a vast network run by powerful crime bosses. See Ko-Lin Chin, The Golden Triangle: Inside Southeast Asia’s Drug Trade, (Ithaca, NY: Cornell University Press, 2009), pp. 220-244.}\]
approach in Burma should emphasize information sharing on the narcotics trafficking networks, their role in the Burmese economy, their relationships to the global networks, and (more critically) their connections to Burmese leaders.

Focusing on understanding the illicit trafficking networks to assess their true impact on the Burmese economy has two advantages. First, it takes the emphasis off raids and seizures in the near term, which are ineffective and have been used as instruments of corruption. Second, it removes the issue as a false metric of policy success in the Burmese government and economy.

Any moves that threaten the illicit trafficking cartels in Burma and the surrounding region, however, could provoke violent responses, which could destabilize the emerging peace settlements, and could cause increased trafficking activities on the Laotian, Thai, Indian, and Bangladeshi sides of the borders. The U.S., Burma, and international partners should be prepared for these phenomena and begin dialog on illicit trafficking with Laos and Bangladesh as early as possible.  

Risks of Expanded Engagement

Expanded engagements of the types described above come with significant risks. Expanded security engagement has, first, the potential to further draw the U.S. into the ethnic conflicts in Burma. Helping to broker settlements with the ethnic groups comes with risk of either promoting a Balkanization of Burma, or giving false hope to one or more groups of U.S. intervention on its behalf. The U.S. goal for Burma to become a

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19 Colombian operations against the drug trade during the early stages of Plan Colombia increased the level of violence in the countryside. See U.S. Army John F. Kennedy Special Warfare Center and School, “ARSOF in Colombia: 50 Years of Persistent Engagement,” by Janice Burton.
stable, functioning nation in the international community may be at odds with ethnic minority desires for autonomy.

In order to decrease the likelihood of renewed violence, the peace process would need to curb nationalistic impulses, and so will need to balance, simultaneously, an ethnic group’s desire for autonomy, the Burmese government’s desire to exert control over the group, and promotion of the maintenance of a unified Burmese nation state.\textsuperscript{20} This is a delicate process wherein measures that might seem straightforward are complicated. For example, one way to begin to curb ethnic politics might be to remove the colonial artifact of ethnic group identification in government documents, which heightened divisions in the colonial era, but today the groups may desire to retain their ethnicity as part of their official identification.\textsuperscript{21}

In Burma, the people in the ethnic minority areas fear the state. Significant mistrust exists between the ethnic groups and the tatmadaw, and some opposition writers are already questioning the previous U.S. role in training perpetrators of abuse.\textsuperscript{22}

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\textsuperscript{20} Stephan van Evera presents hypotheses on causes of war. The situation in Burma exhibits a troubling degree of similarity with several of the factors van Evera lists as increasing likelihood of war, or in this case return to fighting. Factors include groups with divergent goals in close proximity, differences in narrative regarding shared history, weak institutions, and coincidence of nationalism (in the Burma case among the Burman majority and tatmadaw, and certain ethnic groups), and victimhood (both the ethnic groups at the hands of the tatmadaw, and the regime’s perception of persecution). See Stephan van Evera, “Hypotheses on Nationalism and War,” \textit{International Security}, Vol. 18, No. 4 (Spring, 1994), The MIT Press, \url{http://www.jstor.org/stable/2539176} (accessed 09/07/2012).


U.S. engagement should be designed to avoid supporting false progress wherein the tatmadaw takes training and assistance, but does not reform.\textsuperscript{23}

Another risk concerns U.S. relations with China. Expanded U.S. engagement with Burma, even under the auspices of the economic policies driving the U.S. strategy in Asia, is widely viewed and characterized as another step in the strategic encirclement of China.\textsuperscript{24} Indeed a professional army of 350,000 men belonging to a democratic Burma and aligned with the U.S. could be a formidable bulwark in the Bay of Bengal region. In the meantime, U.S. presence in Burma and engagement with the tatmadaw has the potential to elevate China’s security dilemma with respect to the U.S. In response, China, in turn has the capability to increase its efforts to frustrate U.S. objectives in Asia and elsewhere via its role in the U.N., and in economic forums such as APEC, the G-20 and the World Trade Organization.

Giving Burma specific economic recommendations, such as making changes to its monetary policy outlined above, also carries risk. Another risk in economic engagement, particularly on monetary policy, is that monetary system changes have historically had severe impact on Burmese people, notably under the colonial government just after World War II, when Japanese currency was declared invalid but was not replaced quickly, rendering nearly all Burmese destitute overnight. Under the Ne Win regime certain currency denominations were abolished and new denominations were issued in

\textsuperscript{23} The U.S. will want to avoid incidents of the type that have allegedly happened in Colombia, where army has killed civilians and blamed insurgents, and where paramilitaries are not really demobilized. Also, need to be prepared for allegations and/or evidence of regime ties to abusers as has happened in Colombia. See Human Rights Watch, “World Report 2012: Colombia,” World Report 2012, Human Rights Watch, 2012, \url{http://www.hrw.org/world-report-2012/columbia} (accessed 5 January 2013).

multiples of nine, based on numerology. In both cases, the economy was thrown into chaos. This presents the risk of turning Burmese people against reform and strengthening the hands of criminal organizations and anti-reform factions. This would complicate every aspect the U.S. engagement effort.

Unsustainable development could produce needed near-term growth but long-term collapse and return to chaos. Alternatively, political pressure in the West to mandate sustainability in developing Burmese industries could impede visible progress in economic growth.

Policy Risks to Engagement

U.S. policy has risks regardless of the approach taken. The two most significant risks are U.S. domestic politics and time. U.S. domestic politics has four key factors in this case. First is the legislative complication of changing or removing the remaining sanctions on Burma. The current sanctions are derived from six different federal laws and five presidential orders. Expanding engagement will require Congress to amend the sanctions, which will require action by at least six key committees in both houses. This may be particularly difficult to accomplish because of the second factor: the present, polarized political environment in Congress and the hostility between Congress and the White House. The third factor, always a consideration, but of great significance today, is


that any engagement approach will require funding. With little support for expanding foreign assistance budgets in the current climate in Washington, any proposal is difficult to advocate. The next factor is this administration’s time. The administration is pushing for Burmese reforms in the near term, with an implicit target date of 2014 for measurable progress. The scale of existing problems in Burma may defy the capacity of such limited engagements to make a difference in less than 18 months. This expanded U.S. engagement with Burma has been driven by the Obama administration, which leaves office in 2016. Even if it is succeeded by another Democratic administration, the Obama administration only has until early 2014 before losing momentum. While foreign policy is traditionally an area in which presidents continue to be influential through their last days in office, in the case of Burma the thicket of relevant legislation and the constrained budget environment will require a skeptical and hostile Congress to support the President’s initiatives in Asia. Historically, similar reform processes such as those in Colombia, Indonesia, the Philippines, and South Korea have required many years or decades to achieve success.

