

## **EU-MYANMAR RELATIONS: BUILDING A LASTING PARTNERSHIP FOR DEMOCRATIC TRANSITION**

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### **Abstract**

The democratic transition in Myanmar took a turning point in EU-Myanmar relations in 2011. By recognizing Myanmar's remarkable transition, the EU rapidly re-engaged with Myanmar and provided significant support to encourage reforms. In April 2013, the EU lifted all sanctions on Myanmar with the exception of an arms embargo. In September 2013, the EU also had a full-fledged Delegation in Yangon demonstrating the expansion and importance of bilateral relations. Then, the EU-Myanmar Task Force was launched as part of a lasting partnership between the EU and Myanmar. It is also meant to provide comprehensive support to the transition in Myanmar by bringing together all tools and mechanisms available to the EU. So, the EU has taken a leading role in responding to the political changes in Myanmar through a comprehensive approach. Furthermore, within the first 100 days of the new democratic government, the early adoption of *the Joint Communication* sent a strong signal of the EU's continued firm commitment to Myanmar. This is why the EU continues its prominent role in supporting Myanmar's democratic transition. In development cooperation, Myanmar is also benefitting from the second largest bilateral development cooperation envelop in Asia after Afghanistan with an indicative allocation of €688 million under the Multi-annual Indicative Programme 2014-2020. So, the EU also plays a prominent role in supporting Myanmar's development.

**Keywords:** EU-Myanmar relations, democratic transition, lasting partnership, development

### **Aims and Objectives**

This paper tries to examine the improvement in EU-Myanmar relations since 2011 and to explain why the EU plays an important and ongoing role in supporting Myanmar's development and transition to democracy.

### **Introduction**

Diplomatic relations between Myanmar and European countries were established in early 1948, after independence of Myanmar. However, three

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decades later, among the 1988 events, the relations became increasingly strained with the consolidation of military rule in Myanmar. After the State Law and Order Restoration Council (SLORC) failed to hand over power to the National League for Democracy (NLD), which won 80 percent of seats in the May 1990 national elections, the European Union (EU) adopted its first round of sanctions against Myanmar consisting of an arms embargo and the suspension of defense cooperation. Moreover, the EU Common Position on Myanmar 1996/635/CFSP was adopted on 28 October 1996. According to it, the EU reaffirmed the punitive measures already taken as well as introduced entry visa bans on senior government and military officials and their families (96/635/CFSP, 08/11/1996, P.1-2). An additional measure was the suspension of high-level bilateral governmental visits.

For the next fifteen years, the EU renewed, modified, and extended the scope of restrictive actions against Myanmar, including asset freezes and investment bans. While the European Union (formerly the EC) and its member countries criticized the authoritarian rule of the SLORC, which after 1997 changed its name to the State Peace and Development Council (SPDC), the latter blamed the West for interfering in its internal affairs and supporting anti-government exile groups (Naing Naing Aye, 2013, P.1). As a result, the relations between the EU and Myanmar reached the lowest point with the country of Myanmar suffering as a result.

However, domestic developments in Myanmar opened a turn with the ratifying by a new constitution in 2008 as a part of Myanmar's Seven-Step Roadmap to Democracy. The new constitution downsized the role of the military, although still reserving 25 percent of seats in Hluttaw for the Tatmadaw. In the same year, Cyclone Nargis struck Myanmar causing widespread devastation. After that, the EU and its member countries became the biggest donor of humanitarian aid and development assistance to Myanmar. Indeed, until May 2012, the EU aid portfolio for Myanmar amounted to €97 million with 44 percent allocated to livelihoods and food security, 45 percent to health and education, and the remaining 11 percent to civil society programs, human rights, good governance, and so on (*Office of the European Union in Myanmar*).

