Responding to Burmese Reform

MURRAY HIEBERT AND GREG POLING

Murray Hiebert is senior fellow and deputy director of the Southeast Asia Program at the Center for Strategic and International Studies in Washington, D.C. Greg Poling is research assistant with the Southeast Asia Program.

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Burma may be in the midst of the most significant political reform since the 1960s when the military seized control. No one can be sure if these changes will take hold and how far they will go, but it is critical for the United States to recognize what is happening, encourage those pressing for change, and start to consider steps to help end the country’s decades of isolation.

Burmese president Thein Sein stunned the world and his people when he announced on September 30 that construction by a Chinese company of the controversial Myitsone dam would be suspended immediately. The dam would have flooded an area the size of Singapore and by many accounts would have slowed the flow of the Irrawaddy River enough to cause widespread damage far downstream. The decision was a victory for environmental crusaders both inside and outside Burma.

More important, however, was the message President Thein Sein’s announcement sent to his own people. For the first time in a generation, and perhaps much longer, their voices had actually mattered. The $3.6 billion dam had become a cause célèbre among Burmese dissidents like Aung San Suu Kyi as well as among everyday citizens.

The Irrawaddy is the traditional lifeblood of Burma, and the potential damage to fisheries and rice fields far downstream ignited widespread anger. For many, the image of a Chinese-built dam choking off
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the Irrawaddy at its very source while making a handful of elites rich struck a powerful chord. It seemed an apt metaphor for the greed and brutality that has crippled Burma for a half century.

The last time the Burmese people’s anger at their own destitution rose to the surface was August 2007, when Burma’s leaders announced the removal of all fuel subsidies. The price of oil and gas leapt 66 percent nearly overnight and food prices followed. When protesters, joined by Buddhist monks, took to the streets, the junta’s troops opened fire and crushed them. Less than a year later, when Cyclone Nargis caused the worst humanitarian disaster in Burmese history, the government not only spent precious weeks refusing international aid, but went so far as to arrest its own people for “illegally” distributing relief supplies.

The change in the Burmese government’s responsiveness to its own people from then to now is remarkable. Just three years later, President Thein Sein has proved willing and able to annoy neighboring China and his own rapacious fellow elites to assuage public anger that has not even been taken to the streets in any significant way.
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Since Burma’s nominally civilian government took power in undeniably rigged elections in November 2010, the paramount question has been, has anything really changed? The Myitsone decision appears to have provided an unequivocal yes, at least for now. In the last three months the government has sought IMF assistance to reform its monetary system, held an unprecedented meeting between opposition leader Aung San Suu Kyi and President Thein Sein, unblocked foreign news and media websites, and announced an upcoming prisoner amnesty, and its top press watchdog has even suggested that press censorship should be ended altogether. Each of these moves was received with a mix of cautious optimism and cynical dismissal because none of them involved any real cost to the government. The economic and political costs of angering China with the Myitsone decision, however, are all too real.

The reforms being implemented in Burma are meant first and foremost to reverse the country’s economic and political decay. They are not meant primarily to assuage international anger. That does not mean, however, that the United States does not have a stake in this fight, nor that it either cannot or should not take steps to support reform.

President Barack Obama has made it clear that his administration’s focus has shifted to the Asia-Pacific and that Southeast Asia is an integral part of that new focus. As a member of ASEAN, Burma is necessarily a piece of U.S. strategy in the region. Burma could chair ASEAN as early as 2014. The United States will need to find a way to remain a player in ASEAN during Burma’s chairmanship, especially the ASEAN Regional Forum and the East Asia Summit that will require the attendance of the secretary of state and the president on Burmese soil. This will be possible only if Burma’s political system reforms enough for sanctions to be relaxed.

So what can the United States do to help promote those developments? The easiest, and likely most necessary, step is to let Burma know that its efforts at reform are not going unnoticed. Voices in the government have already begun to take this step, especially special representative and policy coordinator for Burma Derek Mitchell and chairman of the Senate Foreign Relations Subcommittee on East Asia and Pacific Affairs Jim Webb. While reiterating that much more must be done, particularly the release of political prisoners, both have let Burma’s leaders know that the steps taken so far have been positive and well received. With the Myitsone decision, it is time for President Obama or Secretary of State Hillary Clinton to voice their appreciation for the direction of Burmese reform.