Any expanded engagement, or continuation of the current set of engagements in a meaningful way, requires Burmese consent and participation. Their history and culture indicates that they will continue to be wary in their interactions. China may attempt to undermine Western approaches behind the scenes. Ultimately, the incentive for Burma, including those in power in its current system, to accept engagement and make real changes is economic. As a junction between China, India, and ASEAN and its connections to APEC, Burma stands to benefit from ties to nations with over four times the GDPs of Burma’s current trading partners. A Burmese GDP closer to Thailand’s
$377B, or a more than six-fold increase, could be the reward. The U.S. approach must balance this incentive against the Burmese power brokers’ natural incentive to achieve such economic benefits without changes that yield power to more democratic institutions.
CHAPTER 6: RECOMMENDATIONS

Burma is in a position to shape the outcome of the future of the Bay of Bengal region, and with it, much of South and Southeast Asia. The economic benefits that may come to pass have attracted U.S. attention and Burma has signaled a willingness to ease restrictions, bringing a rapid response from the U.S. and a small, but significant, engagement approach. Burma’s history and its barriers to growth illustrate why achieving real, lasting reforms will be difficult. Democratic reform and a diverse, fair, free market economy are unlikely to develop quickly without assistance. Powers in the region have incentives to normalize trade quickly so long as Burma appears stable, and little incentive to press the regime for reforms. The ruling actors in Burma have incentive to appear to reform while speeding Western investment. At the same time, illicit traffickers thrive in the remote regions of the country.

Recommendations on the U.S. approach to Burma depend, first, on how the U.S. incorporates Burma into its overall rebalancing strategy in the Asia-Pacific region. If the primary objective is restoration of economic ties to cement the U.S. relationship with ASEAN and complete the linkage of eastern and western Pacific economies, then the current approach may succeed in achieving that objective. However, if the objective is substantial reordering of the Asia-Pacific region under U.S. leadership to forestall China, then a more broad-based and long-term engagement effort is necessary. The following represent a guideline to a way ahead for U.S. policy makers.
**Recommendation 1: U.S. Policy and Strategy Review**

The first recommendation is that the administration should carefully reexamine the current U.S. national strategy. This includes reexamining the National Security Strategy, the Defense Strategic Guidance directing the rebalancing to the Asia-Pacific region, the various trade agreement frameworks which underpin U.S. relations in Asia such as APEC, the TPP, the EAS, and the numerous other strategies on related transnational issues, particularly counter-proliferation, human trafficking, narcotics trafficking, and illicit finance. The review’s purpose would be to examine the degree to which these various U.S. strategies are aligned with one another, and to recommend adjustments as appropriate. Included in this effort will be gaining an understanding of key areas where current U.S. policy may not be in line with realities in the region, such as illicit networks. The U.S. approach to Burma should then be reexamined and placed in the context of the re-cast national strategy. For example at one extreme, if the U.S. vision is for a democratic Burma with a professional military suitable for bilateral security cooperation with the U.S., it will likely require one type of approach, but simply keeping Burma on its current path toward being a non-belligerent trading partner would warrant far less activity.

The chosen approach to Burma should be adequately resourced, and should be coordinated appropriately between executive branch agencies and the relevant Congressional committees. The U.S. Mission in Burma should be strengthened commensurate with the chosen approach. The country team should be capable of conducting a whole of government engagement with the Burmese government, the leaders of key ethnic minorities, and interested delegations and business leaders to carry
out the necessary U.S. engagement initiatives in country. The initiatives recommended below would require U.S. Department of Treasury, Department of Defense, and Department of Justice representation in addition to State Department and USAID. Other consulting support from the U.S. Trade Representative, U.S. Department of Commerce, Federal Reserve, and Securities and Exchange Commission might also be required. The strategic consensus should serve long-term U.S. interests beyond the life of the current administration.

Recommendation 2: Tailor Engagement to Strategy Outcomes

The strategic outcomes will dictate the nature and extent of engagement activities in Burma to improve conditions for peace, stability, political, and economic reform. Engagements should focus on promoting reform of Burma’s key institutions to expand economic opportunity, resolve conflicts, and promote democracy.

The recommendations that follow are based on the history and current strategic environment in Burma and the region, and the history of U.S. engagement in similar situations with other countries in improving conditions such as those listed above. These recommendations begin with comparatively low-risk items and progress to potentially higher payoff, higher risk concepts.

Continue to encourage political and human rights reform. In the political sphere, the U.S. and international community should encourage and incentivize the Burmese government’s current path of increasing inclusiveness and participation of additional political parties, including the NLD. The U.S. and ASEAN should encourage Burma to implement key reforms for its 2015 elections: allow open, unharassed participation by political parties other than the USDP, and allow widespread international election
observation. The U.S. and the international community should also encourage the Burmese government to ratify and adhere to various international conventions on human rights.¹ While supporting these political reforms, the U.S. and international community should be aware of rising expectations and frustrations in the population, which would likely result in renewed fighting, spreading disorder, and the potential collapse of the central government.² The emphasis should be on positively reforming the existing government institutions to serve all peoples of Burma.

Continue to encourage press freedom and Burmese access to information. The U.S. should encourage expanded press freedom and cessation of censorship, and support expanded Burmese access to unfiltered internet content. At the same time, the Burmese government should be discouraged from using the population’s expanded electronic connectivity as an enabler for a repressive surveillance state. The U.S., the international community, and Burmese reformers should look for creative means of expanding access to information in Burma without commensurately increasing the state’s capacity for surveillance and repression.³ USAID coordinated a February 2013 initial visit to Burma by fifty U.S. information technology executives, including representatives from Hewlett-Packard, Cisco, Microsoft, Intel, and Google. Google Chairman and CEO Eric Schmidt

³ Simply assuming that Burmese will gain benefit as foreign businesses enter Burma and begin to use global telecommunications may be naïve. Google CEO Eric Schmidt’s recent visit to North Korea illustrates how a repressive state can allow foreign access to telecom without allowing its own people to benefit. See Emily Jane Fox, “Eric Schmidt’s daughter details North Korea visit,” CNN Money (online), January 20th 2013, http://money.cnn.com/2013/01/20/technology/schmidt-google-north-korea/index.html (accessed 24 February 2013); See also Tom Cheredar, Venturebeat.com, “Google Chairman Eric Schmidt’s North Korea visit pays off: Foreigners can now use mobile Internet, February 22nd 2013, http://venturebeat.com/2013/02/22/eric-schmidts-north-korea-visit-pays-off-foreigners-can-now-use-mobile-internet/ (accessed 24 February 2013).
will visit Burma in late March, 2013.\textsuperscript{4} The State Department and USAID should work closely with information technology vendors to mitigate the risk that the Burmese regime and tatmadaw would deploy such technologies as a suppressive infrastructure.

