The EU's relations with Burma / Myanmar

source: DG RELEX, European Commission

1. Political Context

Burma/Myanmar, independent since 1948, has been ruled by military dictatorship since 1962. The current military regime, the State Peace and Development Council (SPDC), formerly known as the State Law and Order Restoration Council, seized power in a bloody coup in 1988. In general elections, which took place in 1990, the main opposition party under the leadership of Nobel Peace Prize Laureate, Aung San Suu Kyi, the National League for Democracy (NLD), won 82% of the seats to the National Assembly. However, the results of the elections were never honoured by the military regime, which maintained power and has since continued its repressive policies leading to serious human rights abuses in the country.

On 30 May 2003, a violent attack against Aung San Suu Kyi and her supporters during a trip to northern Burma/Myanmar – followed by her renewed detention, the arrest of NLD members and the closing of all NLD offices - shattered hopes that the State Peace and Development Council was finally planning to embark on a genuine process of political reform. To date, only the NLD headquarters has been allowed to reopen, while Aung San Suu Kyi remains under house arrest.

In August 2003, the Burmese military regime presented a seven-step ‘roadmap’ for constitutional and political reform. On 17 May 2004, the military regime further announced its intention to reconvene the country's National Convention, in order to reopen negotiations on a Constitution. The National Convention is expected to result in a referendum on a new constitution and new elections. The National Convention was established in 1993, but it was adjourned in March 1996 following the withdrawal of the NLD out of protest over the undemocratic proceedings. The promised opening of the political system, if it occurs, would be a unique opportunity for national reconciliation. However, the prospects for a real and inclusive process of national reconciliation remain poor given the SPDC's absolute control over the process and the failure to reach an agreement between Aung San Suu Kyi and the SPDC leadership which could have enabled the participation of the NLD in the process.

On 19 October 2004, Burma/Myanmar again became the focus of international attention with the removal of Prime Minister Khin Nyunt. The Prime Minister has played a leading role in negotiations with ethnic nationality groups as well as with Aung San Suu Kyi in the lead up to the National Convention. Khin Nyunt has been replaced by Lt. Gen. Soe Win.

Burma/Myanmar is an ethnically-diverse country, made up of 60% ethnic Burmans with 40% of the population spread across several ethnic groups and sub-groups. Since independence, a number of these ethnic groups have waged armed insurgencies against the central government in pursuit of greater regional autonomy or independence. However, today most of these groups have signed cease-fire agreements with the military regime, while only a few of them continue their armed insurgencies. The ethnic groups are mainly located in the border areas (Burma/Myanmar borders Bangladesh, India, China, Laos and Thailand), surrounding the central Burmese area like a great horseshoe. Thousands of Burmese citizens remain in exile in Bangladesh and Thailand, many of them new arrivals driven out by Burmese army attacks on civilians in ethnic minority areas. Adding to the ethnic fragmentation of the country is the military regime’s approach to returning refugees. For example, Rohingya refugees returning from Bangladesh are officially classified as “non-citizens” and subject to movement restrictions, which seriously hinders their reintegration.

Violations of human rights and fundamental freedoms are major international community concerns in Burma/Myanmar, including extra-judicial executions, forced relocations and forced labour on a massive scale. In November 2000, the International Labour Organisation implemented measures against Burma/Myanmar under Article 33 of the ILO Constitution – the first time the Article has ever been applied to an ILO member. Since March 2002, an ILO liaison officer has worked in-country to help stop the use of forced labour. In May 2003, the government agreed to appoint a mediator for forced labour compensation. However, the implementation of the agreed Plan of Action has remained on hold since the events of May 2003.

To date, the various initiatives of the international community have not been successful in improving the political situation in Burma/Myanmar.
2. Legal basis of EU relations

The EU Common Position on Burma/Myanmar was first adopted in October 1996. It confirmed previously imposed EU sanctions - an arms embargo imposed in 1990, the suspension of defence co-operation in 1991 and the suspension of all bilateral aid other than strictly humanitarian assistance - and introduced a visa ban on members of the military regime, members of the government, senior military and security officers and members of their families. It also suspended high-level governmental visits to Burma/Myanmar.

