



# Assessment of EU Policy on Burma

by Oscar Bergman & Andreas Mälarstedt

*Last August, U.S. Secretary of State Hillary Rodham Clinton announced a reassessment of the U.S. stance towards Burma from the previous policy of disengagement. Bearing the U.S. policy reassessment in mind, now would be a good time for the EU to reassess its own Burma policy. A necessary first step would be to reconsider sanctions which may be technically effective but highly ineffective in accomplishing their stated aims.*

For the past 20 years, the EU and the United States have been in broad agreement over the attempts to isolate Burma; a result of their shared frustration over the difficulties in forcing democratic change in the country. With the new U.S. administration, however, a silent but fundamental shift seems to be taking place in U.S.-Burma relations. Secretary Clinton stated in Jakarta in early 2009 that the sanctions policy has failed to produce any real results and that Washington was looking at new strategies to “more effectively help the Burmese people.” Despite this reassessment the United States is not about to lift the sanctions any time soon; rather it is an attempt to engage the Burmese government while still keeping sanctions in place. The change in rhetoric was followed up with visits during the fall by Senator Jim Webb and Assistant Secretary of State Kurt Campbell.

## Time to Reassess

Taking a cue from the United States, this would be a good time for the EU to reevaluate its own policy towards Burma. In order to assess the effectiveness of the EU sanctions one needs to take a step back and consider the arguments championed by proponents of sanctions and the goals set out by the EU. The overall goal of the Burma policy of most Western countries has been to force democratic reform and improve human rights, using economic and political pressure delivered through sanctions. Any assessment of this policy must begin with the acknowledgment that the results have been meager. The State Peace and Development Council (SPDC) remains securely in power and has not shown any tendencies of cracking, even as the population’s plight grows worse. There are several reasons for this resilience. The govern-

ment is stridently nationalistic and has responded to the external pressure by digging their heels in and becoming ever more recalcitrant. Furthermore, Burma is a developing country which is not integrated into the global economy but rather is dependent on resource extraction and agriculture. Under the decades-long rule of General Ne Win (1962-1998) a policy of self imposed semi-isolation was adopted, autarky has therefore been seen as an important goal and the level of international trade was unimpressive even before the sanctions.

## The Failure of Sanctions

The EU sanctions on Burma are often heralded as an example of “targeted sanctions” where the regime is the focus and the wider population is not heavily affected. In reality, however, the “restrictive measures” that have been imposed on the country are putting additional burdens on the already suffering population, both directly and indirectly.

One drastic example of the adverse effects of sanctions could be seen when the United States widened their sanctions in July 2003. Tens of thousands of workers in the garments industry, virtually all of them young women, were laid off overnight as the sector collapsed. According to one Burmese researcher, approximately one third of the unemployed found new jobs, usually with lower pay while another third went home to their rural villages to live with their families, further straining the struggling rural sector. The final third of the displaced women were compelled to enter the sex industry in Thailand and Cambodia.

Although the EU has not imposed explicit sanctions on the textile and garments industry it is hindering Bur-



mese exports by withholding Generalized System of Preferences privileges. The naming and shaming activities of European NGOs further adds to the damage by blocking the European market for Burmese textiles and garments. In sectors that are directly targeted by EU sanctions, such as forestry, there are numerous examples of small and medium sized private enterprises that have been forced out of business because of the loss of European market access.

More subtle and less quantifiable effects of Western disengagement stem from the limitation of development aid. In terms of regular development assistance, Burma annually receives US\$2-3 per capita whereas its neighbors Laos and Cambodia receive up to twenty times as much. There are many domestic and international NGOs in Burma working hard to make a difference, but the resources for health and education programs are in most cases severely underfunded. A rule equally important to the lack of direct development spending is the EU and U.S. inspired prerogative which bans organizations like the World Bank and the Asian Development Bank from providing advice on how to improve economic governance. This type of assistance is sorely needed as the Burmese civilian bureaucracy is severely lacking in key competencies, mainly as a result of the isolation of the country.

## The Role of the PRC

Burma has an abundance of natural resources, in particular petroleum and natural gas. As the United States and EU have gradually introduced stricter sanctions, China, India and Thailand have become Burma's most important trading partners. A common argument of the proponents of sanctions, such as the Burma Campaign UK, is that in order for the sanctions to be truly effective, neighboring states, particularly China, have to introduce sanctions as well. There is, however, little interest from Beijing to do so.