Enlist regional partners. The U.S. should enlist international partners in assisting Burma in achieving lasting peace, increased economic development, and democratic reforms. These international partnerships would take two forms. In the first type, China, Thailand, and India would agree to not to violate Burmese territory, nor provide assistance to armed insurgencies inside Burma. This agreement will help to alleviate the tatmadaw security dilemma. In the second type, a coordinated group of ASEAN nations would join Burma and the U.S. in defining economic and political development assistance in advance of Burma’s 2014 ASEAN chairmanship in exchange for further concrete political reform. This would be a new role for ASEAN, especially if it becomes involved in pressuring the Burmese government to change, as non-interference in member states’ affairs is a core ASEAN principle. However, ASEAN also seeks to become a key agent for Asian development. Assisting Burma presents an opportunity for ASEAN to demonstrate its influence.

Manage Chinese concerns. To alleviate Chinese security concerns with U.S. presence in yet another country on its border, U.S. presence in Burma should be carried out openly and with extensive communications with China describing U.S. peaceful, constructive intent in Burma and in the region. Where possible, the U.S. should attempt to enlist China constructively with Burma in solving security issues on the Sino-Burmese

border. The situation in Kachin State has presented an opportunity for just such an engagement.\textsuperscript{5}

Continue working to discourage Burma from developing WMD. In order to focus on reducing Burma’s possible penchant for a nuclear capability, the U.S. could lead a dialogue with Burma on nonproliferation via the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, whose principal members are the Group of Eight (G-8) nations.\textsuperscript{6} If handled correctly, inviting Burma into dialogue with the G-8 would bolster the government’s image, and tied with other activities should incentivize compliance with international nonproliferation norms.

Address the illicit economy in Burma and its adjoining border regions. The State Department and Justice Department should conduct a detailed review using outside experts to assess the structure and extent of the illicit trafficking economy in Burma. The U.S. and international community need a much greater understanding of the underground economy before an effective approach to dealing with it can be designed. Ties to, and even ownership of, Burmese banks by narco-tycoons are of particular concern. Understanding these ties will help the U.S. and the international community to define the steps required to fight corruption, improve Burmese financial transparency, and impede money laundering.\textsuperscript{7}


\textsuperscript{7} Doing this will help the U.S. avoid mistakes of prior interventions, where the illicit economy was ignored, and the resultant political settlements left a pervasive international trafficking network in place. In the Balkans these actors played, and continue to play key roles which were not well understood at the outset, and so neither were the impacts/benefits they derived from our intervention. See Peter Andreas, “The Clandestine Political Economy of War and Peace in Bosnia,” \textit{International Studies Quarterly}, Vol.
Press for focused, specific economic reforms. Burma’s economy needs assistance if the country is to become a productive member of ASEAN commensurate with its human and resource potentials. Economic dysfunction is a major barrier to prosperity, and a contributing factor to the other sources of instability. Engagements would be intended to improve economic transparency, avoid the resource curse, and prevent further criminalization in the region as a result of Burma’s development. Specific engagements should be the pursuit of changes to Burmese monetary policy, and on understanding the extent of interaction between the illicit trafficking and the legal economy in Burma and the region.

The Burmese government must be convinced to employ a coherent monetary policy, probably including a realistic currency exchange rate, with the elimination of Foreign Exchange Credits and the legalization of possession of foreign currency by Burmese citizens. Sustainably implemented resource extraction methods can also help Burma to avoid the environmental degradations that contribute to population insecurity. Such changes would greatly improve Burma’s economic transparency and would eliminate one of the factors that make Burma vulnerable to the resource curse.

The U.S. and international community could offer specific economic development investments, partnerships, and status as reward for verifiable progress in monetary reform and fiscal transparency. The U.S., the International Monetary Fund, and the World Bank should help Burma develop a rational, transparent process for monetary reform, and be prepared to provide aid to help the Burmese people weather any significant economic perturbations that result in the short term.

The currency changes advocated here would need to be implemented deliberately, with advance agreement from the international community to help alleviate temporary ill effects of the transition. Therefore, a potential approach would be for the West and ASEAN to use the Treasury Department, World Bank, International Monetary Fund or other institutions under the auspices of ASEAN leadership to pressure Burma to reform its monetary system, and adopt international banking norms. The West and ASEAN would offer that international business can only invest heavily in Burma after the financial and currency systems are sound. Repairing the currency and banking systems will make money laundering more difficult, which is an essential element in counteracting illicit trafficking.

**Recommendation 3: Consider Expanding Security Engagement**

The risks of deeper U.S. engagement to resolve ongoing conflicts in Burma were discussed in the previous chapter. They are real. However, if the policy and strategy review confirms U.S. interest in more assured reform in Burma, then such security engagement is warranted. Expanded security engagement would be a higher risk, potentially higher reward addition to the U.S. approach. Precedents exist for successful outcomes in similar environments.

The U.S. would expand engagements focused on reducing security dilemmas of all sides and on beginning tatmadaw reform. Previous chapters have described the security situation inside Burma. Security dilemmas and unresolved grievance and mistrust pervade the relationships between the central government and the ethnic groups. In an expanded security engagement, the U.S. would, with Burmese government consent,
engage with the *tatmadaw* and the specific ethnic groups with which cease fire deals have not evolved yet into peace settlements. The engagement teams should seek to understand the strategic appraisals of all the key players, including the *tatmadaw*, in each specific conflict area. Population security engagement should not be limited to the Rohingya and Kachin areas. However, those two areas, which are currently experiencing the greatest violence, and Shan State, which is the other border region crucial to Sino-Burmese relations should take first priority. These are the conflicts that have been the most intractable and have impacted neighboring countries. Initial contact should be made with all key groups, as failure to engage groups may heighten their mistrust and incite renewed fighting.

The U.S. engagement and Burmese evolution to a stable, prosperous, democratic state will not succeed if violence reemerges at pre-ceasefire levels. Experience from other conflicts indicates that peace settlements will not be reached without conflict resolution, and such conflict resolution has required outside assistance in other conflicts. Security engagement should focus simultaneously on the physical safety and security of the populations in the ethnic minority areas, reducing the causes of violence, building trust, [8]

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and alleviating the tatmadaw’s own security concerns so as to remove incentives for over-arming, pursuing WMD capabilities, and maintaining relations with North Korea.

