

BURMA/MYANMAR: AFTER THE CRACKDOWN

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BURMA/MYANMAR: AFTER THE CRACKDOWN

EXECUTIVE SUMMARY AND RECOMMENDATIONS

The violent crushing of protests led by Buddhist monks in Burma/Myanmar in late 2007 has caused even allies of the military government to recognise that change is desperately needed. China and the Association of Southeast Asian Nations (ASEAN) have thrown their support behind the efforts by the UN Secretary-General's special envoy to re-open talks on national reconciliation, while the U.S. and others have stepped up their sanctions. But neither incomplete punitive measures nor intermittent talks are likely to bring about major reforms. Myanmar's neighbours and the West must press together for a sustainable process of national reconciliation. This will require a long-term effort by all who can make a difference, combining robust diplomacy with serious efforts to address the deep-seated structural obstacles to peace, democracy and development.

The protests in August-September and, in particular, the government crackdown have shaken up the political status quo, the international community has been mobilised to an unprecedented extent, and there are indications that divergences of view have grown within the military. The death toll is uncertain but appears to have been substantially higher than the official figures, and the violence has profoundly disrupted religious life across the country. While extreme violence has been a daily occurrence in ethnic minority populated areas in the border regions, where governments have faced widespread armed rebellion for more than half a century, the recent events struck at the core of the state and have had serious reverberations within the Burman majority society, as well as the regime itself, which it will be difficult for the military leaders to ignore.

While these developments present important new opportunities for change, they must be viewed against the continuance of profound structural obstacles. The balance of power is still heavily weighted in favour of the army, whose top leaders continue to insist that only a strongly centralised, military-led state can hold the country together. There may be more hope that a new generation of military leaders can disown the failures of the past and seek new ways forward. But even if the political will for reform improves, Myanmar will still face immense challenges in overcoming the debilitating legacy of decades of conflict, poverty and institutional

failure, which fuelled the recent crisis and could well overwhelm future governments as well.

The immediate challenges are to create a more durable negotiating process between government, opposition and ethnic groups and help alleviate the economic and humanitarian crisis that hampers reconciliation at all levels of society. At the same time, longer-term efforts are needed to encourage and support the emergence of a broader, more inclusive and better organised political society and to build the capacity of the state, civil society and individual households alike to deal with the many development challenges. To achieve these aims, all actors who have the ability to influence the situation need to become actively involved in working for change, and the comparative advantages each has must be mobilised to the fullest, with due respect for differences in national perspectives and interests.

RECOMMENDATIONS

To the International Community:

1. Agree to tightly structure engagement with Myanmar with three complementary elements extending beyond the Secretary-General's current Group of Friends at the UN and allowing for a division of labour and different degrees of involvement with the military regime:
 - (a) the UN Secretary-General's special adviser and envoy, Ibrahim Gambari, who provides a focal point for the overall coordination of international efforts and focuses on national reconciliation issues, including the nature and sequencing of political reforms and related human rights issues;
 - (b) cooperating closely with him, a small regional working group, composed of China and from ASEAN possibly Indonesia, Singapore, Thailand and Vietnam, which engages Myanmar directly in discussions on issues bearing on regional stability and development; and

- (c) a support group, composed of influential Western governments, including Australia, Canada, the EU, France, Germany, Japan, Norway, the UK and the U.S., which keeps human rights at the top of the international agenda and structures inducements for change, including sanctions and incentives, as well as broader humanitarian and other aid programs.

To the UN Secretary-General:

2. Strengthen his good offices by:
 - (a) becoming directly involved in key negotiations with the Myanmar authorities, including through a personal visit to Naypyidaw in the near future;
 - (b) facilitating direct access to the Security Council, as well as to the Human Rights Council, for his special adviser and envoy, Gambari, when he needs it;
 - (c) encouraging his special adviser and envoy to focus on mediation between conflicting parties and viewpoints and leave primarily to the special rapporteur and other representatives of relevant UN human rights mechanisms the more public roles which may weaken his ability to build relations and confidence with all sides; and
 - (d) requesting sufficient resources from member states to support his good offices in the medium term, including for hiring necessary support staff and establishing an office in Myanmar or nearby.

