

EU's CHANGING POLICY TOWARDS MYANMAR SINCE 2011*

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Abstract

In the agenda of Myanmar's domestic politics, military has been directly or indirectly involved in control of the state's power. Myanmar elicited the imposition of sanctions by the EU along with other Western actors due to the military government negation on the results of 1990 election which was won by National Leagues of Democracy (NLD). Since the inauguration of President Thein Sein in March 2011, Myanmar opened up to the outside world by liberalizing economically with the relaxation of many authoritarian controls and also announced overall reform strategies. These reforms enabled Myanmar to mend its deteriorated relations with the West, particularly EU and the US. It was against this backdrop that EU lifted its sanctions on Myanmar in 2012 and finally suspended them (with the exception of the arm embargo) on 22 April 2013 by guiding Comprehensive Framework. Nation-wide free and fair elections in November 2015 embarked again an important milestone in the transitional process of Myanmar and landslide victory for the NLD, led by Daw Aung San Suu Kyi. In this context, EU consistently shows her cooperative approach to Myanmar's new civilian administration. Based on this background, this study will analyze the manifestation of the EU's roles under specific policy actions on Myanmar. It is also interesting to find out what are the driving forces and motivations of the EU's policy shift on Myanmar.

Keywords: Democracy, Sanction, Reform, Democratic transition, Liberalization

Introduction

With the inception of new democratic government in 2011, Myanmar under Union Solidarity and Development Party (USDP) administration led by President U Thein Sein embraced the reform measures in line with the democratic transition. Historically, the military administration was directly or indirectly involved in control of the state's power more than four decades. During the military administration of State Law and Order Restoration Council (SLORC), Myanmar elicited the imposition of sanctions by the EU

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along with other Western actors due to the military government negation on the results of 1990 election which was won by the opposition party, National League for Democracy (NLD). Democratic government initiated the reforms by liberalizing economically with the relaxation of many authoritarian controls and also announced overall reform strategies by prioritizing political unity and poverty reduction. These reforms enabled Myanmar to mend its deteriorated relations with the West, particularly EU and the US. These changing domestic political landscape of Myanmar was the positive outcome to military government's designated political agenda by configuring Seven Step Road Map that was adopted in 2003. Setting for reform agendas were launched for revitalizing Myanmar's domestic political development and also for acquiring the reputational cause in Myanmar's external relations. With the initial success of democratic reform in Myanmar, it rendered a series of diversify Myanmar's foreign relations. It was against this backdrop that EU lifted its sanctions on Myanmar in 2012 and finally suspended them with the exception of the arm embargo on 22nd April 2013. Nationwide free and fair elections in November 2015 embarked an important milestone in the transition process of Myanmar and landslide victory for the NLD, led by Daw Aung San Suu Kyi. EU consistently shows her cooperative approach to Myanmar's new civilian administration. Under such background, this study will analyze the manifestation of the EU's roles under specific policy actions on Myanmar. It is also interesting to find out what are the driving force and motivations of the EU's policy shift on Myanmar. The following s represent the conceptual framework of this study.