## Turning Point in EU-Myanmar Relations

Democratic transition in Myanmar took a further turning point in EU-Myanmar relations on 30 March 2011 when the new civilian government was formed by departing from five decades of authoritarian rule. During formally swearing into office, President U Thein Sein outlined the three phases of reform: political reform and national reconciliation; economic and social reform; and administrative reform for good governance. The government stated that the reform process will be inclusive and participatory, bringing all interested parties together, including civil society and the private sector (*The Global New Light of Myanmar*, 31 March 2011). Moreover, Nobel Peace Prize laureate and opposition party NLD leader Daw Aung San Suu Kyi was also released from house arrest in November 2010 (*The Global New Light of Myanmar*, 14 Nov 2010). And she also became a Member of Hluttaw in 2012 (*The Global New Light of Myanmar*, 3 April 2012). Therefore, the return of NLD to the formal political process was further milestone in the peaceful transition to democracy and injected a positive dynamism into political life.

The EU welcomed the release of a substantial number of political prisoners, the major progress made on improved freedom of expression, assembly and association and the unprecedented peace initiative towards ethnic armed groups in a bid to advance national reconciliation in the country's multi-ethnic society. President U Thein Sein was committed to releasing all prisoners of conscience by the end of 2013 (*The EU and Myanmar-A new chapter*, 2013, P.2). Myanmar government had also committed itself to introducing genuine democracy and some significant steps were undertaken towards establishing a more open and equitable society. And, a unique, nationally-led peace process between the government and ethnic armed groups started with the aim to end more than five decades of conflict and raised hopes of lasting peace (*European Commission-Fact Sheet*, 2016, P.1). President U Thein Sein, a former Union Solidarity and Development Party (USDP) leader, appears to be the architect of democratic transition. By recognizing Myanmar's remarkable transition, the EU rapidly re-engaged with Myanmar and provided significant support to encourage reforms.

The official visit of the High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the Commission Catherine

Ashton in April 2012 marked a new beginning in EU-Myanmar relations. During this visit, the High Representative opened an EU Office in Yangon (*European Commission - Fact Sheet*, 2016, P.1) (Marchi, Ludovica, *Obstinate and unmovable?*, 2014, P.2). Thus, it makes possible more regular contacts and the establishment of fruitful, constructive bilateral dialogue with key stakeholders. Then, in September 2013, the EU also had a full-fledged Delegation in Yangon demonstrating the improvement and importance of bilateral relations.

The subsequent visits of President U Thein Sein, Speaker of the Pyithu Hluttaw, U Shwe Mann, and NLD leader Daw Aung San Suu Kyi to EU countries further helped foster better relations with the EU. On 14 May 2012, the EU adopted Council Regulation (EU) No. 409/2012 suspending restrictive measures against Myanmar until 20 April 2013 (*Council Regulation (EU) No 409/2012*, 14 May 2012). Finally, on 22 April 2013, the EU lifted all sanctions on Myanmar with the exception of an arms embargo (*EU-Myanmar: Charting a course for the future*, 2013, P.4)). In a statement issued on the same day, Catherine Ashton said: “Today, we closed a very long chapter in our relations with Myanmar/Burma by lifting political and economic sanctions. Only the arms embargo remains in place” (*European Union External Action*, 2013, P.1).

While the EU stated its willingness to open a new chapter in its relations with Myanmar, it also recognized that the period leading to the general elections in 2015 is critical for the country’s overall transition. At the same time, the Council of the EU emphasized the importance of coordination and coherence in the EU’s response to Myanmar government (Naing Naing Aye, 2013, P.2). Moreover, the Council continued to express concerns over the need for the government to release remaining political prisoners, to deal with inter-communal violence, to deal with humanitarian risks for all displaced people in Rakhine state, and to allow unhindered and full access for humanitarian and development aid workers to areas affected by conflict and sectarian violence (*Council of the European Union, 3236th Council meeting Press Release*, April 22-23, 2013).