To Regional Countries:

3. Provide unequivocal support for the good offices of the UN Secretary-General and his efforts, personally and through his special adviser and envoy, to move Myanmar towards national reconciliation and improvements in human rights.
4. Organise regional multiparty talks, including Myanmar, China and key ASEAN countries, to address issues of common concern, including by:
 - (a) establishing discussion on key peace and conflict issues, including the consolidation and broadening of existing ceasefire arrangements, combating transnational crime and integrating conflict-affected border areas into regional economies in a more sustainable manner;
 - (b) creating a forum in which to prioritise Myanmar's development aims and how to

link them with those of the region at large, possibly including a regional experts panel on development and a regional humanitarian mission;

- (c) coordinating and strengthening regional support for the relevant law enforcement, development and capacity-building programs; and
- (d) ensuring that state and private business practices serve the long-term interests of the region by contributing to peace and development in Myanmar.

To Western Countries (including Japan):

5. While allowing the UN and regional governments to take the diplomatic lead, work to establish an international environment conducive to their success, including by:
 - (a) maintaining focus on key human rights issues in all relevant forums, including the Security Council, and by supporting active engagement and access to Myanmar by the special rapporteur and other representatives of the relevant thematic human rights mechanisms;
 - (b) preparing and structuring a series of escalating targeted sanctions, focusing on:
 - i. restrictions on access by military, state and crony enterprises to international banking services;
 - ii. limiting access of selected generals and their immediate families to personal business opportunities, health care, shopping, and foreign education for their children; as well as
 - iii. a universal arms embargo; and
 - (c) offering incentives for reform in order to balance the threat and/or imposition of sanctions and give the military leadership positive motivation for change.
6. Organise a donors forum, which can work to:
 - (a) generate agreement on the nature and funding of an incentive package;
 - (b) strengthen the humanitarian response by:
 - i. scaling up existing effective programs in the health sector to ensure national impact;
 - ii. initiating new and broader programs to support basic education and income-generation;

- iii. reaching internally displaced persons (IDPs) and others caught in the conflict zones, by combining programs from inside the country and across the border; and
 - iv. complementing aid delivery with policy dialogue and protection activities to ensure that harmful policies and practices are alleviated;
- (c) strengthen the basis for future reforms and a successful transition to peace, democracy and a market economy by:
- i. empowering disenfranchised groups;
 - ii. alleviating political, ethnic, religious and other divisions in communities, and building social capital;
 - iii. strengthening technical and administrative skills within state and local administrations, as well as civil society groups and private businesses;
 - iv. developing a peace economy in the conflict-affected border regions which can provide alternative livelihoods for former combatants; and
 - v. strengthening the coping mechanisms of individual households and communities; and
- (d) start contingency planning for transitional and post-transitional programs to rebuild and reform key political and economic institutions, as well as social and physical infrastructure.
7. Invite the World Bank to initiate a comprehensive and sustained policy dialogue with the government and relevant political and civil society actors, including needs assessments and capacity-building efforts.
8. Undertake a comprehensive review of existing and proposed sanctions to assess their impact and revise their terms as necessary to ensure that the harm done to civilians is minimised, important complementary policies are not unreasonably restricted, and they can be lifted flexibly if there is appropriate progress.

Yangon/Jakarta/Brussels, 31 January 2008

BURMA/MYANMAR: AFTER THE CRACKDOWN

I. INTRODUCTION

Burma/Myanmar¹ has been ruled by its military since 1962. Even during a brief democratic interlude in the 1950s, it was already embroiled in a civil war that is now one of the longest running armed conflicts in the world.² No government has ever controlled the entire country, and all have faced an array of insurgencies. The economy and infrastructure were destroyed in World War II; decades of isolation and mismanagement since have left it one of the world's most impoverished countries. Military rule has led to the decay of all other institutions, including the civil service, the judiciary, opposition parties and civil society. Resources have been almost entirely channelled into supporting the military and its security agenda; budgets for health, education and social development are minimal.³

¹ This report mostly uses the official English name for the country, as applied by the UN and most governments other than those of the U.S., Canada and some European countries. This is neither a political statement nor a judgment on the right of the military rulers to change the name. In Burma/Myanmar, "Bamah" and "Myanma" have both been used for centuries, being respectively the colloquial and the more formal names for the country in the Burmese language.