China and Myanmar will soon become more interdependent with the construction of a 980 km pipeline from the Bay of Bengal to southern China. This pipeline is also of significant geostrategic importance as it enables China to circumvent the traditional trade route through the Malacca Straits. The predominant interest of China in Burma is therefore likely to be stability. Needless to say, the Chi-

nese government has generally been a strong proponent of the principle of national sovereignty and not been deterred from dealing with what the West brands "rogue regimes".

In regards to the American ambition to limit China's growing geostrategic influence in Asia the previous U.S. policy of no-engagement was more or less counterproductive. Western sanctions have instead served to strengthen Chinese influence in Burma, both economical and political. An illustrative example is the Bush administration's plea to the Chinese government to step in and handle the monk protests in 2007, simply because of the lack of diplomatic channels. Since 2001, Burma China trade has more than quadrupled and China is now the country's second largest trade partner. In hindsight, forcing western business to withdraw from the country only produced a vacuum quickly filled by Chinese companies a lot less concerned with human rights and more immune to consumer pressure. Continued enforcement of the sanctions will do nothing to counter this trend but rather force Burma into further dependency on China.

Another issue that ought to be addressed is the tourism boycott against Burma. The main argument for a boycott is that tourism provides additional funds to the repressive regime. Any positive benefit from international visits is also deemed unlikely due to the alleged control of interaction between tourists and locals. It is important to keep in mind that tourism in Burma is primarily run by the private sector; it is an economic sector that is well suited for small and medium sized businesses such as cafés, taxis and restaurants. Compared to Thailand, tourism in Burma is considerably underdeveloped; in 2007 there were 650.000 visits to Burma compared to 14 million in Thailand. When the difference in population is accounted for, Thai tourism is more than 16 times larger, suggesting a considerable potential for further growth. This would bring along a number of benefits in terms of employment and business opportunities.

## A New Approach

One could question to what extent an increase in tourism is likely to benefit the junta economically. However, focusing on this aspect alone is losing sight of the bigger picture: a substantial increase of tourism will benefit the Burmese people even more. Furthermore, tourism has



never been a substantial source of income for the regime; most of its revenue comes from exports of hydrocarbons, timber and minerals. Concerning the alleged control of tourists, it is doubtful how effective this is in the first place. It is also unlikely that such control could be sustained if the level of tourism were to reach that of Thailand or even Vietnam or Cambodia. Even if there is no conclusive support that tourism will further the democratic cause, there is nothing to support the idea that lack of tourism will either.

A substantial increase in tourism could be part of a radically different approach to the current situation. In addition to tourism, increased development aid and academic exchanges are more likely to be better catalysts for change than trying to starve the problem away. A fundamental part of this strategy would also be to dramatically improve the opportunities for contact with the outside world through international scholarships and educational exchange programs. In the long term, this would increase the chances that future leaders and influential public officials have been exposed to a more international climate and hopefully steer the country away from the current path of isolation and oppression.

A potential fallacy when contemplating strategies for promoting human rights as well as development in Burma is to overestimate the capacity of the SPDC. In the West, the regime is often seen as both competent and ruthless; the brutality of the junta has been very well documented and is beyond dispute. However, any description of the top generals and their administration must also include an acknowledgment of their mental isolation, paranoia, incompetence and fears for their own personal security in the advent of a change in regime. The concerns of SPDC members regarding their and their families' fates in a post-junta Burma should not be underestimated as a stumbling block on any conceivable non-violent path to change.

Although it is disheartening to acknowledge, the dire situation in Burma today in terms of human development is not likely to change drastically in the foreseeable future. The regime is heavily entrenched and all efforts to apply pressure have so far only led to the regimes further entrenchment. This has added to the plight and isolation of ordinary people. A reevaluation of EU policy towards Burma should start in the acknowledgement of the failure of the current policy while avoiding to nurture unrealistic expectations. Pursuing the opposite strategy does not nec-

essarily lead to the opposite of failure, conceivable strategies involving more dialogue and engagement are also unlikely to bring dramatic improvements in terms of human rights or economic development.

Indignation and self-righteousness can never serve as a replacement for pragmatic and level-headed thinking. In the words of a Burmese NGO-representative: it is more important to do good than to feel good. A sensible Burma policy for the EU is one that focuses on the amelioration of the ills that beset the Burmese people and leads to a situation where they are treated with increasing decency by their government. There are no easy answers but one thing is certain: fresh thinking is required in Brussels. Like the Obama administration, Europe needs to begin re-evaluating its strategy for dealing with Myanmar.

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