A view from the village of Tang Hpre, which was to be evacuated due to the nearby Myitsone dam. Burmese president Thein Sein halted work on the dam on September 30. http://www.flickr.com/photos/photographingrebecca/6073080281/
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It is also important that the United States provide Burma a roadmap for the removal of economic sanctions. The current sanctions regime was renewed by Congress for another year on September 15. This leaves another 12 months for Burma’s reformers to convince lawmakers that they are serious about reform. In the meantime, the administration needs to let Burma know exactly what steps are needed for sanctions to be lifted. Until now, prescriptions have been only vague and general. Will all political prisoners need to be released, or just most? Will all violence need to end in the border states, or will a cease-fire with most minority groups suffice? Without clear guidelines, Burma’s reformers will remain vulnerable to charges from hardliners that their reforms, no matter how many, will not be enough.

The United States should consider encouraging technical assistance from the international community, including the World Bank and United Nations, to provide the country’s officials with the tools they need to give the reforms a chance to succeed. Years of isolation and economic sanctions have ensured that Burma has few people with the skills needed to overhaul the country’s distorted exchange rate or decrepit public health system.

Finally, the United States should take the opportunity provided by the signs of change to upgrade the U.S. mission in Rangoon to full embassy status. This will send a strong signal of support to Burma reformers. It will also give the United States greater access to information and perhaps even a modicum of influence in the corridors of power in Burma.

None of these steps will ensure that President Thein Sein succeeds in giving his country a brighter future. Nothing the United States or anyone but the Burmese people does can ensure that. But they will send a message of support to Burma’s reformers, and will help ensure the United States is well-positioned to engage anew with a more successful and more democratic Burma.
Mekong River

- **Worst flooding in more than a decade ravages the Lower Mekong.** Thailand, Cambodia, Vietnam, and Laos are being hit hard by the worst flooding along the Mekong River since 2000. Since flooding began in early August, hundreds have been killed and thousands left homeless. As of the first week of October, 252 had died in Thailand, 150 in Cambodia, and 18 in Vietnam. Roughly 719,000 acres of rice fields have been inundated in Cambodia along with 12,000 acres in Vietnam. In response to the flooding, Thai prime minister Yingluck Shinawatra announced on October 9 that she would be postponing a planned trip to Malaysia and Singapore on October 11-12 because of the “serious crisis.”

Burma

- **Burma suspends work on controversial dam.** Burmese president Thein Sein on September 30 announced the suspension of work on the controversial Myitsone dam project, the latest in a series of surprising economic and political moves by the government that came to power after last year’s flawed elections. Lu Qizhou, president of China Power Investment Corp., which is constructing the dam, warned on October 3 that the halt “will lead to a series of legal issues,” while China’s state-owned National Petroleum Corp. said the decision will not affect construction of the Shwe gas pipelines from Burma’s Arakan state to China’s Yunnan province. Burmese vice president Tin Aung Myint Oo will travel to China October 21-26 to explain the decision to Chinese leaders.

- **Burmese government seeking talks with ethnic minorities.** Leaders of the Karen National Union told a delegation of state officials on September 28 that they will hold peace talks only with the central, not state, government. The delegation seemed to be part of an ongoing effort by the government to safeguard peace with most ethnic minority forces while continuing offensives against the Kachin Independence Army and Shan State Army-North. The government also met with representatives of the United Wa State Army in Lashio on October 1 and has reportedly sought talks recently with the Shan State Army-South, the Democratic Karen National Army, and the New Mon State Party.