Include the tatmadaw in the dialog. Engaging with the tatmadaw is essential for lasting security. The tatmadaw is the institutional power center in Burma, its reform is mandatory for a transition to peace and political and economic openness to occur. The tatmadaw will benefit from economic growth. To be consistent with U.S. national values, efforts to promote growth should also seek to curb tatmadaw excesses. Historic precedents of successful U.S. engagements with security and military forces of repressive regimes do exist in Colombia and Indonesia. By engaging with the tatmadaw in human rights awareness, professional military education, humanitarian and disaster relief capabilities long before any collaboration on lethal capabilities, a level of trust can be established to accomplish several goals.

The tatmadaw’s economic positions and roles in Burmese governance will be threatened enough by reform, so the U.S. should minimize additional contributors to the tatmadaw security dilemma. If the tatmadaw resistance to outside help is diminished, the more open environment facilitates the rest of the potential engagements. By easing the tatmadaw security dilemma regarding the U.S., engagement discourages the tatmadaw from seeking weapons of mass destruction. By beginning a dialog on ethnic group peace settlements, nonproliferation, and reform of its human rights practices, the tatmadaw could in the future be a U.S. partner and the respected provider of security and stability for the Burmese population.

Conduct trust building in specific conflicts. A first step toward reaching peace agreements is to understand the desires, fears, and strategic calculations of the various
actors, and help to address those to alleviate security dilemmas that exist in newly post-conflict situations like those in Burma. The U.S. would pursue this understanding with the ethnic minority groups and the tatmadaw, which also faces a security dilemma in any reduction of its presence or posture.\(^9\) In order to build trust between the U.S. and international community, the Burmese government, the tatmadaw, and the ethnic groups, the U.S. should coordinate visible, non-lethal security programs in the ethnic areas. U.S. efforts, or U.S.-aided and coordinated efforts by the tatmadaw, other governments and non-governmental organizations could be targeted at tangible, near-term benefit to the population. For example, clearing of mines and unexploded ordnance, which are major problems in Burma, could be a tangible way to benefit people in the highlands.\(^10\) Such efforts have been successful in Cambodia, using partnerships between the central government, the military, and village leaders, supported by both professional explosive ordnance removal personnel and locally trained volunteers, in both unclaimed and privately owned land.\(^11\) Landmine survivor assistance would also fill a need and could provide a basis for trust building. The Burmese government has historically provided scant assistance to survivors.\(^12\)

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\(^9\) Posen, 33-38, 43.


The ultimate goal in these engagements would be for the Burmese authorities, including the tatmadaw, to earn back enough trust from the population in order for the state to provide their security. Such trust building was a key factor in the successful reduction of violence in Colombia under the Uribe government.\(^{13}\)

Other goals for this dialog would include convincing the tatmadaw to demobilize heavy weapons and capabilities in and around the ethnic areas. A degree of demobilization, such as the withdrawal of armored vehicles, would serve as a confidence building measure to promote ethnic group participation in peace settlements. Such initial engagement, especially if U.S. or international community personnel were allowed to observe, could also assist with understanding both the tatmadaw and ethnic group orders of battle. This information can help to predict where conflicts may be likely to flare in the future. Trust-building inherent in these engagements would improve conditions for a counter-proliferation dialog in which Burmese setting aside of any remaining, hidden weapons of mass destruction program is incentivized with the offer of an expanded security assistance relationship with the U.S. in the future. Building upon the trust established by these initial engagements, the U.S. in partnership with ASEAN should assist in mediating final peace agreements that establish verifiable paths to resolution of longstanding grievances. These peace agreement efforts should avoid permanently ratifying existing ceasefire terms if those terms do not resolve grievances that led to

\(^{13}\) "Security is not regarded primarily as the security of the citizens without assistance of the state. Rather, it is the protection of the citizen and democracy by the state with the solidarity and cooperation of the whole of society.” Attributed to President Alvaro Uribe in: U.S. Army John F. Kennedy Special Warfare Center and School, “ARSOF in Colombia: 50 Years of Persistent Engagement”, by Janice Burton, Special Warfare, October-December 2012 edition, http://www.soc.mil/swcs/swmag/archive/SW2504/SW2504ARSOFINColombia.html (accessed December 2012).
violence in the first place. This can take time and will not be successful until all sides of each conflict currently in a ceasefire (stalemate) status can see an enticing alternative to the stalemate situation. The economic assistance currently underway and recommended here would help to open such alternative opportunities.

Security assistance and military education and training with the tatmadaw. Engagement with the tatmadaw would also seek to cause the tatmadaw to reform its practices regarding human rights to comport with international standards. Similar U.S. efforts with other militaries in the past have taken years to be successful, and the initial engagements must be with non-lethal assistance and professionalism building which helps both parties form relationships and begins to expose high potential leaders in the assisted military to Western military thought. In order for the tatmadaw to regain some trust from the ethnic minority and opposition population, the tatmadaw view of security will need to shift to a view wherein security of the state is equivalent to the security of the people, including the ethnic minorities. The U.S. has some demonstrated success in using security assistance programs to help foreign militaries with checkered human rights records reform.

The U.S. could engage the tatmadaw in a long-term, phased approach as outlined by Michael Noblet regarding the Indonesian special forces, or Kopassus, which presented a similar though less extreme dilemma. The approach would begin with humanitarian and disaster assistance training, and only in late phases after real reform would assistance

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14 Posen describes features of conflict that make reignition of violence more likely, and Burma exhibits many of those features. It will be critical to reach conflict resolution rather than only ceasefire terms in the conflicts between the regime and the ethnic groups. See Posen, “Security Dilemma.”
proceed toward improving the tatmadaw’s lethal capabilities. A potential first step in building a relationship would be for the U.S. to invite Burma to join in U.S. sponsored military educational exchanges like the Asia-Pacific Center for Security Studies.