## **Building a Lasting EU-Myanmar Partnership**

Despite ongoing concerns, President U Thein Sein visited to five European countries in February-March 2013. President' visit ensured the issuing of a *Joint statement* on 5 March in Brussels by the presidents of the European Council, European Commission, and the Republic of the Union of Myanmar on “*Building a Lasting EU-Myanmar Partnership*” (EUCO 58/13, 5 March 2013, P.1-2). This was followed up in June by the first EU-Myanmar Forum in Nay Pyi Taw, co-chaired by the then Myanmar Deputy Foreign Minister U Thant Kyaw and Chief Operating Officer of the European External Action Service David O’Sullivan, to discuss priorities and focusing on implementation of the joint statement. The setting up of two working groups was also announced on trade and investment, and on cooperation (*Joint Press Release*, 17-18 June 2013). Thus, the Joint statement refers to the opening of a new chapter in EU-Myanmar relations based on a lasting partnership and closer engagement with Myanmar.

These developments offer an opportunity to review the EU’s efforts to induce Myanmar government to work towards political transformation. The Comprehensive Framework defining the EU’s policy and support in the next three years to the ongoing reforms in Myanmar was adopted by the Foreign Affairs Council on 22 July 2013. Peace, democracy, development and trade and Myanmar’s engagement with the international community had been identified as main areas for engagement. The Council of the EU has also indicated that, having imposed sanctions calling for a change, it now feels a responsibility to help, and assist the government in rebuilding its place in the international community (*Council conclusions on the Comprehensive Framework*, 22 July 2013). So, the primary goal of the EU is to help a legitimate, civilian government to pursue the social and economic development of the country, respecting human rights and rebuilding relations with the international community.

To turn commitments into reality, Catherine Ashton also visited Myanmar on 13-15 November 2013. During this period, the EU-Myanmar Task Force was launched as part of a lasting partnership between the EU and Myanmar, signaling a joint commitment to Myanmar’s political and economic transition (EU-Myanmar Task Force: *Joint Press statement*, 2013). It is also

meant to provide comprehensive support to the transition in Myanmar by bringing together all tools and mechanisms available to the EU, both political and economic (*The EU and Myanmar-A new chapter*, 2013, P.5). By doing so, the EU has taken a leading role in responding to the political changes in Myanmar through a comprehensive approach.

The holding of credible and competitive elections in November 2015 and a smooth transition of political power to the new democratic government marked an important milestone in Myanmar's transition process. On 8 November 2015, the people of Myanmar overwhelmingly voted to leave military rule behind, providing the opposition National League for Democracy (NLD) with an absolute majority in Hluttaws (*The Global New Light of Myanmar*, 16 Nov 2015). Daw Aung San Suu Kyi's ally, U Htin Kyaw was elected on 15 March 2016 as Myanmar's first civilian President in more than five decades (*The Global New Light of Myanmar*, 16 March 2016). Also, Daw Aung San Suu Kyi assumes a key role in the new administration as State Counsellor, Minister of Foreign Affairs, and Minister of the President's Office (*The Global New Light of Myanmar*, 31 March 2016). She also leads the peace process and chairs the Central Committee for the Implementation of Peace, Stability and Development in Rakhine State.

Following credible and competitive elections in November 2015, the EU had a strategic interest in strengthening its relationship with Myanmar and welcomed the peaceful transfer of power. The Council of the EU concluded: "the new government has an historic opportunity to consolidate democracy and to achieve peace, national reconciliation and prosperity. In addition to benefiting Myanmar/Burma and its people, this could further strengthen ASEAN and enhance stability in the Asia-Pacific. Moreover, it has the potential to serve as a positive example to the region" (*Council conclusion*, 356/16, 20/06/2016). The EU also deployed the largest international Election Observation Mission with some 100 Observers to the 2015 general election, on the invitation of the Union Election Commission (*European Commission - Fact Sheet*, 2016, P.1). An Election Expert Mission followed the 2017 by-elections on the ground, confirming the importance the EU attaches to electoral reform in Myanmar (*EU-MYANMAR RELATIONS*, 2017, P.1). As

such, the EU reiterated its commitment to support this remarkable transition through the full use of all instruments at its disposal.