- **Aung San Suu Kyi and Burma’s Labor minister discuss prisoner release.** Burmese opposition leader Aung San Suu Kyi met with Labor Minister Aung Kyi for the second time on September 30. The labor minister said the government is willing to work with Suu Kyi’s National League for
Democracy if it registers as a legal political party, which it refused to do ahead of last year’s elections. The two also discussed the prisoner amnesty announced by Foreign Minister U Wanna Maung Lwin at the UN General Assembly on September 27. The government announced on October 11 that 6,359 prisoners will be released in an amnesty beginning October 12. It was unclear if political prisoners would be included, but in a positive sign the government-created Myanmar National Human Rights Commission on October 11 called on authorities to release all “prisoners of conscience.” In addition, Tint Swe, director of Burma’s Press Scrutiny and Registration Department, said on October 8 that all press censorship should soon be lifted as part of the country’s reform efforts.

- **Thai PM Yingluck makes first visit to Burma.** Thai prime minister Yingluck Shinawattra visited Burma on October 5 and met with Burmese government officials, including President Thein Sein. The two leaders pledged to pursue closer ties, and Yingluck asked for the Friendship Bridge between the two countries to be reopened. The bridge was unilaterally closed by Burma in July 2010, costing Thai businesses as much as $4.3 billion in trade in the past year. Thein Sein pledged to speed up the bridge’s reopening.

**INDONESIA**

- **Violence increasing against religious minorities.** The International Crisis Group warned of rising tensions between Christians and Muslims in Indonesia’s Maluku Islands on October 4. The report cited the outbreak of anti-Christian rioting that left seven dead in Ambon on September 11 and the suicide bombing of a church on September 22 that injured 22. Indonesia’s top bishop, Martinus Dogma Situmorang, said during a visit to the Vatican on October 4 that Christians face increased violence due to rising extremism. In response, Pope Benedict XVI urged Indonesia’s bishops to “[remain] committed to dialogue with other religions, [respect] mutual differences...strengthen friendships and overcome misunderstanding or distrust.” Since 2008, extremist violence in Indonesia has increasingly targeted religious minorities, particularly Christians and Muslim Ahmadiya members.

- **Anticorruption campaign picking up steam.** The Corruption Eradication Commission (KPK) has stepped up investigations of graft in recent weeks, questioning Finance Minister Agus Martowardojo on October 4 and summoning Manpower and Transmigration Minister Muhaimin Iskandar for questioning. House of Representative Commission III chairman Benny
K. Harman said on October 3 that lawmakers feel “terrorized” by KPK summons. Public frustration with corruption was evident recently in an Indonesia Survey Circle survey, which showed that politicians’ popularity is just 23 percent, down 21 percent from 2005.

- **Indonesia halves export tax on refined palm oil.** Indonesia on October 5 lowered its maximum export tax on refined palm oil from 23 percent to 10 percent. The move is expected to increase demand for palm oil in China, India, and other developing nations and further depress global palm oil prices that have already fallen 26 percent this year. The move will also result in greater competition with Malaysian companies because Indonesian companies are expected to begin refining more crude palm oil domestically rather than exporting it to Malaysia for refining.

- **Indonesia passes landmark legal aid law.** Indonesia’s House of Representatives on October 4 passed a new legal aid law guaranteeing that low-income defendants will have access to publicly funded lawyers in both civil and criminal cases. The deputy chairman of the house legislation body, Sunardi Ayub, said the law is necessary to meet Indonesia’s constitutional guarantee of equal treatment before the law and marks an important step toward ensuring an “effective, efficient, and accountable judiciary.”

- **Mattel to end business with companies involved in rainforest deforestation.** Mattel, best known as the maker of the Barbie doll, announced on October 5 that it will no longer purchase materials from Indonesia’s Asia Pulp and Paper group or any other company found to be involved in rainforest deforestation. The announcement came in response to a campaign by Greenpeace, which said it will push other companies, including Disney and Hasbro, to follow suit. The Indonesian government estimates nearly half of Indonesia’s remaining rainforests will disappear in the next 20 years.