² Previous Crisis Group reporting includes: Asia Briefing N°58, *Myanmar: New Threats to Humanitarian Aid*, 8 December 2006; Asia Briefing N°34, *Myanmar: Update on HIV/AIDS Policy*, 16 December 2004; Asia Report N°82, *Myanmar: Aid to the Border Areas*, 9 September 2004; Asia Report N°78, *Myanmar: Sanctions, Engagement or Another Way Forward?*, 26 April 2004; Asia Report N°52, *Myanmar Backgrounder: Ethnic Minority Politics*, 7 May 2003; Asia Briefing N°21, *Myanmar: The Future of the Armed Forces*, 27 September 2002; Asia Briefing N°15, *Myanmar: The HIV/AIDS Crisis*, 2 April 2002; Asia Report N°32, *Myanmar: The Politics of Humanitarian Aid*, 2 April 2002; Asia Report N°28, *Myanmar: The Military Regime's View of the World*, 7 December 2001; Asia Report N°27, *Myanmar: The Role of Civil Society*, 6 December 2001; and Asia Report N°11, *Burma/Myanmar: How Strong is the Military Regime?*, 21 December 2000.

³ For more on Myanmar's troubled modern history see: Thant Myint-U, *The River of Lost Footsteps: A Personal History of Burma* (New York, 2006); Mary Callahan, *Making Enemies: War and State Building in Burma* (Ithaca, 2003); and David I. Steinberg, *Turmoil in Burma: Contested Legitimacies in Myanmar* (Norwalk, 2006).

Against this background, the mass protests in the main city of Yangon and elsewhere in September 2007 were no surprise. Nor was, unfortunately, the brutal response of the government. The military has on several occasions in the past used deadly force to crush demonstrations – most notably in 1988, when army units mowed down thousands in the streets with automatic weapons to restore "order" after the collapse of Ne Win's Burma Socialist Program Party (BSPP) government. Popular protests have repeatedly raised hopes for change, only to result in violence and long periods of intensified repression and isolation.

The recent violence – officially there were fifteen dead, but independent estimates are at least twice that number, and dozens of people remain unaccounted for – has led understandably to new international calls for punitive actions against the regime. Yet, sanctions on their own are unlikely to lead to better political and economic conditions. For that, a more strategic response is needed of which tougher measures are only one integral element.

This report examines the aftermath of the protests and outlines a way in which compromise might just possibly be reached, taking advantage of some new opportunities for change that the crisis has created. Realistically, the international community is unable to oust the military; nor would that necessarily bring stability to the country on its own. A patient but robust diplomatic process is needed that creates conditions for peace and can weather the inevitable disruptions. Rather than just focusing on immediate punitive measures, appropriate though some of these are, the report outlines ways in which the international community can support a longer-term process of national reconciliation and incremental reform.

The analysis and recommendations draw on recent interviews in the new capital, Naypyidaw, and Yangon, as well as Bangkok, Singapore, Jakarta and Beijing, and discussions with officials in many Western capitals. But they are based, too, on the past seven years of work by Crisis Group in the country. Many officials dealing with this subject do not wish, for obvious reasons, to be named; most Myanmar citizens and residents cannot be identified due to the threat of repercussions.

II. THE PROTESTS

On 24 and 25 September 2007, thousands of Buddhist monks marched in downtown Yangon, joined by dissidents and large crowds of supporters and onlookers, in the strongest show of opposition to the ruling State, Peace and Development Council (SPDC) in almost two decades. For several days, the public mood in the former capital was jubilant. Although few there were as optimistic as some outside the country that protests could bring about the demise of the military regime, many felt a deep sense of relief and excitement that the country's revered monks (collectively referred to as the *Sangha*) had taken up their cause in such a spectacular way.⁴ Young people were openly wearing t-shirts with political slogans – an act normally sure to lead to arrest – and elderly men and women spoke freely to foreigners about their hopes and fears. “It is our last chance for democracy”, said a retired school teacher, summing up the sentiments of many in his generation.