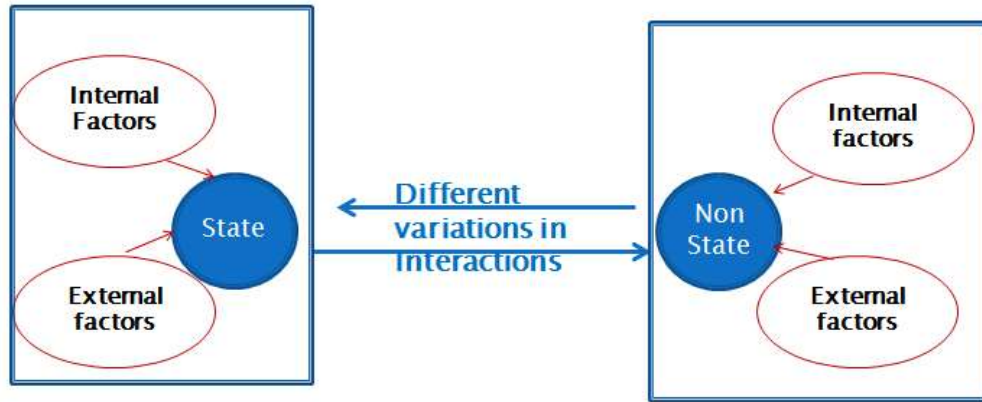


Figure 1: Conceptual Framework : Basic Idea

Source: Compiled by Author

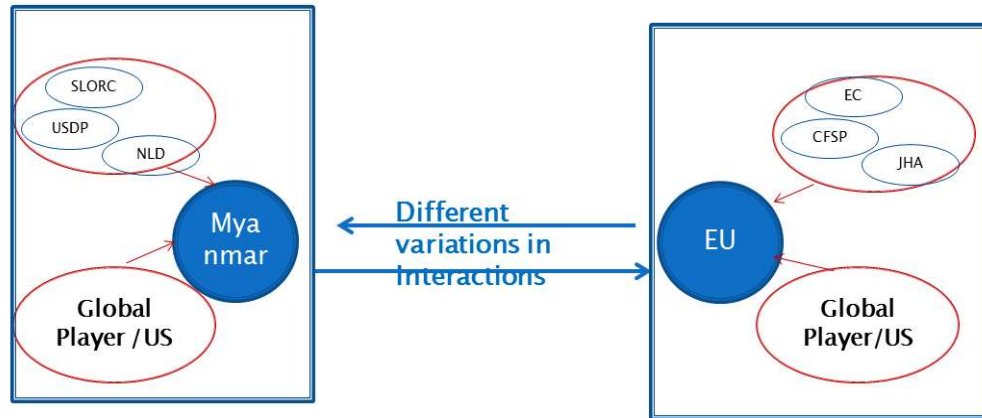


Figure 2: Conceptual Framework: Developed Idea

Source: Compiled by Author

Under this conceptual framework, this research represents the interaction of the state and the non state actor in the prevailing conditions in domestic political situation and international context. Based on the internal and external underlying factors, there were different variation in the outcomes of interaction between EU and Myanmar. In this study, the internal underlying factors for Myanmar side focus on the changing context of domestic political system and for EU side it represent the three main pillars of EU integration

process such as European Communities, Common Foreign and Security Policy (CFSP) and Justice and Home Affairs. This study focus the EU position on Myanmar concerning CFSP.

As the external influencing factors, this study will focus on the role of US as the global player in accord with the aforementioned conceptual framework. In this context, this study highlight that Myanmar's domestic political changes makes repercussion in its external relations and in the case point, EU policy towards Myanmar brought different vibration and motivation to some extent.

This research will firstly examine the brief background of EU policy on Myanmar during the period between 1988 to 2010 by pointing out EU sanction policy on Myanmar. Secondly, it will find out the underlying causes for EU changing approach on Union Solidarity and Development Party (USDP). Thirdly, EU policy and program in cooperation with new civilian NLD administration will be discussed.

EU Policy and Actions on Myanmar 1988-2010

Aftermath of social unrest in 1988, SLORC¹ came into power and the domestic political and economic uncertainty, foreign and political pressures on the Myanmar military government became the important concerns for the major Western governments' especially the US and the countries of European Community. In the wake of the violent crackdown on pro-democracy protesters in August 1988, almost the entire spectrum of EU actors started to reconsider their approach towards Myanmar. Most member states issued strong protest notes to the military government of Myanmar over the deaths of a large number of protestors in 1988 uprising.

In the late 1980s, European governments accomplished to promote and protect human rights and fundamental freedoms in European political cooperation with the implementation of EU's Common Foreign and Security Policy (CFSP), and in implementing. Even prior to the adoption of the EU's CFSP, the individual member states coordinated their positions on Myanmar

¹ State Law and Order Restoration Council which was renamed as State Peace and Development Council (SPDC) in 1997.

and, on several occasions, expressed deep concern over the deteriorating human rights situation in the country. In a number of declarations, the EC called on the military government of Myanmar to improve its human rights record and initiate political reform.

Due to the failure of Myanmar government efforts to perform the significant progress on political reforms and human rights improvements, the EU policy on Myanmar was guided by the “Common Position on Burma” in 1988 and it consists of a series of restrictive measures such as an arms embargo, an export ban from the EU for any equipment that might be used for internal repression, a visa ban and a freeze on funds held abroad for regime members and their families, a prohibition on investment in Myanmar’s state-owned enterprises for EU companies, and the suspension of high-level government visits to Myanmar.