While these changes were positive, the EU also recognized that the new administration, with limited governing experience, faces numerous complex challenges. These challenges include consolidating democracy, promoting ethnic peace and reconciliation, advancing constitutional reforms, institution building and security sector reform, and promoting the rule of law and human rights. Moreover, the EU also expressed concerns over the need for the NLD government to address the people's immense expectations to deliver higher incomes and quality basic services through economic growth and inclusive sustainable development (*European Commission-Fact Sheet*, 2016, P.1). Therefore, the EU intensified cooperation with Myanmar to overcome the formidable challenges it faces.

The arrival in office of Myanmar's democratic government on 1 April 2016 provided the opportunity for the EU to take a fresh look at its engagement with Myanmar and align with the new priorities. On 1 June 2016, the High Representative for Foreign Affairs and Security Policy and the European Commission adopted a *Joint Communication*, entitled "*Elements for an EU strategy vis-à-vis Myanmar/Burma: A Special Partnership for Democracy, Peace and Prosperity*" in Brussels. In a press release on 1 June 2016, High Representative for Foreign Affairs and Security Policy Federica Mogherini said: "Myanmar is at a turning point. The newly elected government has expressed its willingness to bring peace and development to its people, through a democratic path. As the European Union, we have constantly accompanied this path, and we are committed to cooperate even more with Myanmar to support the reform efforts of the government" (IP/16/2008, 1 June 2016, P.1). So, within the first 100 days of the new administration, the early adoption of *the Joint Communication* sends a strong signal of the EU's continued firm commitment to Myanmar.

*The Joint Communication* sets out a vision and concrete commitments in terms of the EU's political, security and development support to and economic engagement in Myanmar for the years ahead. According to the Joint Communication, areas of EU's engagement in Myanmar include: 1) democracy, rule of law and good governance; 2) the peace process; 3) human

rights; 4) poverty reduction and sustainable development; 5) economic engagement; and 6) working together with Myanmar in ASEAN and the region (*MEMO/16/2009*, 1 June 2016, P.1-2). It also looks at how best to work with all stakeholders towards consolidating democracy, creating lasting peace, bringing equitable development and social justice in alignment with the priorities of the government and the aspirations of the people of Myanmar (*IP/16/2008*, 1 June 2016, P.1). EU Foreign Ministers endorsed this strategy in *Council conclusions* on 22 June 2016. So, this is why the EU continues its prominent role in supporting Myanmar's democratic transition through a state-building approach.

### **The EU as a partner of Myanmar in its transition**

The EU is a partner of Myanmar in its transition, having rapidly responded to political changes in Myanmar from the outset. As Myanmar advanced in its remarkable reform path and opened up to the world, the EU has been at the forefront of the international community's re-engagement and has lent its strong support for Myanmar's democratization, national reconciliation and economic transformation. The EU also has a wealth of experience to offer in democratic transition from authoritarian systems, building effective institutions and peace through reconciliation between diverse ethnic groups and transforming the economy (*EU-Myanmar relations*, 28/04/2017, P.1). Furthermore, The EU also believed that Myanmar's successful democratization and socio-economic development will further strengthen ASEAN, the EU's natural partner in South East Asia.

Moreover, Myanmar is strategically located between India and China. It has abundant natural resources (land, water, forests, fossil fuels, minerals and gems) and a young labour force (55% of the population is under the age of 30). With a population of 51.5 million, it constitutes a market of significant potential for EU exporters and investors. It is a member of ASEAN, home to over 600 million people, and is estimated to benefit from the ambitious regional economic integration process. Moreover, Myanmar is the fastest growing tourism market in the region. In 2015-2016 fiscal year, the economy grew by 6.8% (*Myanma Alinn Daily*, 2018, P.3). According to the Asian Development Outlook 2018, real GDP growth is forecast to average over 7% annually in coming years, underpinned by large projects funded by foreign



investors (*Myanma Alinn Daily*, 2018, P.3). Myanmar is also a priority country for the EU's involvement in Asia.