Develop an information campaign to support peace building and the security engagements. An information program would also be required to promote security and hamper the reemergence of violence in peaceful areas. The campaign messages would encourage disarmament, discourage recruitment, curb worst-case narratives between groups, and discourage any ethnic homogenization efforts by groups. Discouraging recruitment could be done by emphasizing other opportunities and the risks of fighting for the rebel groups. Other messages would target the mistrust between groups and the government, aiming to mitigate tendencies by groups to form the worst case narratives about each other, which groups often do in newly independent, post-conflict environments, magnifying the security dilemma. Groups would also be discouraged from doing any kind of ethnic homogenizing of areas, whether coercive or non-coercive, which is another behavior seen in multiethnic post-conflict societies. Finally, messages would encourage groups to lay down arms to the greatest acceptable extent, because even small, lightly armed forces can be significant source of terror against civilians. This in turn creates more displaced persons and keeps others from attempting to return to their

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homes. Communications organizations could monitor key Burmese government media such as the New Light of Myanmar, and opposition media such as The Irrawaddy, S.H.A.N., and Mizzima.com to look for trends in the narratives being used by all sides to inform the U.S. sense of the messages from all sides.

These recommendations would are mutually supporting. Addressing economic issues opens Burma to more outside investment and creates opportunities for all parties, which contributes to an environment where conflict mediation can achieve settlements. Curbing tatmadaw abuses while also addressing the tatmadaw’s security dilemma creates conditions providing all sides safety in demobilizing. Demobilization gives aid workers of all types greater access to the conflict zones, helping to alleviate suffering which maintains cycle of dysfunction. The improved security environment then allows for investment and economic development to occur which will benefit all sides. Understanding the illicit economy while deemphasizing raids and seizures allows illicit economy power brokers to participate, if necessary, negotiated peace settlements, while the legal economy stands up and the institutions revitalize to deal with the illicit economy later.


Deeper U.S. involvement in helping Burma resolve its complicated security problems holds risk. Both the tatmadaw and several of the ethnic insurgent groups have been accused of human rights abuses and have ties to narcotics and human trafficking. Identifying officers who are potential leaders in a reformed tatmadaw and among ethnic group militias will take time and require face to face interaction, which will be risky at least initially. Until Burma’s security problems are resolved, they form a basis of rationale for the Burmese government to maintain its oppressive human rights practices, and provide cover for corruption. These features of the current situation in Burma are major barriers to the country’s development. If the U.S. vision for its relationship with Burma goes beyond that of a troubled trading partner, then the U.S. should consider opening a dialog with Burma on broader engagements.
CONCLUSION

A Fulcrum of Influence

Burma’s cautious opening to engagement with the United States and its initial steps toward restoring representative government represents an opportunity for the U.S. to complete a chain of strategic relationships, both economically and geographically. Establishing a relationship with Burma ties the Asia Pacific Economic Cooperation forum and Trans-Pacific Partnership economies of the eastern and central Pacific to all of the ASEAN economies and establishes a U.S. presence at the intersection of the Chinese and Indian economies. National, international, and transnational actors all recognize potential benefits from their own interactions with Burma, and are maneuvering for position in the changing environment.

The U.S. is already tied to Burma through its economic policies and de facto military strategy in Asia. The U.S has an incentive, therefore, to engage and influence Burma’s development to steer the outcomes toward regional stability, economic prosperity, respect for human rights and universal values, and curtailed illicit trade. Such outcomes would benefit the U.S. and the region. With such an outcome Burma would be a U.S. trade and possible security partner under the U.S. rebalance to Asia. If Burma fails to develop along these lines, renewed regional instability, renewed militarism and repression by the regime, and illicit trafficking would continue to influence regional security and prosperity, and weaken U.S. influence.

Burma’s history of colonialism, brief democracy, decades of totalitarian rule, ethnic strife at its borders, and its role as a center of international illicit trafficking make its future uncertain as an economically strong, democratic partner for the U.S. However,
its leaders’ recent moves toward reconciliation and receptiveness to U.S. outreach look promising. U.S. engagement has, so far, consisted of small changes to existing economic sanctions, coupled with high level dialog offering additional sanctions relief in exchange for Burma’s continued progress toward addressing its closed political system, ethnic conflicts, and illicit trafficking. This degree of engagement has the advantage of not rewarding the regime too early, and appears to avoid the U.S. becoming too closely tied to a repressive regime. However, this approach holds risks, particularly in terms of the rate of change to mitigate Burma’s ethnic conflict and illicit trade activities. The result would be damaged U.S. prestige and a continuing source of trouble in the region.

The choice, therefore, between continuing the current engagements or intensifying and expanding them depends on what the U.S. sees as its interests in the outcome of this engagement. If the U.S. wants Burma to be a more democratic, open, dependable partner in the region, then the engagement approach will need to address security, economy, institutions and illicit trafficking, which are all systemically linked. Elevated risk is inherent in increased engagement. The U.S. should be clear about its interests and objectives and its level of commitment in Burma and the region before expanding and intensifying its engagement to help Burma move decisively toward real political reform and economic development.

Unresolved conflict and economic dysfunction are at the heart of the systemic barriers to Burmese reform. Therefore, if U.S. interests in Asia require a reformed Burma in order to be fully realized, then focused, intensified engagement in the security and economic situation in Burma is warranted. Expanded engagement with Burma must focus first on the security of the population as a basis upon which to build the final peace
settlements that are necessary for unified economic growth and democratic governance. The current U.S. engagement will not be effective if violence reemerges in Burma at pre-ceasefire levels. Population security-focused engagement must include each of the relevant ethnic minority groups, and must also include the tatmadaw, as the major security institution in Burma. However, any type of security assistance engagement with the tatmadaw risks legitimizing its abuses and alienating the ethnic minority groups, complicating any U.S. role in mediating peace settlements. Engagement with the tatmadaw should, therefore, be conducted in careful phases.

Economic transparency, beginning with Burmese monetary policy, is also a high priority, for without such transparency Burma is at great risk of falling victim to the resource curse and never realizing its potential. However, outside interventions in Burma’s economy have contributed to suffering and can be expected to be viewed with suspicion by the Burmese. It is unclear whether the current U.S. policy aims of increasing transparency, reducing corruption, and expanding economic opportunity contain specific initiatives designed to help Burma avoid falling victim to the resource curse. Economic engagement should focus on helping Burma to reform its economy in ways that encourage entrepreneurship in sectors other than resource extraction.1

These issues require enhanced engagement in order to make progress in a time horizon of a few years. Such enhanced engagement has better chance of success, and

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there are examples of U.S. engagements with Colombia and Indonesia, two nations coming out of decades of violence and repression. They both appear now to be on paths to success. However, analogies are imperfect, and the outcomes in those nations to date have critics in the international community.