Separately, GSP privileges were withdrawn from Burma/Myanmar in 1997 due to that country’s forced labour practices. In addition, the EU has decided that Burma/Myanmar is not eligible to benefit from the “Everything but Arms” trade and development initiative. The 1996 Common position was strengthened in October 1998, by widening the visa ban on Burmese officials. In April 2000, the Council (a) added an export ban of any equipment that might be used for internal repression or terrorism, (b) published the list of persons affected by the visa ban, and (c) imposed a freeze on the funds held abroad by the persons named in the list. At the same time, the Council reiterated its desire to establish a meaningful political dialogue with the SPDC and indicated that the visa ban for the Burmese Foreign Minister might be waived where this would be in the interest of the EU. In 2003, the Common Position was strengthened once again through an extension of the scope of existing sanctions (to target more persons linked to the economic and/or political activities of the SPDC under the visa ban and asset freeze, and by amending and strengthening the arms embargo).

On 26 April 2004, the EU Common Position on Burma/Myanmar was extended by the Council in view of the military regime’s failure to make any significant progress in normalising administration of the country and addressing any of the EU’s concerns as regards human rights in Burma/Myanmar. On 3 September 2004 EU Foreign Ministers agreed to Burma/Myanmar participation in the ASEM Summit on a level below Head of State/Government (FM). At this time, Ministers decided that further sanctions against the military regime would be implemented if it failed to release Aung San Suu Kyi and open the National Convention to NLD participation in advance of Burma/Myanmar’s accession to the Asia-Europe Meeting (ASEM) in October 2004.

As the military regime failed to meet these demands on time, the Council agreed on 25 October 2004 to revise the Common Position and to further tighten sanctions on Rangoon. Specifically, the visa ban on senior military officials travelling to the EU has been extended to cover all officers holding the rank of Brigadier General or higher while new restrictions have been authorised to prohibit EU companies from investing in Burmese state-owned enterprises.

3. Trade/Economic Issues

Burma/Myanmar is a resource-rich yet poor country. A post-independence phase of state socialism, a lack of fundamental macro-economic know-how and growing international isolation has impoverished the country. Economic data are scarce. Worrying issues are the high percentage of public spending on military hardware, as opposed to the few resources spent on public health and education; widespread corruption and the uneven distribution of opportunities in urban and rural areas. The effects of the Asian financial crisis have compounded the economic difficulties.

Burma/Myanmar has little access to foreign aid, including assistance from the international financial institutions. The EU, Canada and the USA have removed GSP preferences on imports from Burma/Myanmar and provide no preferential financing for exports to or investment in the country. The US trade ban has had a large impact on the textiles sector. Total foreign debt was estimated at the end of 2003 at US$ 6.2 billions. There has been a dramatic reduction in foreign investment in recent years (from US$ 2.8 billion in 1996/97 to US$ 19.1 million in 2001/02). EU exports to Burma/Myanmar totalled € 54 million in 2003, imports from Burma/Myanmar totalled € 388 million.
4. Community Aid

There is no bilateral co-operation programme with Burma/Myanmar. In accordance with the EU Common Position, Commission funding is currently limited to humanitarian assistance. It includes contributions to the UN programme to combat HIV/AIDS in the country, the repatriation and reintegration of Rohingya refugees from Bangladesh (through the UNHCR and the US ACF) and a number of NGO projects working primarily in ethnic minority areas and focusing on water, sanitation, and medical care. Substantial assistance is also provided for Burmese refugees in Thailand and Bangladesh. Further humanitarian assistance could be foreseen, provided the appropriate conditions for implementation can be secured and that there will be no direct involvement of or transfer of funds through the military regime.

5. General Data

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<tr>
<th>Official Name</th>
<th>Union of Myanmar</th>
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<tbody>
<tr>
<td>Population</td>
<td>53</td>
</tr>
<tr>
<td>Area (1000 km²)</td>
<td>677,000 km²</td>
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<tr>
<td>Gross Domestic Product</td>
<td>€ 8 billion</td>
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<tr>
<td>GDP per capita</td>
<td>1590 Euro</td>
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<td>Real GDP (% growth)</td>
<td>5.1</td>
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<tr>
<td>Inflation rate (%)</td>
<td>40.0</td>
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<tr>
<td>Current account balance (% of GDP)</td>
<td>-4.7</td>
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Sources: EUROSTAT (COMEXT, CRONOS), IMF (DOTS), WEFA (WMM); all data for 2003.

* Statistics on Burma/Myanmar should not be regarded as fully reliable, because they are based on different exchange rates and the large informal sector and extra-legal economy are not captured in the figures.