### **The EU's Political Support**

In 2013 the EU and Myanmar agreed to open a new chapter in their relations and laid the foundations of a strong partnership. Moreover, EU-Myanmar relations have dynamically expanded as demonstrated by the establishment of a regular Human Rights Dialogue. The EU used its dialogue with the government, bilaterally as well as in multilateral frameworks and EU-ASEAN meetings, to raise concerns and to encourage the government to continue the process of positive change (*The EU and Myanmar– A new chapter*, 2013, P.4). A high level political dialogue was launched in 2013 and the two partners also engaged in a regular Human Rights Dialogue which is co-chaired by the EU Special Representative for Human Rights in 2014. Its latest session was held on 5 March 2018 (*EU-MYANMAR RELATIONS*, 2018, P.2). This engagement underscored the particular attention the EU places on democratic transition and human rights in Myanmar.

The EU also quickly responded to the immediate needs of Myanmar's transition. As a result, the EU provided swift and targeted support for the peace process, institution building and electoral reform and helped initiate steps to reform the Myanmar Police Force (*EU-MYANMAR RELATIONS*, 2017, P.2). The EU supported the process of bringing peace and stability to ethnic regions and of opening a long-term perspective to their development. During his visit in November 2012, the President of the European Commission Jose Manuel Barroso announced the EU's substantial support to the Myanmar Peace Centre (*The EU and Myanmar– A new chapter*, 2013, P.4). In this respect, the EU allocated initial funds to the Myanmar Peace Centre in Yangon €7 million in 2012 (*The EU and Myanmar– A new chapter*, 2013, P.6). In addition, the EU further contributed €30 million in 2013 to the ethnic peace process.

The EU has also committed to contribute to a sustainable peace accord in Myanmar under the Instrument for Stability. Since 2012, the EU has been supporting Government, international organizations and non-state actors with a total of €16 million. In addition, the EU provided support to ethnic and civil actors in order to facilitate further ceasefire agreements, comprehensive

political settlements and support peace building, including a civilian ceasefire monitoring mechanism and a separate programme to enable pilot demining operations in the ethnic areas (*The EU and Myanmar– A new chapter*, 2013, P.6). These initiatives made the EU the largest grant donor to peace related projects in Myanmar. In October 2015, the EU also signed *the Nationwide Ceasefire Agreement* as an international witness, reflecting its key role in supporting the peace process.

Furthermore, the EU funded specific projects through its Instrument for Stability. Following a request of the Government as well as the opposition, the EU has since 2012 decided to support the reform of the police force in the areas of crowd management and community policing with a €10 million package (*The EU and Myanmar– A new chapter*, 2013, P.6). Improving respect by the police for rights and the accountability of the police to Parliament, civil society and the media are at the heart of this action (*The EU and Myanmar– A new chapter*, 2013, P.6). The EU and Myanmar also agreed to work together on preparedness, response and resilience to emergencies, by building up a professional and effective response system. In this respect, the National Crisis Response Centre was also established with the support of the EU.

The EU is now reaching out to the Myanmar military (Tatmadaw) on the role of the military in a modern democracy. The military remains a key political player and continues to occupy 25 % of the representatives in Amyotha Hluttaw and Pyithu Hluttaw. It also has a veto on constitutional changes and retains three key ministerial posts (home, defense and border affairs). The new context calls for the military to redefine its role in a democratic society. To this end, the Chairman of the EU Military Committee visited Myanmar in June 2016 to establish contact and subsequently received the Commander-in-Chief of the Myanmar Armed Forces. Consequently, the Commander-in-Chief of the Myanmar Armed Forces attended the EU28 Chief of Defense Meeting on 8 November 2016 (*EU-MYANMAR RELATIONS*, 2017, P.2). By doing so, the EU shares its experience of democratic transition and the role of the military in a modern democracy, including promoting respect for human rights and the rule of law. However, in light of the disproportionate use of force carried out by the security forces in the current crisis in Rakhine State following the 25 August 2017 attacks by the Arakan