Any Burmese transformation into a stable, peaceful, democratic economic partner will take years beyond the current U.S. presidential administration. A whole-of-government approach is necessary, and will include not only the State Department, USAID, and Justice, but the Department of Defense, the Treasury Department, and the U.S. Trade Representative at a minimum. Congressional support should be sought early. The U.S. and Burmese reformers will need to balance the pressures to achieve visible successes in the near to medium term against the need to make the extensive, slow, structural reforms necessary for Burma’s long-term success. Achieving cosmetic successes by glossing over significant issues such as the illicit economy or unresolved ethnic grievance will come, but at the expense of long-term success. Pushing too many reforms, too quickly can squander credibility of the reform process. A balance must be struck that moves visibly enough to continue to incentivize the Burmese to make progress. As reforms begin to advance, there will be a window of vulnerability, during which the reforms begin to take hold and the current powers on all sides feel threatened. During this window, there is a chance for renewed violence or “preventive expropriation” of wealth and resources.²

While it is complex and risky, U.S. engagement with Burma is strategically important. The current engagement and the potential enhancements outlined in this paper

represent the type of engagement and the attendant risks that will be required more often as the United States seeks to maintain influence across the globe without the same physical presence it employed with other nations in the 20th century. Burma represents a strategic fulcrum for U.S. policy in Asia.
APPENDIX I: BURMA’S ETHNIC MINORITY RELATIONS WITH THE GOVERNMENT

The British began drawing the national borders of Burma or Myanmar when Britain incorporated Burma as an Indian state after first arriving in 1845. Those borders roughly correspond to the territories that the Burman kings had conquered over the preceding centuries. Those territories are home to many ethnic groups other than the majority Burmans. A list of ethnic groups in Burma, in addition to the Burmans, includes: the Rohingya; the Chin; the Naga; the Kachin; the Wa; the Shan; the PaO; the Kayah; the Karen; and the Mon.¹ These groups have engaged in varying degrees of rebellion from the central Burmese government, and have never been fully integrated into the Burmese state. During Colonial rule, the Burmese Army formed by the British was composed almost entirely of people from the minority groups, because the British did not trust the majority Burmans.² The Burman ethnic majority comprises about 69 percent of Burma’s population.³ The main distinguishing aspects of Burman culture are Theravada Buddhism, and identification with the majority group that traces back to Burma’s monarchic period. Historically, while the tribal regions had never been fully integrated into the Burmese state, many Burmese fluidly identified themselves in different contexts, and interaction and intermarriage was common. Colonial British censuses required

² Ibid, 29.
³ Steinberg cites the 1983 census. Other sources have suggested that the 1983 census figures are incorrect, but all authorities agree that the Burman are the majority. Ibid, xxiv.
individuals to state a single race or ethnicity, which sharpened identity divisions in the society.\(^4\)

It is important to understand that the different groups have different objectives and have benefitted or suffered in different ways during recent developments in Burma. In some cases, the groups that have armed insurgencies have more than one armed group with different objectives. The plurality of groups has in some ways assisted the regime in avoiding outside scrutiny of its actions with regard to any one group. The SPDC regime has, in the past, claimed that Burma is home to 135 different ethnic groups, based on ethnicities, languages, and dialects.\(^5\) The regime characterizes those resisting the central government and the *tatmadaw* as enemies, creating a narrative of a central regime beset by an ethnic rebellion. Western media tends to refer to the regime’s conflict with the ethnic minorities as such, often without differentiating between the groups. Forming lasting peace in Burma will require not only unified reform by the regime, but settlement of between six and more than a dozen separate group grievances and rebellions. The dictatorship’s tactics in dealing with the rebellions have been savage.

The SLORC began negotiating cease fire arrangements with most of these groups after 1988. Steinberg divides relations with the central government into three categories: near autonomy; fragile coexistence; and military occupation.\(^6\) The SPDC and the Thein Sein regime has attempted to solidify these arrangements. The regions along the Chinese border have been more peaceful, allowing a degree of economic development. The ethnic

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\(^5\) Steinberg, xxvi.
\(^6\) Steinberg, pp. 44, 111.
groups in those areas have been able to partially participate in that development.\(^7\)

However, the ceasefires have not been translated into lasting peace agreements with any of the ethnic groups, and development brings new issues into the play between the groups and the regime, such as land acquisition, water rights, and unequal economic benefits.

The following summarizes the major groups, their backgrounds, and the current state of conflict with the central government.

The Rohingya, who number about 800,000 in Burma, are Muslim and inhabit the area near the coast in western Rakhine State bordering Bangladesh. They are ethnically and culturally related to the Bangladeshis. The Government of Burma does not recognize the Rohingya’s citizenship, thus rendering them stateless. The Rohingya have rebelled from the central government, and have been backed by Bangladesh allegedly using funding from Middle Eastern sources. There are 15,000 Rohingya refugees currently in camps in Bangladesh, and over 200,000 other displaced Rohingya also live in Bangladesh. Other Rohingya also fled by boat to Malaysia in 2009.\(^8\) Violence between Buddhist Burmese in Rakhine State against the Rohingya is the news at this writing. The Muslim world has noted the violence and the fact that until recently commentary from the West was limited. Burma’s policies on the Rohingya have been called, “slow motion genocide.”\(^9\) After President Obama’s visit to Burma in November, 2012, Thein Sein


\(^8\) Steinberg, 22-23.

stated a nonspecific intent to consider options from citizenship to relocation for the Rohingya.\textsuperscript{10}

The Chin, or Zomi, are a tribal people, numbering only about 500,000, who live along Burma’s western border with Bangladesh and India, and whose historic homelands encompass what is now Chin State in Burma, as well as Mizoram and southern Manipur Provinces in India.\textsuperscript{11} According to Human Rights Watch, they are abused in both Burma and India. The Chin National Front and its Chin National Army (CNF/CNA) formed in 1988 and have engaged in firefights with the Burmese army since then, although recently the ceasefires seems to be holding and Thein Sein has included the Zomi in discussion of formal peace agreements.\textsuperscript{12}

The Naga are also tribal, formerly animist but today largely Christian, comprising a very small portion of Burma’s population, who reside along Burma’s northern border with India’s Nagaland Province. Burma’s 1947 constitution stated that the Naga are to have self-government in a designated Naga enclave.\textsuperscript{13} Nagan people have rebelled, been suppressed, and used as proxy fighters in and by Burma and India. Today, India and Burma have cease fires with the Nagan groups. Thein Sein signed the Burmese cease fire


\textsuperscript{13} Steinberg, third map and 44, 145, 160. The author found no mention of granting the Naga autonomy in the available articles on the current ceasefire.
in April, 2012, granting the Naga region some infrastructure development aid. In doing this, he eased a source of tension with India which had hindered cross border trade.\(^{14}\)

The Kachin comprise about 1.4 percent of Burma’s population, residing in Burma’s Kachin State adjacent to the tense Chinese Border with India’s Arunachal Pradesh.\(^{15}\) Steinberg calls Kachin State one of the areas where there is fragile coexistence.\(^{16}\) According to a 2012 Human Rights Watch report, the Kachin Independence Organization and its Kachin Independence Army (KIO/KIA) has rebelled against the Government of Burma since 1961, but has fragmented into different groups who are now also involved in narco-trafficking and human rights abuses.\(^{17}\) Ceasefires have been attempted since 1989 without complete success.\(^{18}\) Sporadic fighting is ongoing as of February, 2013. Today, the Kachin State National Congress for Democracy (KNCD) aligns with the United Nationalities Alliance (UNA), but other Kachin groups also claim legitimacy or question the current representatives’ legitimacy.\(^{19}\)


\(^{16}\) Steinberg, 111.