**Thailand**

- **Thailand subsidizes domestic rice production.** The fixed-price policy for rice that the Pheu Thai Party promised during the July general elections kicked off on October 7. Under the policy, the government will control export prices and direct government sales by purchasing and stockpiling domestic rice supplies. Bangkok hopes the program will boost domestic income and spending, but critics claim damage to the export sector will outweigh any benefits as Thailand will likely lose its position as the leading exporter of rice to Vietnam.
Amnesty International says insurgents commit war crimes in southern Thailand. Amnesty International on September 26 accused insurgents in Thailand’s restive south of committing war crimes against Thai citizens. The London-based group said that Thai security forces have also been guilty of extrajudicial killing of civilians. Nearly 4,800 people, two-thirds of them civilians, have been killed and thousands injured in the southernmost provinces of Yala, Pattani, Narathiwat, and parts of Songkhla since violence flared in 2004.

VIETNAM

Mizuho to purchase sizeable stake in Vietcombank. Japan’s Mizuho Financial Group announced on September 30 that it is purchasing a 15 percent stake in Vietcombank, one of Vietnam’s largest state-owned banks. The $567 million purchase is one of the largest inbound acquisitions, if not the largest ever, in Vietnam. As part of the deal, Mizuho will name one member to Vietcombank’s board and the two banks will work together on a number of fronts, including trade finance and investment banking.

New law to destroy vast swaths of rice fields. Vietnam risks losing roughly 741,000 acres of rice fields by 2020 under a proposed law on land use zoning set to go before the National Assembly on October 20. According to the new law, the fields will be converted to industrial, service, and urbanization uses. Vietnam has already lost 865,000 acres of rice fields in the last decade and further rapid loss may threaten the nation’s long-term food security.

Vietnamese private debt reaching dangerous levels. The World Bank warned on October 3 that Vietnam’s ratio of private debt to GDP has climbed to a dangerous level of 125 percent and is growing rapidly. This situation has raised fears that Vietnamese banks may be holding an alarming amount of bad debt. Businesses that have become overly reliant on bank loans are now facing difficulties as banks tighten credit and raise interest rates in response to the government’s inflation-fighting policies.

Japanese company to build nuclear reactors in Vietnam. Japan Atomic Power Co. signed an agreement with Vietnam on September 28 to conduct a feasibility study on the construction of two 1,000 MW nuclear reactors in Vietnam. The proposed reactors would come on line in 2021 and 2022 and highlight Vietnam’s determination to make nuclear power an important part of its energy mix. The Japanese government will cover most of the costs through development aid and export-promotion programs.
run by state-owned Japan Bank for International Cooperation and Nippon Export and Investment Insurance.

- **CPJ decries Vietnamese crackdown on journalists.** The Committee to Protect Journalists (CPJ) expressed alarm on October 5 that Vietnam has arrested at least nine journalists in the last six months, placing it “among the worst jailers of journalists in the world.” According to CPJ, only five journalists were in prison in Vietnam at the end of 2010. The group attributes the crackdown to an executive order issued on February 25 giving authorities greater power to punish journalists who report on sensitive topics, use pseudonyms, and do not disclose sources.

**MALAYSIA**

- **Najib’s budget packed with incentives.** Prime Minister Najib Razak’s proposed annual budget, released on October 7, contains cash payments for the poor, bonuses for civil servants, and tax incentives for business. The payouts are part of a plan to buoy Malaysia’s economy while cutting the budget deficit to 4.7 percent. Najib also announced phasing in liberalization of 17 services subsectors, ranging from telecommunications to engineering services and private hospital services, in 2012. The government hopes liberalizing the services sector will boost foreign investment. The opposition decried the budget as a thinly veiled giveaway intended to buy votes ahead of next year’s expected elections, even though its alternative budget is similarly laden with a broad benefits package.

- **Najib moves to repeal Internal Security Act and releases 125 detained suspects.** Malaysia’s prime minister Najib Razak submitted a bill to Parliament on October 3 to repeal his country’s Internal Security Act by March 2012. Najib announced on October 5 the release of 125 prisoners detained under the Restricted Residence Act, which is used to sequester suspected criminals without proceeding through normal judicial channels. The announcement of the new legislation was lauded by rights groups, but was viewed as a cynical ploy by Malaysia’s opposition. Najib has said he will replace the Internal Security Act and Restricted Residence Act with legislation integrating judicial safeguards.