A. LEAD-UP

The marches were the culmination of weeks of escalating protests, sparked by an unannounced hike in the official fuel prices on 15 August.⁵ Initially led by small numbers of 88 Generation Students, National League for Democracy (NLD) members and social activists calling for relief for a long-suffering population, they were joined from late August by growing numbers of monks, who assumed a vanguard role almost by default as the original leaders were arrested. A turning point came on 5 September, when in the small town of Pakkoku, 130km south west of Mandalay, monk protesters were beaten by pro-government vigilantes. The attack prompted public demands from a newly formed group, the All Burma Monks Alliance, for the government to apologise to the *Sangha*, lower commodity prices, release political prisoners and enter into dialogue with the opposition for reconciliation and relief of people's suffering.⁶

⁴ Crisis Group interviews, Yangon, September 2007.

⁵ For a detailed account of the protests and the subsequent crackdown, see Paulo Sergio Pinheiro, “Report of the Special Rapporteur on the situation of human rights in Myanmar” (advance edited version), Human Rights Council A/HRC/6/14, 7 December 2007. Also, “Crackdown: Repression of the 2007 Popular Protests in Burma”, Human Rights Watch, December 2007.

⁶ Announcement of All Burma Monks Alliance, letter no. 1/2007, 9 September 2007. According to the statement, the group is an alliance between members of the All Burma Young Monks Association, the Monk Dutta, and Young Monks unions

When the government failed to respond, the group called for a nationwide religious boycott of army officers and their families, and hundreds of monks came into the streets, marching with their alms bowls overturned.⁷ Between 18 and 25 September, there were daily marches in Yangon, which quickly swelled in size and spread to some two dozen other towns around the country, mainly in central Myanmar, but including also Sittwe (Rakhine state), Myitkyina (Kachin state) and Mawlemyein (Mon state). In many places, political activists and other lay people walked alongside the monks, linking hands to form symbolic protective chains, and later joined more directly.

The protests also grew more political. While the monks initially filed quietly through the streets, chanting the *Metta Sutta*,⁸ and on several occasions explicitly asked others not to get involved, demands were increasingly heard for political reform. On 24 September, for the first time, a substantial group of NLD members with party banners marched behind the monks in downtown Yangon, along with members of other political groups. After security forces intervened on 26 September, the atmosphere turned ominous, as angry young men armed with sticks and bricks began congregating on street corners, and calls were made for the overthrow of the government.

B. CRACKDOWN

Although they arrested scores of activists in August, the authorities initially showed unusual restraint in dealing with the monks. For more than a week they mostly left the protesters alone. Yet, with political activists, students and ordinary citizens joining the marches in growing numbers – and thousands more watching intently from

in different states and divisions, and represents” all monks in Burma”.

⁷ The overturning of alms bowls symbolises the refusal of the monks to receive alms or conduct religious services for regime members. This is a powerful tool of condemnation and pressure in a Buddhist society, where devotees rely on such actions to secure prosperity and security in their lives. It also signifies the withdrawal of the legitimising power of Buddhism from the regime. On the role of Buddhism in Myanmar, see, for example, Andrew Higgins, “Muscular Monks”, *Wall Street Journal*, 7 November 2007; and Susan Hayward, “On the Issues: Burma”, United States Institute for Peace, 8 November 2007, at www.usip.org/on_the_issues/Burma.html.

⁸ By reciting the *Metta Sutta*, the monks were sending loving-kindness to everyone. This action was recommended by the Buddha for situations in which peaceful Buddhist practice is threatened. As such, it is not a political protest, but an assertion of the right to practice religion without interference. See Gustaaf Houtman, “A Struggle for Authority”, *Irrawaddy Online*, 1 November 2007, at www.irrawaddy.org/articlephp?art_id=9186.

sidewalks, windows and roof tops – the decision was made in Naypyidaw to crush the protests before they escalated further.

