
Current Realities and Future Possibilities in Burma/Myanmar: **Options For U.S. Policy**

Asia Society Task Force Report
Executive Summary

March 2010



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In September 2009, the United States announced a new course in its policy toward Burma following a seven-month review undertaken by the Barack Obama administration.¹ Recognizing that decades of pursuing policies of isolation and sanctions had done little to influence change among Burma's military leaders, the United States introduced a policy of "pragmatic engagement." Under this new policy, the United States will maintain its sanctions on Burma while simultaneously undertaking direct dialogue with senior leaders of the Burmese regime. Dialogue, according to the United States, will "supplement, rather than replace," decades of U.S. sanctions policy. These talks have already begun, and the United States has indicated that any improvement in relations between the two countries is possible only when Burma's military regime enacts meaningful and concrete reforms in the country, particularly in the areas of democracy and human rights.²

In adjusting its policy toward Burma, the United States must face reality with clear vision. Among other things, this vision must recognize that the United States' ability to solve Burma's problems and to influence the course of the country's governance is extremely limited, as nearly 20 years experience with a harsh punitive policy of isolation and sanctions have demonstrated. U.S. influence in Burma is unlikely to outweigh that of increasingly powerful Asian neighbors. Therefore, the United States' priority must be to clarify its fundamental objectives in Burma and the basic means at its disposal for promoting those objectives. Moreover, Burma is not likely to rank very high on the list of U.S. foreign policy priorities in the foreseeable future, so resources to address U.S. goals in Burma will be limited, compared to priority countries and regions.

The Task Force believes that the United States must approach policy adjustments with careful consideration of how the instruments that are available—including both the engagement and sanctions sides of the equation—can be employed most effectively to encourage reform and democratic governance. Through its programs and support for the Burmese people, the United States can demonstrate that it is steady but flexible and quick to react to any potential overtures from the Burmese government. Specifically, during this period of transition, the United States should encourage the process of political development toward democratic norms; press the military regime to improve governance; and assist the country's non-Burman nationalities in pursuing an equitable voice in national governance. The basic means available to the United States to pursue these goals will be effective channels of communication; focused assistance programs; reform-oriented economic activity; coordination with Burma's neighbors and the broader international community;

¹ The Asia Society Task Force on U.S. Policy toward Burma/Myanmar uses the name Burma, instead of Myanmar, throughout this report, as this is consistent with the designation used by the U.S. government.

² The core issues on the U.S. agenda include "the unconditional release of all political prisoners, including Aung San Suu Kyi; an end to conflicts with minority groups; and a genuine dialogue between the government, the democratic opposition and minority groups on a shared vision for the future." See "Remarks by President Barack Obama at Suntory Hall," Tokyo, Japan, November 14, 2009, <http://www.whitehouse.gov/the-press-office/remarks-president-barack-obama-suntory-hall> (accessed February, 11, 2010).

and tightening of targeted financial sanctions, if and when necessary.

Going forward, it will be useful to consider distinctions based on change in Burma for framing U.S. policy recommendations. The Task Force makes the following recommendations, which are organized into three distinct stages: (1) measures to be pursued now; (2) additional measures to be implemented if and when the United States begins to see indications of change on the part of the Burmese leadership; and (3) actions to be undertaken after real progress has been demonstrated on a sustained basis.

Stage 1: Measures to be pursued now

At present, there is no concrete evidence to suggest that Burma's leaders will respond positively to the central U.S. message on engaging in tripartite dialogue, releasing political prisoners, and allowing fair and inclusive elections. In fact, it is quite possible that the leadership's primary objective in engaging with the United States is to demonstrate to its own population that the United States endorses the regime's seven-step process toward democracy. The United States must tread carefully through this minefield, avoiding the appearance of sanctioning or legitimizing a flawed election process, while pressing Burma's military leaders to carry out credible elections.

The Task Force recommends that the following measures be carried out now to help bring about and support potential change:

- **The United States should position itself to engage not only with Burma's military leaders, but also with a wide range of groups inside Burma.** The National League for Democracy should continue to be a focal point of U.S. policy support, and its leader, Aung San Suu Kyi, will remain an important figure for achieving the dialogue necessary to bring about national reconciliation of the military, democracy groups, and minority nationalities. At the same time, U.S. policy also must place greater emphasis on reaching out to other democratic forces, including civil society groups, and ethnic minorities and ensuring that they benefit from U.S. assistance programs inside Burma. In this connection, the Task Force recommends that the United States should encourage the UN Security Council to implement the October 2007 Presidential Statement which calls for "a genuine dialogue with Daw Aung San Suu Kyi and all concerned parties and ethnic groups in order to achieve an inclusive national reconciliation."³ Additionally, to facilitate expanded engagement, the United States should appoint a Special Representative and Policy Coordinator for Burma as called for by the Tom Lantos Block Burmese Jade (Junta's Anti-Democratic Efforts) Act of 2008 (JADE Act).⁴

³ UN Security Council, 5757th Meeting, "Statement by the President of the Security Council [The Situation in Myanmar]," (S/PRST/2007/37), October 11, 2007.