- **Opposition leader Anwar Ibrahim’s trial proceeds.** A trial judge in Malaysia ruled on October 6 that Prime Minister Najib Razak and his wife would not be forced to testify in opposition leader Anwar Ibrahim’s ongoing sodomy trial, after a federal panel in Malaysia dismissed the defense’s appeal for the judge’s recusal. The court also heard medical
testimony suggesting that Anwar’s back pain would have prevented him from performing the acts with which he is charged, and that the aide accusing him was planted by his political opponents.

APEC

- **November APEC Summit to focus on green growth, reducing regulatory and tariff barriers.** U.S. senior official for APEC Kurt Tong said on October 3 that the agenda of the APEC Economic Leaders’ Meeting in Honolulu on November 12–13 will emphasize green growth and reducing regulatory and tariff barriers to regional trade. Tong also said that eliminating fossil fuel subsidies will be near the top of the agenda. The United States and its eight partners in the Trans-Pacific Partnership trade talks hope to achieve the broad outlines of an agreement ahead of the summit.

PHILIPPINES

- **Back-to-back typhoons kill 82.** The death toll from two recent typhoons in the Philippines has been rising, reaching 82 as of October 6. Typhoon Nesat struck the country on September 27, followed by Typhoon Nalgae on October 2. The largely agriculture-dependent provinces of Isabela and Aurora have suffered the worst damage, while Manila has reported the most deaths.

- **Mine operations continue after clash with communist insurgents.** The Philippines’ largest nickel producer, Nickel Asia Corp., resumed activity at its Tagnito mine site on October 5 after an attack by about 200 communist forces on October 3. Although the government has pushed for new investment in the region, the incident reveals deep discontent among the local population. The government has bolstered the army’s presence in the region in response to the incident. Tagnito is the Philippines’ largest nickel mine. Nickel Asia Corp.’s stock dropped 13 percent on October 4.

- **Splinter group and commander expelled from MILF.** The Moro Islamic Liberation Front (MILF) signed a resolution on September 30 to expel the splinter faction Bangsamoro Islamic Freedom Movement (BIFM) and its rogue commander, Ameril Umbrakato, after efforts to convince the faction to rejoin the group failed. BIFM’s ejection from the MILF umbrella group means it is no longer protected by the cease-fire currently monitored by Malaysia and will be subject to attack and arrest by Philippine authorities.

- **Philippines deports 67 Chinese suspected of fraud.** The Philippines deported 67 Chinese nationals on September 30 for allegedly committing...
telecommunications, Internet, and credit card fraud. The suspects were arrested September 28 by Immigration and National Bureau of Investigation (BI) agents in San Juan and Mandaluyong. These cities host a large population of Chinese nationals, and BI suspects those arrested were part of a larger international crime ring.

**Singapore**

- **Singaporean founding father resigns party position.** Former Singaporean prime ministers Lee Kuan Yew and Goh Chok Tong, along with four other senior politicians, resigned their positions on the central executive committee of the ruling People’s Action Party (PAP) on October 5. According to a PAP statement, Lee, who ruled Singapore for more than three decades, left his leadership position in the party he cofounded in 1954 in order to “facilitate leadership renewal.” The PAP lost six seats and garnered just over 60 percent of the vote in May elections, the ruling party’s worst election performance since Singapore achieved independence in 1965.

**Cambodia**

- **Cambodia welcomes Thai moves toward dispute resolution.** Cambodia welcomed the Thai government’s October 4 announcement that it will seek to reinstate a memorandum of understanding to resolve territorial disputes in the Gulf of Thailand. The memorandum was signed by both countries in 2001, but was dismissed by Thailand’s former prime minister, Abhisit Vejjajiva, in 2009 after Cambodian prime minister Hun Sen appointed exiled former Thai prime minister Thaksin Shinawatra as an economic adviser. The disputed area is believed to contain rich natural gas reserves.