Rohingya Salvation Army (ARSA) , the EU and its member states decided on 16 October 2017 to suspend invitations to the Commander-in-Chief of the Myanmar Armed Forces and other senior military officers and to review all practical defense cooperation. Anyhow, engaging with the Tatmadaw is a pragmatic step that recognizes the military as an actor that cannot simply be ignored. Thus, it is important for the EU to engage with the next generation of the Tatmadaw.

The EU and Myanmar also cooperate in multilateral forums. For many years, the EU has tabled resolutions on the human rights situation in Myanmar in the United Nations General Assembly and Human Rights Council. In recognition of Myanmar's progress on democratic transition, the reinvigoration of the peace process and the positive steps taken by the new government to improve human rights, in September 2016 the EU took the decision not to table a human rights resolution in the UN General Assembly Third Committee (*EU-MYANMAR RELATIONS*, 2017, P.2). In view of the remaining human rights concerns, in particular the recent violence in Rakhine State following the 9 October 2016 attacks on three border guard posts, the EU continued the resolution in the UN Human Rights Council in March 2017.

Moreover, The EU also has an interest in working with the new government in a regional context, especially on ASEAN integration. Myanmar's first ASEAN chairmanship in 2014 provided the opportunity for the EU to step up engagement with Myanmar at the regional level. In this respect, the EU worked towards implementing *the "Bandar Seri Begawan Plan of Action to strengthen the ASEAN-EU Enhanced Partnership (2013-2017)"* and promoting EU strategic interests in the Asia Pacific as set out later on in the *EU Joint Communication 'The EU and ASEAN: a partnership with a strategic purpose'* and the ensuing *Council conclusions (EU-MYANMAR RELATIONS*, 2017, P.2). Moreover, the EU and Myanmar also cooperate in broad security and defense related matters in the ASEAN Regional Forum (ARF). The Asia-Europe Meeting (ASEM) is also the other multilateral forum for engagement. On 20-21 November 2017 Myanmar hosted the 13th ASEM Foreign Ministerial Meeting. The EU believes that a successful democratic transition in Myanmar will serve as a significant and positive example to the wider region.

## The EU's Development Cooperation

With regard to development cooperation, the EU has also responded quickly to Myanmar's development. EU development cooperation has more than doubled in value and expanded in scope and the EU is among the biggest donors. In February 2012, Commissioner Piebalgs announced a package of €150 million for 2012 and 2013 to support immediate needs and inclusive development plans of Myanmar (Marchi, Ludovica, 2013, P. 2). These funds built upon the support to the Millennium Development Goals in the social sectors of health, education and livelihoods/agriculture, while also helping to improve the capacity of government to advance its reforms. As a consequence, the EU's ongoing development assistance portfolio in Myanmar amounted to over €200 million for 2012 and 2013.

Myanmar is also benefitting from the second largest bilateral development cooperation envelop in Asia after Afghanistan. On 8 December 2014, the EU announced its allocation of €688 million (USD 900 million) to support Myanmar's transition over the period 2014–2020. The areas to be targeted include rural development and agriculture, food and nutrition security, education, governance and the rule of law, state capacity building and peace building. The breakdown of the funds is as follows: sustainable rural development (€241 million); education (€241 million); support for democratic and institutional reforms (€96 million); and peace building support (€103 million) (EEAS, EU, 2014). In addition, Myanmar also benefits from the EU's thematic and regional programmes and instruments. To promote aid effectiveness, the EU and its Member States have been engaged in *the joint programming of development cooperation* since 2013. Moreover, in order to align with the priorities of the democratic government, the EU and its Member States are drawing up a new *joint programming strategy 2017-2020*. Thus, the EU is supporting the government and playing a leading role in Myanmar's development with Member States and other development partners.