⁴ See Tom Lantos Block Burmese Jade (Junta's Anti-Democratic Efforts) Act of 2008, Pub. L. no. 110-286, 122 Stat. 2642 (2008), <http://www.gpo.gov/fdsys/pkg/PLAW-110publ286/pdf/PLAW-110publ286.pdf> (accessed February 11, 2010). In November 2008, U.S. President George W. Bush nominated Michael J. Green, a former White House advisor on Asia, for this position. Green's nomination never went before Congress for review and approval and no new nominees have been presented since President Obama took office.

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- **U.S. policy toward Burma should emphasize coordination and collaboration with other concerned governments and international institutions, particularly Burma's Asian neighbors.** ASEAN, in particular, could be a valuable channel in the coming decade for encouraging reforms in Burma. In this connection, the United States should work together with ASEAN countries to underscore the importance of conducting the 2010 elections in “a free, fair, inclusive and transparent manner,” as outlined in the joint statement from the first ASEAN-U.S. Leaders Summit held in Singapore in November 2009. The United States also should develop collaborative efforts with China, Japan, and India to press the Burmese government in positive directions.
 - **U.S. sanctions on trade and investment with Burma should not be removed until the government releases political prisoners, including Aung San Suu Kyi, and allows full participation in the political process.** The Task Force supports the United States' decision to maintain these sanctions in the absence of significant, meaningful change in the composition and policies of the Burmese government, particularly with regard to its tolerance of political opposition. In addition, sanctions on financial services related to corrupt practices, money laundering, and other measures used by the military leadership to exploit hard currency earnings from the sale of natural resources should not be fully removed until major economic reforms and anticorruption measures have been taken by a new government.
 - **The removal by the United States of some noneconomic sanctions designed to restrict official interaction and contact between the two governments is welcomed, and an even greater relaxation in bilateral communications, through both official and unofficial channels, should be pursued.** The Task Force strongly believes that expanding bilateral channels of communication, especially during a period of potential political change, will strengthen the United States' leverage in achieving its goals in Burma. During the period before the planned elections, the United States should continue to pursue opportunities for direct talks with military leaders to press for genuine tripartite dialogue and the release of political prisoners.
 - **In pursuing pragmatic engagement with Burma, the United States must continue to develop, and even ramp up, means of reaching the Burmese population directly through assistance programs.** This is especially necessary if the military or a military-controlled civilian regime maintains harsh authoritarian governance in Burma, even after the parliamentary elections. In the past few years, U.S. humanitarian assistance to Burma has expanded rapidly in response to dire humanitarian needs—particularly in the aftermath of Cyclone Nargis—and to support the growth of civil society and community development.⁵ Assistance to NGOs that have no connections to the military and are not officially registered

⁵ In October 2009, the United States announced that it would add another \$10 million to the \$75 million already pledged to assist NGOs in cyclone relief efforts.

with authorities should be expanded. U.S. assistance also should be targeted toward small farmers and small and medium-sized businesses that help to create functioning communities.

In approaching the question of increasing assistance, however, the United States must be vigilant in examining the dangers of expanding the flow of economic resources into Burma. This is especially true if the government remains prejudiced against foreign assistance that is not channeled through government organizations, where it easily can be turned to purposes other than those intended. Unfortunately, the new constitution effectively excludes anyone receiving foreign assistance from running for election, so a hostile attitude toward foreign aid is already built into the new government.

- **Any future expansion of U.S. humanitarian aid programs inside Burma should not be accomplished at the expense of existing cross-border assistance programs, which remain essential.** Cross-border programs, particularly those originating in Thailand, are needed because the constitution provides no vehicle for the return of Burmese refugees and exiles, whose humanitarian needs remain acute. In fact, the constitution appears to set up barriers to their return. Additionally, the many impressive and well-established NGOs and other aid organizations in neighboring countries will continue to provide a vital means of supporting and supplementing assistance programs inside Burma, particularly those for minority nationalities, which are likely to continue to operate under severe restrictions even after the elections.
- **Educational exchange under the Fulbright and Humphrey Scholar programs and cultural outreach activities should be expanded. These programs produce powerful agents for community development in Burma and can significantly expand the prospects for improved governance.** Although the military government is highly averse to foreign cultural influence in the country, the U.S. Embassy's American Center has long served as a cultural focal point for many Burmese living in the Rangoon area. If the election produces a transfer of power to a less xenophobic leadership, the United States should support the extension of American Center programs through the Internet, the deployment of visiting speakers to other cities, and other forms of cultural outreach. If political transition produces real change, marked by full participation of opposition and non-Burman ethnic representatives in elected government, U.S. scholarship and visitor programs should be expanded to include Burmese government officials.
- **As for the elections, the United States should avoid direct participation in election monitoring, as this could be seen as conferring legitimacy on a seriously flawed election process.** However, the United States should facilitate the provision of educational materials on election and parliamentary processes to