**Brunei Darussalam**

- **U.S. and Brunei navies hold annual joint training exercises.** The navies of Brunei and the United States held the 17th annual Cooperation Afloat Readiness and Training (CARAT) exercises from September 30 to October 7. The United States engages in bilateral CARAT exercises with a number of Southeast Asian partners each year. The exercises aim to increase capacity and interoperability in search and rescue, firefighting, damage control, maritime domain awareness, and other areas of maritime security.
ASEAN

- **ASEAN+3 ministers focus on food security.** ASEAN agriculture and trade ministers discussed establishing a regional commodity exchange to help stabilize commodity prices in the region at the ASEAN Food Security Conference in Jakarta on October 5. This was followed by an agreement by officials from ASEAN, China, Japan, and South Korea on October 7 to create a rice stockpile to deal with supply shocks and natural disasters.

South China Sea

- **Japan and the Philippines increase South China Sea dialogue.** Philippine president Benigno Aquino traveled to Japan on September 25 to discuss regional security issues, climate change, ASEAN, and disaster relief efforts. His four-day visit followed an “ASEAN legal experts on maritime issues” meeting in Manila one week earlier. During Aquino’s visit, the Japanese government hosted a “security and resource issues” meeting with officials from Indonesia, the Philippines, Thailand, Vietnam, and others.

Students from the Royal Brunei Navy Primary School practice steering during a tour of the USS Dewey on October 4 as part of the 17th annual U.S.-Brunei CARAT exercises. http://www.flickr.com/photos/usnavy/6219960069/
• **The Cloister with Kim Beazley.** The Honorable Kim Beazley, Australian ambassador to the United States, will speak at a Cloister briefing at CSIS on October 14 from 11:00 a.m. to 12:00 p.m. The Cloister is a series of high-level, private, off-the-record meetings following Chatham House rules that give senior statesmen and policymakers the opportunity to discuss a range of policy options, challenges, and new initiatives with top experts. The meetings are by invitation only. For more details, please contact southeastasiaprogram@csis.org.

• **Dorodjatun Kuntjoro-Jakti to speak at USINDO.** Indonesia’s former coordinating minister for economic affairs Dorodjatun Kuntjoro-Jakti will give a talk entitled “Indonesia: 2014 and Beyond” at the United States-Indonesia Society (USINDO) on October 14. Dr. Dorodjatun Kuntjoro-Jakti will speak on a number of issues, including the role of Indonesia’s ethnic diversity, political economy, and natural resources on the country’s future. The event will take place in the USINDO Conference Room, 1625 Massachusetts Ave, N.W., Suite 550, from 10:00 a.m. to 12:00 p.m. Please RSVP here.

• **Forum on the South China Sea.** The Carlos P. Romulo Foundation and the Institute of Southeast Asian Studies will host a Forum on the South China Sea at the Manila Polo Club, Makati City, Philippines on October 16–17. The forum will be moderated by former Philippine minister of foreign affairs Roberto R. Romulo and will include keynote speeches and panel discussions with academics and former officials from the Philippines, Brunei, Vietnam, Malaysia, Singapore, Indonesia, Taiwan, China, India, Canada, the EU, and the United States.

• **International conference on China-Myanmar relations.** Georgetown University and the Center for Naval Analysis will host a one-day international conference entitled “China-Myanmar Relations: The Dilemmas of Mutual Dependence” on November 4 from 8:30 a.m. to 5:00 p.m. in the Georgetown University Leavey Center. The conference will be followed by an invitation-only dinner at which Assistant Secretary of State for East Asia and the Pacific Kurt Campbell will speak. For more details, please contact Jennifer Maher at barnesjp@georgetown.edu. Please RSVP here. ■
SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

CSIS Southeast Asia Program contributors:

Ernest Bower, Senior Adviser and Director
Murray Hiebert, Senior Fellow and Deputy Director
Greg Poling, Research Assistant
Sakari Deichsel, Researcher
Wai Phyo Myint, Researcher
Kiet Nguyen, Researcher

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