## **EU-supported flagship projects**

EU-supported flagship projects are as follows:

- LIFT (Livelihoods and Food Security Trust Fund) is a multi-donor trust fund improving the lives and prospects of smallholder farmers and landless people in rural Myanmar;
- ‘STEP Democracy’ supports Myanmar’s diverse political and civil actors to seize opportunities to build inclusive, democratic institutions and appeal to the active, informed participation of society;
- ‘My Justice’ improves access to justice and legal aid for the poor and vulnerable, develops legal capacity of justice sector professionals and strengthens selected rule of law institutions to better fulfill their mandates;
- The ‘Joint Peace Fund’ supports nationally-led efforts to achieve a lasting settlement of ethnic armed conflict in Myanmar;
- ‘SMART Myanmar’: actively promotes sustainable consumption and production of garments “Made in Myanmar”, a concept with emphasis on resource efficiency and social responsibility (*European Commission - Fact Sheet*, 2016, P.2).

## **The EU’s Humanitarian Aid**

Myanmar is prone to natural disasters, notably cyclones, floods and earthquakes. In 2015, monsoon rains and Cyclone Komen triggered the largest floods in the country’s recent history, affecting over 20 million people, 1.6 million of which were displaced (*European Commission - Fact Sheet*, 2016, P.2). The impact of climate change is expected to further increase the vulnerability of populations in need. Ongoing fighting has also caused further population displacement in Kachin, Shan and Rakhine States. According to the United Nations in April 2017, there were some 220 000 people living in internal displacement in the country, including some 120 000 people who remain confined to camps following inter communal violence in Rakhine State in 2012 (*EU-MYANMAR RELATIONS*, 2017, P.3).

Since 1994, the EU has provided €229 million in humanitarian aid to Myanmar. It included €145 million in response to conflict situations, €84 million in response to natural disasters and epidemics, and to build resilience (*European Commission - Fact Sheet*, 2016, P.2). Since 2010, €9.7 million has been dedicated to disaster risk reduction in coastal flood-prone areas and in urban agglomerations facing earthquake risks (*EU-MYANMAR RELATIONS*, 2017, P.3). The EU is also a lead donor to Burmese refugee camps in Thailand, where it has provided €171.4 million since 1995 (70% through its humanitarian aid department and 30% through its instrument for Aid for Uprooted People) (*MEMO/16/2010*, 2016, P.2). Since 2007, over €30 million has been allocated for basic health care, water, sanitation, shelter, nutrition, protection and psychological support.

### **The EU's Trade and Economic Cooperation**

Myanmar's efforts in combating forced labour have opened the way for the EU to restore preferential market access under the "Everything But Arms" scheme in 2013. In July 2013, the EU reinstated Myanmar's access to the Generalized System of Preferences (GSP) which provides for duty-free and quota-free access for the country's products to the European Single Market (*The EU and Myanmar— A new chapter*, 2013, P.7). According to the European Commission, such a move could help raise Myanmar's exports by 30% (*EU-Myanmar: Charting a course*, 2013, P. 4). A report by the International Labor Organization (ILO) recognized that the country has made "significant" progress in tackling forced labour, the reason Myanmar lost GSP status in 1997 <[www.friendsofeurope.org](http://www.friendsofeurope.org)>. As such, Myanmar is eligible for access to the EU market for all exports, except weapons.