groups in Burma and on the Thai border that are conducting voter workshops and seminars, with a particular emphasis on state/division-level elections, which may become important to ethnic minorities. Voice of America and Radio Free Asia also could help educate voters.

Stage 2: Additional measures to be implemented if and when the United States begins to see indications of change on the part of the Burmese leadership

U.S. policy should shift to a second stage if Burmese leaders begin to relax political restrictions, institute economic reforms, and advance human rights. During this stage, the United States should pursue measures designed to assist the process of developing more democratic institutions, both inside and outside government, and to encourage government capacity building. If there is no movement on these fronts, there will be little room for improving U.S. relations with Burma, and, in fact, pressure in the United States for tightening sanctions and other punitive measures likely will follow. If the U.S. government has no recourse but to pursue stronger sanctions, the Departments of Treasury and State should coordinate with other countries and organizations, including the EU and ASEAN in particular, to enlist them to also evoke financial and banking sanctions to ensure that military leaders and their associates cannot evade the impact of what otherwise would be less-effective unilateral sanctions. The United States Special Policy Coordinator should coordinate sanctions implementation via an ongoing research team that maps and targets where and with whom these individuals engage in business. In such a scenario, U.S. policy essentially would be left in Stage 1, with limited engagement and assistance confined largely to humanitarian, community development, and limited capacity-building programs.

If a different scenario emerges that includes the release of political prisoners, including Aung San Suu Kyi, and a demonstrated tolerance for expanded political activity, it should open the way for a much more active role by the United States in assisting with capacity building, governance training, and international efforts to encourage economic reforms.

During this stage, the Task Force recommends the following:

- **The United States should explore the feasibility of forming a support group with Australia, Burma, China, the European Union, India, Indonesia, and Japan, perhaps under the auspices of the United Nations, to provide a mechanism for organizing international coordination and assistance for Burma's transition, both politically and economically.** Such a group also could marshal other governments and international institutions as appropriate to focus on specific tasks, but its main objective should be to coordinate and demonstrate collective encouragement of reform, good governance, and the protection of human rights. To the extent that the United States can develop collaborative efforts with key Asian stakeholders, particularly with regard to economic reform initiatives, it will increase the possibility of achieving progress, because advice and support from these countries, rather than Western governments, are likely to be more welcome by the Burmese leadership.

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- **If the elections in Burma take place in 2010 as scheduled and succeed in replacing the current military government—the State Peace and Development Council (SPDC)—with a quasi-civilian government, the United States must be positioned to interact with the elected politicians and civil servants in the new ministries and other government structures.** In so doing, the United States will be able to assess the nature of the change taking place in Burma and decide where it can make positive contributions. This interaction also could include, for example, a relaxation of the U.S. visa ban on government officials to allow selected invitees to visit the United States.
 - **The United States should prepare to implement measures that will ease the way toward improved economic relations and the eventual removal of trade and investment sanctions.** These measures should be implemented only if political transition produces a government that demonstrates a genuine commitment to economic development, particularly small and medium enterprises, and a willingness to embrace basic political and economic freedoms—including the end of gross human rights violations—that allow development to take place.

A first measure is the provision of expert advice. Accordingly, the United States should gradually release current injunctions on and partner with institutions such as the International Monetary Fund, World Bank, and Asian Development Bank to provide Burma with advice on reform. Expertise in Burma's economic policy-making bodies has been so degraded under military rule that it may not provide sufficient capacity to engage in transformational economic reform. Such advice should begin with the reform of data collection in Burma to replace the current unreliable, inconsistent, and politically driven data collection process with one capable of providing critical feedback and accountability.

A second measure is for the United States and other appropriate countries to provide Burma with assistance in economic institution building. There are a great many needs on this front, but one of the most pressing is the need to create mechanisms through which to direct the revenues that Burma is accruing rapidly through its natural gas exports to development that benefits its people. Today, as a result of the deliberate policy choices of Burma's government, these revenues are creating a variant of the "resource curse" in which the country's tremendous gas wealth is hoarded and squandered by its leaders while its population remains desperately poor. Efforts in other resource-rich countries provide a body of experience, including measures that the United States has supported, to improve transparency and accountability over public funds in the face of entrenched corruption, mismanagement, and autocratic rule. This experience could be applied in Burma to help create mechanisms that can better direct resources toward public needs.