The EU first imposed limited sanctions on Myanmar in 1990. Moreover, the Community adopted an arm embargo in 1990. In 1991, the EU implemented several measures such as the suspension of defence cooperation, a visa ban for top officials of SLORC and their family members, the expulsion of Myanmar’s military personnel from the embassies of EU member states, the suspension of high-level bilateral government visits to Myanmar, and the suspension of all bilateral and multilateral non-humanitarian aid and assistance.

In December 1996, the EU suspended Myanmar’s trade privileges under the General System of Preferences (GSP) for industrial products. This measure was further expanded in April 1997, based on evidence from the International Labour Organization (ILO) that demonstrated the ruling government’s use of forced labour. In 1998, the EU expanded the scope of its earlier visa ban to include Myanmar’s tourism officials, as well as a prohibition on entry and transit visas to all senior SPDC officials.

EU’s sanction on Myanmar continued until the 2000s by pointing out the domestic political situation of Myanmar. In 2000, the EU imposed an export ban on all equipment that could be utilised for internal repression. In addition, it published a list of 153 Myanmar people included in the visa ban and proceeded to freeze their assets. Subsequently, in 2002, the EU updated the list of people subject to restrictive measures and issued a statement saying

that should Myanmar fail to show progress on key issues pertaining to national reconciliation, the EU would strengthen and broaden the assets freeze, travel ban measures, and arms embargo in October 2002. The Common Position was further strengthened in 2007 because of the military government brutal crackdown during the Saffron Revolution by prohibiting EU-based companies from investing in the logging, mining, and gemstone industries in Myanmar. This measure also included a ban on the export of these products to the EU.

EU's Policy Approach to Union Solidarity and Development Party (USDP) Government

After almost five decades of military rule, Myanmar began undertaking a series of reforms in March 2011, when a new, nominally civilian government came to power in December 2010. The new government, led by the Union Solidarity and Development Party (USDP) under U Thein Sein, initiated the liberalization measures including greater freedom of the press, association and assembly; the release of political prisoners; and the opening-up of the political sphere – though in a limited fashion.

USDP government led by President U Thein Sein initiated three phases of reforms measures: political reform, social economic reform and administrative reform under democratic transitional process. The government also emphasized on undertaking reforms geared towards political liberalization and national reconciliation during the initial stage of the reform process.

The priorities for economic reforms in Myanmar under new civilian government was articulated in the government's Framework for Economic and Social Reform (FESR) that was presented to the international donor community in early 2013. It highlighted ten priorities in the government's economic strategy: fiscal and tax reforms, infrastructure, private sector development, monetary and financial sector reforms, liberalization of trade and investment, health and education, food security and agricultural growth, governance and transparency, mobile phones and internet access, and effective and efficient government.

As the second step of the reforms, the government launched an economic reform by promulgating a new Foreign Investment Law and making endeavored by built up special economic zones and industrial zones. Concerning economic reform agenda, the International Monetary Fund (IMF) reported that gross domestic product of Myanmar grew 8.3 percent in 2013/14. Rapid growth will be critical to reducing Myanmar's poverty rate—estimated at 25.6 percent in 2010 by the United Nations Development Programme (UNDP) and at 37.5 percent by the World Bank.

The third step of the reforms agenda was carried out since it has been an important need for an administrative sector. On December 2012, President U Thein Sein delivered a speech on reforms to improve the management and administrative capacity of the government. In his speech, he highlight that some government officials ignored the voice of the people, not taking enough transparency and timely and effective action on matters presented by the people, and corruption is in existence. On account of these weak points, President called for the reform in administrative sector.

To be a clean government with good governance, the government is formed committees at township level to make joint discussions, joint decision and take joint leadership in the implementation in line with the administrative reform agenda He called for coordination between the central government and region or state governments to carry out effective undertakings and also identified the cooperation in addressing the difficulties and challenges, especially in cracking down on bribery and corruption.

More importantly, these reforms enabled Myanmar to revitalize its cool relations with the West, particularly the United States and the EU. It was against this backdrop that the EU suspended its sanctions on Myanmar in 2012 and finally lifted them (with the exception of the arms embargo) on 22 April 2013. EU also congratulated the Myanmar government on the series of reforms that had been initiated by President U Thein Sein government.