A curfew was imposed on the evening of 25 September, and the next morning troops sealed off strategic points in Yangon with barbed wire. Official cars with loudspeakers circulated through neighbourhoods exhorting the public not to join the protests. Shortly after midnight, between 26 and 27 September, troops raided several monasteries, beat up monks and dragged several hundred off to special detention centres. The crackdown continued as further monasteries were raided at midday, while others were sealed off to stop monks leaving. Riot police and soldiers, evidently freed from orders to show restraint, used tear gas, batons, rubber bullets and live ammunition to break up the crowds. According to a rare, though by most accounts understated, admission by the government, nine were killed, including a Japanese photographer, and eleven were wounded.⁹ Many more were detained and taken away in military trucks to special interrogation centres. The actual death toll remains uncertain but has increased as people have died from injuries sustained in the streets, in the monasteries and during interrogations.¹⁰

In cracking down on the monks, the military rulers took a calculated risk. Violence against the country's spiritual leaders was bound to inflame popular sentiments. The monks, however, with their special standing in society, had the potential to do what political activists had long been unable to do, namely draw out the general population. Evidently, the authorities felt confident they could contain the fallout and, so far, they appear to have been right. The crackdown on 26-27 September broke the back of the monks' movement, immediately reducing the numbers of red robes visible in the streets to a handful. Although the international media continued for a few days to report large crowds of protesters in the streets, indicating that lay people might be taking over, this was never really the impression on the ground. Without the monks, the protests in the remaining days of September were largely leaderless; they popped up, seemingly spontaneously, at scattered locations around Yangon, but at any given place there were

rarely more than a few hundred participants, who in most cases were quickly dispersed.

C. AFTERMATH

Since then, the authorities have acted determinedly to snuff out any dissent. Using photographs and video taken during the protests for identification,¹¹ Special Branch intelligence officers have moved systematically through neighbourhoods, detaining thousands of people believed to have participated, even if only by handing water to protesting monks. Most have been released again, after signing a pledge not to engage in any further anti-government activities, but several hundred reportedly remain in detention.¹² According to first-hand accounts from released detainees, many monks and suspected leaders have been severely beaten during interrogations, and some have died or been given long jail sentences.¹³

Despite government claims that the situation has returned to normal, this is anything but the case. While the Myanmar people have stoically suffered state violence and other abuses for decades, the killings and beatings of monks and the smashing of monasteries touched a nerve. The population is in shock at the violence, and there is immense anger beneath the surface, even among normally apolitical people. Realising this, the authorities remain on high alert. Activists continue to be picked up; monks in particular are being watched closely, to the extent that many have shed their robes to avoid further harassment. The reappearance of small protests in several towns during late October and November raised the spectre of further unrest and state violence.

Whatever the immediate outcome, there is no doubt that the army's standing has suffered irreparably. Every government in Myanmar, going back to monarchical times, has sought legitimacy through promotion of Buddhism and the *Sangha*; and whatever residual acceptance the current one had was due in large part to its much publicised efforts

⁹ *New Light of Myanmar*, 28 September 2007.

¹⁰ According to Paulo Sergio Pinheiro, the special rapporteur on human rights, who visited Yangon in early November 2007 to investigate the crackdown, official records confirm fifteen deaths in Yangon, where most of the violence took place, during or after the crackdown. He has, however, received "credible reports" of sixteen additional deaths, as well as 74 persons disappeared (i.e., unaccounted for), "Report of the Special Rapporteur", op. cit. Diplomats interviewed by Crisis Group in Yangon in mid-October 2007 put the death toll at 40 to 50, but one stressed, "we can never know for sure; everyone simply reaches an estimate with which they feel reasonably confident".

¹¹ Intelligence personnel filmed the protests from start to end, but additional footage was obtained from the international news media, and at one point in early October, in a serious breach of international law, Special Branch attempted, unsuccessfully, to impound computers from several UN agencies and the Japanese International Cooperation Agency (JICA), apparently in search of further evidence.

¹² According to Pinheiro, 653 remained in detention as of 7 December 2007, "Report of the Special Rapporteur", op. cit.

¹³ See Kyi Wai, "Monks in Hell", *Irrawaddy Online*, 11 October 2007, at www.irrawaddy.org/article.php?art_id=8981; "Silent but Defiant", *Guardian Unlimited*, 14 December 2007, available at www.burmanet.org/news/2007/12/14/guardian-unlimited-silent-but-defiant/; also "Report of the Special Rapporteur", op. cit.

in this area. Today, even members of the military regime are bound to be questioning how violence against this most revered institution can be justified.