A third measure is for the United States to provide assistance in the form of micro, small, and medium finance to Burmese entrepreneurs to support tackling its grave crisis in rural indebtedness, a lack of new and affordable credit for farmers, and an absence of viable enterprise in rural areas. Rural Burma, once the location of some of the most productive and prosperous paddy farmers in the world, is currently in great economic distress. One of the causes of this distress is an extreme paucity of credit for farmers and rural enterprise, which lies at the heart of increasing food insecurity in many parts of Burma. Micro, small, and medium finance presents a readily available mechanism to reduce these problems in Burma's rural credit markets. It is a particularly useful device in conflict and politically sensitive areas, and in minimizing corruption and misappropriation. A private micro, small, and medium finance wholesale funding vehicle should be created, building on schemes in Burma that are already benefiting from U.S. funding and other support.

Stage 3: Actions to be undertaken after real progress has been demonstrated on a sustained basis

Stage 3 would commence when there is clear evidence of change that can be further developed and supported—for example, when the civilian population believes that the new government is serving its interests, when it is safe to run for office and engage openly in political activity, and when a new generation of socially responsible political and military leaders has emerged. A second round of parliamentary elections, planned for 2015, would provide a more reliable measure of political progress in Burma than the first round in 2010, and could be a key indicator of such change. If there is definitive progress in these areas, engagement should expand, and sanctions should begin to diminish.

During this stage, the Task Force recommends the following:

- **The United States should create aid programs designed to improve civil service capacity and the effectiveness of government welfare and education.** The United States should begin selective development assistance, health and education assistance in cooperation with government ministries, significantly expanded outreach and public diplomacy programs, educational exchanges, and many other elements of normal relations with an underdeveloped country. USAID could conclude a bilateral assistance agreement with the Burmese government, paving the way for broader, more cooperative programs. Assistance from the United States—and from the international community more generally—is vitally important. U.S. assistance programs will be even more important if the country reinstates elected government, and should be expanded as circumstances warrant.
- **The United States should begin to focus on legal reform to address civil rights, economic law, and corruption.** Eventually, it might become possible to provide assistance and training to parliamentary and legislative organizations. All of these

efforts should place special emphasis on minority nationalities to facilitate their full participation in the country's political and economic development.

- **The United States should encourage the creation of a flexible mechanism that will allow some sanctions to be lifted, while maintaining others and holding the capacity to impose new, tightly targeted financial sanctions should circumstances deteriorate.** This mechanism would be based on a measured and transparent formula for calibrating these sanctions to alleviate the negative impact on Burmese workers and small entrepreneurs, while continuing to target those engaging in harmful practices. The measurement criteria should include civil liberties, political rights, voice and accountability, the extent of the rule of law, and controls on corruption. Such criteria would discourage empty promises and backsliding as the United States increases its interaction with the Burmese government, while recognizing that human rights and other critical determinants of a decent life are essential to achieving good governance.⁶
- **The United States should position itself to promote security sector reform in Burma. In addition to advancing reforms in the judiciary and oversight of the country's military and police, the United States should prepare to expand bilateral relations with Burma's security forces and restore some form of security assistance, particularly police training assistance, if concrete developments in human rights and a clear intention to professionalize Burmese security forces take place.** Such efforts should be aimed at building up a police force that can operate under civilian rule and establishing a judiciary to handle rule of law issues. Military-to-military work could be carried out jointly with Indonesian officers, who also could impart a regional appreciation of civilian rule over the military. In the area of police training assistance, the United States should turn to other nations that have national police experience, such as Australia, Canada, New Zealand, or the United Kingdom. The United States and the region more broadly also could benefit from expanded, but carefully monitored, counternarcotics cooperation and other programs related to international criminal activity into and out of Burma.

There are no easy solutions, and the path forward will not be smooth. In every respect, the conditions in Burma are among the most dire of any country in the world, and it will take decades, if not generations, to reverse current downward trends and create a foundation for a sustainable and viable democratic government. The United States must ensure that its policies do not inadvertently support or encourage authoritarian and/or corrupt elements in Burmese society. At the same time, if the United States sets the bar too high at the outset, it will deny itself an effective role in helping to move Burma away from authoritarian rule and into the world community.

⁶ See Appendix A, "A Mechanism for Assessing and Appropriately Adjusting Economic Sanctions on Burma," which was written by Sean Turnell, an advisor to the Task Force.

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