In this context, EU eased its sanction policy on Myanmar, in April 2011 and suspended the visa ban on selected members of the new government – those who had no affiliation with the military or were “essential for dialogue with the international community” according to Common Position 2011/239/CFSP – and allowed for the resumption of high-level meetings.

Again in January 2012 the EU welcomed the remarkable progress in Myanmar's domestic politics and extended the suspension of the visa ban to the president, cabinet, and parliamentary speakers. It announced that a further easing of the measures would be made if progress continued, pointing to the upcoming by-elections scheduled for April 2012.

During the EU commissioner Andris Piebalg's visit to Myanmar in February 2012, EU offered funding to alleviate poverty, to support peace initiatives, and to strengthen the rule of law and the capacity of civil society and the public administration. In this context, the political willingness for a rapprochement was manifested. In addition, during the EU's Representative Catherine Ashton's visit to Myanmar, an EU office was opened in Yangon in late April 2012.

Due to Myanmar's reform measures under President U Thein Sein, EU's Foreign Affairs Council adopted the Comprehensive Framework on 22nd July 2013 and it became the significant EU policy approach for Myanmar. This framework represents three-year action plan which focuses on four main areas—namely, peace, democracy, development, and trade – as well as Myanmar's engagement with the international community. The preamble of the framework stated that

“the European Union – which has, over the years, called for change and imposed sanctions – has a responsibility to help”

The Comprehensive Framework also stated its aims to fulfill the requirements for Myanmar in entering into a partnership with the government and other stakeholders to address a legacy of conflict, poverty, oppression, and weak institutions in the country.

As for EU, it is believed that the peace as a prerequisite for the consolidation of democracy, the promotion of development, and the protection of human rights. In addition, in order to address the issue of regional peace or ethnic conflict, the EU showed its willingness to encourage an immediate end to all hostilities across the country especially in Kachin State, support inclusive political negotiations, build the capacity of all stakeholders, press the Myanmar government for uninterrupted access to humanitarian assistance, and undertake rehabilitation and development in ethnic minority areas plagued

with insurgencies. These actions underline the EU's ambition of speaking with one voice in international affairs, based on a coherent normative approach.

EU's Policy Approach to National League for Democracy (NLD) Government

Substantial process of reform under President U Thein Sein government was one of the first important steps towards democratization, peace with the country's ethnic armed groups and socio-economic recovery of New Myanmar. The holding nationwide free and fair elections in November 2015 embarked an important milestone in the transition process and provided the National League for Democracy (NLD), led by Daw Aung San Suu Kyi. The new NLD-led government took office in April 2016, with U Htin Kyaw becoming the first civilian President in more than half a century. Daw Aung San Suu Kyi also take a key role in the new administration as State Counsellor, Minister of Foreign Affairs, and Minister of the President's Office.

The new administration, NLD government, set up the importance of developing a market-oriented system "in all sectors" of the economy; a fair distribution of natural resources between states and divisions, to promote national reconciliation and the building of a federal state; addressing infrastructure shortcomings; and reviving agriculture and boosting agricultural exports.

State Counsellor Daw Aung San Suu Kyi focus to achieve the internal peace and national reconciliation as the "first priority" of the NLD administration. As for NLD government, it is believed that lasting peace and a political framework that can deliver tangible results for all communities in the case of maintaining domestic stability, pursuing growth policies, and undertaking reform for institutions. New administration launched several important measures intended at streamlining Myanmar's peace architecture by establishing of the National Reconciliation and Peace Center, to be in charge of peace talks and put it under the Ministry for the State Counselor's Office. The new body replaced the Myanmar Peace Center. She also leads the peace process and chairs the Central Committee for the Implementation of Peace, Stability and Development in Rakhine State.

On 1st June 2016, a Joint Communication, entitled “Elements for an EU strategy vis-à-vis Myanmar/Burma: A Special Partnership for Democracy, Peace and Prosperity” set out a vision for an ambitious and forward-looking EU engagement with the country in the following areas:

- (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.