As a result, bilateral trade exceeded €2 billion in 2017 up from €404 million in 2012. Exports to the EU quadrupled between 2012 and 2015, from €165 million to €675 million. Then, Myanmar exports to the EU reached almost €1 billion in 2017 (*EU-MYANMAR RELATIONS*, 2017, P.3). Major exports from Myanmar to the EU were garments (more than 69% of total exports), rice (8%), and footwear (6%). Machinery and electrical appliances constitute almost half of EU exports (*MEMO/16/2016*, 2016, P.2). According to Myanmar's official statistics of January 2017, the EU was the 4th largest foreign investor in 2016 and cumulated investments originating from the EU

amounted to USD 5.5 billion (or 8.8% of total), behind China (USD 18.4 billion or 31%), Singapore (USD 15.7 billion or 27%) and Hong Kong (USD 7.4 billion or 13%)(*EU-MYANMAR RELATIONS*, 2018, P.3). Therefore, the two economies are perfectly complementary.

Furthermore, the EU is working towards concluding an *Investment Protection Agreement* to enable European businesses to realize the full potential offered by Myanmar's economy, while complying with the highest standards of corporate social responsibility and responsible investment. The EU demonstrated its commitment to work with the government, the International Labour Organization and other partners (Denmark, the United States and Japan) on labour rights when joining the Initiative to Promote Fundamental Labour Rights and Practices in Myanmar in May 2015 (*MEMO/16/2016*, 2016, P.3) . The EU is also actively engaged to promote responsible business conduct and is funding a €9 million ILO/OECD project in this area in a number of Asian countries, including Myanmar (*EU-MYANMAR RELATIONS*, 2017, P.3). Moreover, Myanmar-EU Economic Forum was also held in Nay Pyi Taw on 7 June 2018 (*Myanma Alinn Daily*, 2018, P.1). In order to help European business to better access Myanmar's vast economic and investment potential, Myanmar has also been selected as a European Economic Diplomacy case study country. The recently established *Eurochamber* can play an important role in representing EU business interests in Myanmar. So, the EU also plays a prominent role in supporting Myanmar's economic development.

### Research Finding

Upon reviewing the achievements made since 2011, it can be said that there has been a marked improvement in bilateral relations between the EU and Myanmar. As such, it is encouraging that the EU supports Myanmar and its people on its path to democracy, peace and prosperity. Also, the EU shows its understanding of the challenges facing Myanmar's democratic transition. Moreover, the conclusion of the *EU-Myanmar Investment Protection Agreement* will stimulate European business interest in a strategic region and contribute to inclusive and sustainable development of Myanmar. In addition, there is an implication that a democratic and successful Myanmar will also strengthen ASEAN integration and further the EU's strategic role in the Asia

Pacific region. However, the transition from military rule to democracy requires the participation and not exclusion of the security sectors, including the Tatmadaw. In fact, encouraging civil-military relations is crucial for the success of the political transition underway. Engaging with the Tatmadaw is important for the EU. These evidences show that the EU has a big stake in the success of the on-going transition and an interest in helping to ensure its completion.

### Conclusion

As Myanmar seeks to consolidate democracy, transform the economy and strengthen social justice, the EU makes full use of all the instruments at its disposal to address the remaining challenges of the transition process. New areas of EU's engagement include working directly with the government on reform and policy formulation through state building initiatives. Also, the EU intends to reach out to the military, which remains an influential political player, by sharing experience in democratic transition and the role of the military in a modern democracy. As part of the peace process, the national political dialogue offers the opportunity to engage with all stakeholders on the issues of federalism, devolution of executive powers and decentralization. However, there will be no lasting peace without an agreement on these principles. Its support of peace, through the Joint Peace Fund, will enable the EU to work concurrently with the government and ethnic representatives to address the needs of communities affected by conflict, including on new issues such as security sector reform. Moreover, the conclusion of *the EU-Myanmar Investment Protection Agreement* will stimulate European business interest in a strategic region and contribute to inclusive and sustainable growth of Myanmar. Furthermore, a democratic and successful Myanmar will also strengthen ASEAN integration and further the EU's strategic role in the Asia Pacific region. To conclude, therefore, the EU plays an important role in Myanmar's democratic transition as a lasting partner.



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