The Wa are a tribal people, classified as Austro-Asiatic in language and ethnicity, residing in the southeastern portion of Kachin state and the northwestern portion of Shan State. The Wa have historically been characterized historically by the Chinese and the West as “wild” and hostile to outsiders, including, according to Steinberg, “occasionally headhunting for fertility rites.” Ethnic Wa live in Shan State in an area they call Wa State. Wa activity in various insurgencies and illicit trade dates to at least the 1960s. The United Wa State Army (UWSA) formed as an insurgency, but today controls a large portion of the opium and methamphetamine trafficking trade in Burma. The methamphetamine flows into Thailand, where four percent of citizens are said to use it. UWSA frequently clashed with the Shan State Army South, which was supported as a proxy by the Government of Thailand, and allegedly armed by the U.S. via Thailand as recently as the mid-2000s. In these clashes, the Thai government saw the UWSA as a surrogate for the Burmese government. The Wa are nearly autonomous from the central government, and according to Steinberg, Burmese Army troops cannot enter Wa territory without Wa permission, “and sometimes without laying down their arms.”

The Shan people of Burma’s Shan State in the eastern central highlands between Mandalay and Thailand are ethnically and linguistically related to the Thai people. Some Shan groups have revolted against the central Burmese government and have been sheltered in Thailand, and the Thai have used the Shan as a buffer people and area against

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20 Steinberg, 49.
21 Ibid, map 3 and p. 49.
22 Ibid, 106; Steinberg claims Burmese opium was being displaced by a glut from Afghanistan, but Burmese opium is back on the rise, see Gwen Robinson, “Burmese opium production on the rise,” Financial Times (online), December 15th, 2011, 1:22pm, http://www.ft.com/intl/cms/s/0/8fc1e236-26f5-11e1-b9ec-001444fabcde0.html#axzz2DXbqreI0, (accessed 28 Nov 2012).
23 Steinberg, 22, 111.
Burma.\textsuperscript{24} The Shan have sought independence since 1947, and rebellions have been ongoing since then. The Shan State Army (SSA) is the primary armed organization. The regime has negotiated ceasefires with the Shan since 1989, including in 2011 and 2012, but they are either tenuous or failing.\textsuperscript{25} Opium for local use has been grown in this area since the monarchical period, but the Koumintang began the international trafficking from the area in the 1950s, which has blossomed since. The Burmese army’s response to the Koumintang presence and the PRC incursions led to a sustained role for the army in governing Shan State, and established precedent upon which they have predicated military rule of Burma since.\textsuperscript{26} Drug traffickers are an important presence in the area. Elements of the SSA, the UWSA, and the Burmese army interact to an unclear degree in both combating and profiting from narcotics trafficking. There is general agreement that the army is involved, and that Burma is the largest narcotics producer in the world. It is first in methamphetamine tablets, and second in heroin behind Afghanistan. Much of this trafficking emanates from Shan State, and the direct and indirect effects of this economy are pervasive.\textsuperscript{27}

\textsuperscript{24} Ibid, 21.

\textsuperscript{26} Steinberg, 45-47.

The PaO are a small group in eastern Burma. They are to have a self-administered region under the new constitution. They say the regime has not honored that provision. Recently, they have been allowed to profit directly from a jade mine in their territory. They have a resistance with political and armed wings. They joined the ceasefire and peace process out of respect for Aung San Suu Kyi, and have presented a ten point position paper.28

The Kayah reside largely in Kayah State, which is on Burma’s east central border with Thailand, adjacent to Chiang Mai. While Kayah State was designated independent under British Colonial rule, the new Burmese government ignored this after independence in 1947, at which time the new constitution stipulated that Shan and Kayah states could leave the union after ten years and a majority vote.29 Kayah people are also called “Karenni,” and are considered to be a subgroup of the Karen.30 For much of the past two decades, Kayah State has been under tatmadaw occupation, and the Karenni Progressive Party carried on an armed rebellion against the Burmese government until 2012, when the Karenni also signed a ceasefire with the regime. Kayah are still among the diaspora of refugees from Burma in camps in Thailand.31 The tatmadaw allegedly

29 Steinberg, 57, 111.
perpetrate similar abuses on Kayan people as on other minorities, including forced
conscription as porters, and forced eviction and relocation.\textsuperscript{32}

The Karen people comprised 6.2 percent of the Burmese population in 1983. They
live primarily in Kayin State, which is on the eastern border with Thailand, between
Kayah State to the north, Mon State on the coast to the west, and Taninthari Division to
the south. During the World War II era, under British rule, the Karen accounted for over
27 percent of the Colonial army’s troops. Burman antagonism toward the Karen is partly
rooted in their perception that the Karen helped the British pacify the Burmans during the
Colonial period.\textsuperscript{33} The Karen rebelled from the Burmese government in 1949, two years
after independence, and nearly reached Rangoon.\textsuperscript{34} By 2010, according to Steinberg,
Karen Buddhists had one of the “coexistence” relationships with the Burmese
government, although the Karen rebellion was still ongoing after 63 years.\textsuperscript{35} U.S. State
Department sources reported Burmese Army tactics in Karen State of “torture,
abductions, and forced labor of civilians; the use of civilians as human shields and mine
sweepers; and rape.”\textsuperscript{36} There are multiple armed Karen groups, but today all are
complying with a still uneasy ceasefire while negotiating codes of ceasefire conduct with
the \textit{tatmadaw}.\textsuperscript{37} Skeptics had viewed the Thein Sein regime effort to craft ceasefires with

\textsuperscript{33} Steinberg, 29.
\textsuperscript{34} Ibid, 73-74.
\textsuperscript{35} Voice of America, “Despite Burmese Reforms, Conflict Continues in Karen State,” by Matt
Saunders, Voice of America (online) 29 March 2012, \url{http://www.voanews.com/content/ despite-burmese-
reforms-conflict-continues-in-karen-state-145124905/179879.html} (accessed 3 Oct 2012); Steinberg, 12,
63, 111.
\textsuperscript{37} Radio Free Asia, “Burma, Karen Rebels Cement Ceasefire,” Radio Free Asia (online), 2012-04-
06, \url{http://www.rfa.org/english/news/burma/karen-04062012181704.html} (accessed 28 Nov 2012); Mizzima,“Burmese government, KNU agree to cease-fire code of conduct,” Mizzima (blog), Wednesday
05 September 2012 14:05, \url{http://mizzimaenglish.blogspot.com/2012/09/burmese-government-knu-agree-
to-cease.html} (accessed 28 Nov 2012); Democratic Voice of Burma, “Karen rebels, govt agree ceasefire,”
the other groups as a tactic to allow the *tatmadaw* to focus on crushing the Karen, which they have long viewed as the most threatening of the insurgencies.