EU Foreign Ministers endorsed these aforementioned strategies in Council conclusions on 22nd June 2016. With regard to the first area of EU engagement strategy on Myanmar, the EU police training project (2013-2015) provided the support for the Myanmar Police Force to work in a more professional way, in particular within their local communities. In order to improve police work at community level and their relationship with the local population, the effective measures were also carried out. Experienced police officers from EU Member States showed how to secure and protect the democratic rights of citizens to assemble. 4 000 police officers were trained in best international practices to crowd management. The project also addressed police relations with the media and civil society to encourage better mutual understanding.

In addition, My Justice (2015-2019) programme enhances access to justice for the poor, vulnerable and marginalized across the country. My Justice adopts a people-centred approach to encourage learning, trust and collaboration among all actors. It empowers communities to deliver appropriate solutions to the justice challenges they face and have a lasting impact on the way in which disputes are resolved and justice is delivered. It equips communities, legal practitioners and justice institutions to use innovative approaches, such as community mediation and paralegal services.

As for consolidating the lasting peace in Myanmar, the EU performed as one of the largest donors to the peace process. The Myanmar Peace Centre,

which the EU supported since its establishment in 2012, played a crucial role in bringing the government and the ethnic armed organizations to the negotiating table and in providing expert advice to all the relevant parties.

To become an inclusive and broad-based process, the civil society and women need to participate. Most EU support and activities focus on community development in conflict-affected areas, reconciliation, peacebuilding, implementing ceasefires and civilian ceasefire monitoring. Other projects are working to improve access to livelihoods, poverty reduction and development in ethnic areas. The EU has taken the lead in setting up the new multi-donor Joint Peace Fund to support the peace process in a more coordinated way.

The new Joint Peace Fund supports nationally-led efforts to achieve a lasting settlement of the ethnic armed conflict in a flexible, responsive and coherent manner by working together with the government, ethnic constituencies, civil society and academia and encourage the participation of women. The Joint Peace Fund started operations in April 2016 with over USD 100 million pledged by the EU and nine other donors.

The EU, the only Western witness to the Nationwide Ceasefire Agreement, should work with all concerned to implement an inclusive peace architecture, disarm, demobilize and reintegrate former combatants. To sustain the peace, the EU will share its experience of federalism, and work on building confidence between the parties and fostering reconciliation.

In addressing the complex challenges of Rakhine State, the EU follows a comprehensive approach by mobilizing all the instruments at its disposal — political dialogue, humanitarian assistance and development cooperation, in close coordination with local authorities and communities. The EU remains committed to improving the situation of human rights defenders, the rights of vulnerable groups and minorities and economic and social rights. The active involvement of the EU Special Representative for Human Rights underlines the EU's strong commitment in assisting the country to advance its human rights record. The EU has tabled resolutions on the human rights situation in the UN General Assembly and Human Rights Council. 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. In view of the remaining human rights concerns, in particular the recent violence in Rakhine State following the 9th October 2016 attacks on three border guard posts, the EU continued the resolution in the UN Human Rights Council in March 2017.

As for poverty reduction and sustainable development, the multi-donor Livelihoods and Food Security Trust Fund (LIFT) was set up to address the early recovery and rehabilitation needs in the aftermath of the devastating cyclone Nargis (2008). Over the years, LIFT has gradually expanded its scope of activities and adapted to the changes in Myanmar with the aim of improving the lives of smallholders and the landless rural poor. Some EUR 330 million, EUR 115 million of which is from the EU, has been committed to support more than three million people through 90 projects. LIFT projects contribute to better harvests and increased access to credit and markets. As a result, the income of targeted households has grown and nutrition and food security improved. LIFT is best practice for inclusive rural economic transformation.

In the area of economic engagement, the EU played a vital role in stimulating the country's trade and economic development by removing sanctions and reinstating trade preferences under the Everything But Arms scheme in 2013. Bilateral trade reached EUR 1.2 billion in 2015 up from EUR 404 million in 2012. Exports to the EU quadrupled between 2012 and 2015, from EUR 165 million to EUR 675 million. Garments represent more than 60% of Myanmar exports to the EU. Machinery and electrical appliances constitute almost half of EU exports. As the country develops, it will require more capital goods for infrastructure and manufacturing, offering further opportunities for European companies. Since 2011 EU services exports to Myanmar have increased sixfold — though from a very low base. The services sector is likely to expand quickly.