The Mon are Buddhists who live in Mon State along Burma’s southeastern coast. The majority Burmans consider the Mon to be cultured, which is in contrast to the majority’s view of most other minorities. Still, the central government has abused the Mon, and tens of thousands have been displaced into refugee camps along the border with Thailand. The Mon armed resistance group is called the New Mon State Party, which has existed since 1960 and carried on an armed rebellion until agreeing to a ceasefire at the beginning of 2012.\(^{38}\) Like the other ceasefires, this one could also be tenuous, and hinges in part on the regime meeting certain demands and maintaining peace with other groups; though as of early November 2012 it was still holding as negotiations continued.\(^{39}\)

This information has been placed in an appendix so as not to break the flow of the main paper. Even within the groups described above, there are additional complexities and smaller splinter groups. This section is intended as an overview. Readers are encouraged to consult contemporary updates on these groups and the specific conflicts in any follow-on research.

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APPENDIX II: U.S. SANCTIONS ON BURMA

The U.S. is using economic sanctions on Burma as the primary tool to pressure the Government of Burma to reform. Most of these sanctions are still in place. Congress enacted the first of the current set of Burma-specific sanctions beginning in 1990. Burma is also covered by laws that apply to specific issues. The sanctions are based on five different U.S. federal laws, and four different presidential executive orders, some of which date back to the Reagan and George H.W. Bush administrations. Wholesale change to these sanctions could be a complicated legislative undertaking. The U.S. sanctions regimes still in force on Burma are composed of two types of sanction.¹ Burma-specific sanctions are laws and executive orders that: restrict financial services, specific and general imports from Burma; ban investment in Burma; and ban visas and freeze assets for certain Burmese individuals and entities. Sanctions based on functional issues punish Burma under other applicable U.S. laws regarding child soldiers, drug trafficking, human trafficking, money laundering and organized crime, religious freedom, workers rights, and all arms exports and defense articles.²

Congressional Research Service reports by Michael F. Martin in 2012 neatly summarize the sanctions. The following is a further condensation of their content. Section 138 of the Customs and Trade Act of 1990 requires the President to impose economic sanctions he deems appropriate upon Burma unless he certifies that certain conditions

have been met regarding human trafficking and counter-narcotics. Section 307 of the Foreign Assistance Act of 1961, amended by the Foreign Relations Authorization Act for 1994 and 1995 in Public Law 103-236 withholds U.S. contributions to selected international organizations with programs in Burma. Section 570 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1997 imposes sanctions on Burma, again, unless the President certifies that certain human rights and democracy standards have been met. The Burmese Freedom and Democracy Act (BFDA) of 2003 requires the President to ban the import of products from Burma; to freeze assets of Burmese officials; block U.S. support for loans from international financial institutions; and ban visas for Burmese officials. Finally, the Tom Lantos Block Burmese Junta’s Anti-Democracy Efforts (JADE) Act of 2008 bans direct and indirect import of products containing Burmese jadeite and rubies; expands the list of Burmese officials subjected to visa bans and financial sanctions; and allows for the placement of restrictions on the use of correspondent accounts to provide services to Burmese officials.\(^3\) The Executive Orders (E.O.) impose the sanctions required by these laws, based on the authority to do so in two other federal laws; the International Emergency Economic Powers Act (IEEPA) of 1997; and the National Emergencies Act (NEA). The IEEPA authorizes the President to impose international trade or financial sanctions to deal with threats to U.S. security, policy or the economy. The NEA authorizes the President to declare a national emergency.\(^4\) E.O. 13047 of 1997, signed by President Bill Clinton, banned all new investment in Burma. E.O. 13310 of 2003, signed by President George W. Bush, changed the sanctions regime to comply with the BFDA. President

\(^3\) Ibid, pp. 1-3, 22-25.
\(^4\) Ibid.
Bush updated the list of Burmese officials and entities with E.O. 14448 in 2007, and E.O. 13464 in 2008. President Obama modified the sanctions to permit some limited business activity and ease travel restrictions on select members of the Burmese leadership in an Executive Order issued on 11 July 2012 which modified EO13047 and EO13448.5

The functionally specified sanctions, which apply but are not specific to Burma are also described in the CRS report. Again, they are further condensed here. President Reagan imposed an arms embargo on Burma in 1988, and in 1993 the State Department banned export of defense articles and services to Burma, all in accordance with the Arms Export Control Act of 1976. President George H.W. Bush suspended preferential trade treatment for Burma in 1989, because he judged Burma to be a country that was neglecting provision of worker rights under the terms of the Trade Reform Act of 1974. The USA PATRIOT Act prohibits U.S. financial institutions from serving Burma with “payable-through” or “correspondent” accounts, because it designated that country’s main financial institutions and its entire jurisdiction as a “primary money-laundering jurisdiction of concern,” although this is a position which the U.S. has softened in State Department documents recently. Because the U.S. designates Burma as a country that suborns recruitment and use of child soldiers, Burma is ineligible to receive International Military Education and Training (IMET) aid, Foreign Military Financing (FMF) and “section 1206” assistance.6 Burma is also not allowed to receive excess or direct sales of

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military equipment. The President designates Burma as a major drug transit country, and as a country which does not meet minimum standards for eliminating or trying to eliminate trafficking in persons. These designations mean that Burma is prohibited from receiving certain types of foreign assistance, including non-humanitarian and non-trade related foreign assistance, although President Obama partially modified these prohibitions to allow assistance controlling infectious diseases, and changed part of the financial restriction because it was redundant under another U.S. law. Most recently in 2009, the President designated Burma as “a country of particular concern for religious freedom,” under the International Religious Freedom Act. This is an additional reason that the U.S. continues the arms embargo.  


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