According to the country's official statistics (as of January 2016), the EU was the 4th largest foreign investor in 2015 but with less than 10% of total investment it still lags behind China, Singapore and Hong Kong. The EU is working towards concluding an Investment Protection Agreement to enable European businesses to realize the full potential offered by the country's economy.

Negotiations on an Investment Protection Agreement were launched in March 2014. Once in force the Agreement established a level playing field for all EU investors and ensure the protection and fair treatment of investment from both sides, as well as promote transparency and good administrative behavior for measures that impact investment. The Agreement also aims to protect workers' rights and the environment, as well as boost responsible business conduct. Together with other EU initiatives in governance, rule of law and state building, the Agreement improved the legal certainty and predictability of investments, thus creating business opportunities and much-needed development. A Sustainability Impact Assessment provides an in-depth analysis of the Agreement's potential economic, social, environmental and human rights impact.

Myanmar and the EU are members of the ASEAN Regional Forum (ARF), which offers the opportunity for fuller engagement on broad security and defense-related matters in the Asia Pacific region. The EU and Myanmar co-chaired the ARF Inter-sessional Support Group Meeting on Confidence Building Measures and Preventive Diplomacy and the Defense Officials Dialogue in December 2013 in Yangon and in April 2014 in Brussels. This provided a good opportunity to work with the country's diplomatic leadership as well as defense officials, paving the way for further engagement. The Asia-Europe Meeting (ASEM) is the other multilateral forum where the EU and Myanmar cooperate. Both sides will have ample opportunity to enhance their cooperation in the future, particularly in view of the country's decision to host the 13th ASEM Foreign Ministerial Meeting in 2017.

The further repositioning of Myanmar under the new government inside ASEAN and beyond will offer good opportunities for deeper cooperation with the EU. There is for instance ample scope for the country to play a more active role in strengthening EU-ASEAN cooperation in priority areas and by raising its profile and strategic significance.

A stable and prosperous Myanmar will also serve as an encouraging example of successful political transition and further strengthen ASEAN's integration process, in line with the priorities set out in the 2015 EU Joint Communication on EU-ASEAN relations and in the ensuing Council conclusions and the EU's strategic priorities in the Asia Pacific region.

All in all, it is found that overall framework of EU policy and engagement on Myanmar is operated by practicing the carrot and stick strategy that is mainly based on the changing domestic political landscape of Myanmar. In addition, US position on Myanmar is one of the considerable factors for shaping EU policy and approach to Myanmar. Between 1988 and 2010, EU position on Myanmar was mainly based on Myanmar's domestic politics by accounting un-democratic nature of military government. It is also found that SLORC/ SPDC government did not designed a well-considered strategy towards EU and did not demonstrated its interest in active diplomatic lobbying to persuade European governments in order to reconsider their Common Position and to prevent the imposition of new sanctions. In this context, EU sanctions impacted Myanmar almost immediately, as foreign investments, mainly from OECD countries, began declining from 1997 onwards because many multinational companies withdrew from Myanmar with the notable exception of the French oil multinational TOTAL. It cannot be denied that EU's policy approach to USDP government led by President U Thein Sein was cautious and its easing of sanctions was accordingly timid. However, EU response on Myanmar's reform measures can be assumed that positive approach which is composed of a limited suspension of sanctions and a resumption of development aid. Comprehensive Framework became the EU policy to support Myanmar's transition and it was significant optimistic reaction of EU in the case of democratization of Myanmar by supporting political, social and economic development. Overall policy framework of EU can be found on fostering respect for human rights and assisting Myanmar government in rebuilding its place in the international community. Current EU policy and program in coordination with NLD has been carried out under the a Joint Communication, entitled "Elements for an EU strategy vis-à-vis Myanmar: A Special Partnership for Democracy, Peace and Prosperity. That is why, it can be seen that EU policy on Myanmar after 2011 definitely shaped the way for transitional process and also pave the way forward to Myanmar's democratic consolidation. The EU's approach towards Myanmar cannot be assumed to the possibility of backward steps as it is based on a scenario of ongoing, linear political and economic reforms since 2011. However, it can also be noted that Myanmar government's position in handling its internal

affairs and shaping domestic political landscape will make repercussion in dealing with the EU's policy and approach to some extent.

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