D. ROOT CAUSES

In seeking to justify the crackdown, the government has dismissed the protests as the work of “bogus monks”, “internal and external destructionists”, supported by “foreign powers”.¹⁴ Ironically, somewhat similar claims have been made by activists in exile.¹⁵ The spontaneous groundswell of protest among monks and the general population, however, defies any such theories. While contacts between political and monk activists, as well as between activists inside and outside the country, are common, this was a genuine popular uprising, rooted in deep-seated socio-economic grievances and anger over the brutal treatment of monks in Pakkoku.

According to monks interviewed by Crisis Group and others, socio-economic conditions have become so dire that local communities can no longer afford to provide for members of the *Sangha*. “We wanted to stay out of politics”, said one, “but how can religion thrive when the country is so desperate?”¹⁶ “The people are our family; how could we sit quietly and watch how they struggle to survive”.¹⁷ “As monks, we believe in alleviating suffering wherever we see it, as part of the vows we have taken”.¹⁸ Others pointed to the failure of the authorities to apologise for the violence in Pakkoku as a contributing factor. This, explained a Mandalay abbot, “broke the bond between

secular and religious authority”, thus justifying protests by the monks.¹⁹

Many monks knew nothing about the All Burma Monk Alliance except its public statements. “I do not know who they are, or who they represent”, explained one. “We heard about the statements from the Myanmar language broadcasts of the BBC and Radio Free Asia, and we talked to our friends at other monasteries”.²⁰ According to Ashin Kawvida, a leader of the protest marches in Yangon, a leadership structure was only organised after the protests started, as an ad hoc response to the need to ensure they were orderly and peaceful. He similarly explained the walk to the house of detained opposition leader Daw Aung San Suu Kyi by a column of monks on 22 September as a spur-of-the-moment decision.²¹

While some Myanmar monks traditionally have been politically engaged and also on this occasion may have coordinated with dissidents to push political demands, others were uncomfortable with the politicisation of the movement, which they felt distorted their message. Ultimately, of course, monks and lay people alike had many and varied personal reasons for getting involved, but it was the social focus that was most striking in September, as it had been in the initial August demonstrations and in smaller demonstrations earlier in 2007.

E. PROSPECTS

The anger is by no means contained. Small protests by monks broke out again in Pakkoku on 31 October and Mogok on 5 November. Several new underground groups have been formed, including the Rangoon Division People’s Movement Coordinating Committee, Generation Wave and 2007 Generation Students, to name a few. The primarily young activists are showing impressive creativity in their political activities, which have included, for example, hanging pictures of the military leaders around the necks of street dogs and collectively ripping up of the government newspaper, the *New Light of Myanmar*, in addition to more traditional forms of protest. This is something that is bound to escalate and become increasingly organised, forcing the authorities continuously to make difficult decisions regarding when and how to crack down.

Yet, activists face major obstacles in mobilising the general public. First, everyone over 35 remembers 1988. They know

¹⁴ For example, Director-General of Myanmar Police Force Brig-Gen Khin Yi, press conference, Naypyidaw, 3 December 2007, reprinted in *New Light of Myanmar*, 4 December 2007.

¹⁵ Maung Maung, director of the Free Trade Union of Burma (FTUB), attributed the protests to the work of activist networks established inside Myanmar with exile support and called for further Western funding to ensure that the revolution succeeded, press conference, Bangkok, October 2007. See also Blaine Harden, “Capitalizing on Burma’s Autumn of Dissent”, *The Washington Post*, 4 December 2007. For other Myanmar activists rejecting this claim, see Wai Moe, “Activists Leaders Say Maung Maung Not ‘Mastermind’ of Uprising”, *Irrawaddy Online*, 13 December 2007, at www.irrawaddy.org/article.php?art_id=9591; also Bo Nyein, “The Fatal Flaws of Burma’s Opposition”, *Kao Iaw News*, no. 134, 6-19 October 2007.

¹⁶ U Zawtiga, monk, quoted in Higgins, “Muscular Monks”, op. cit.

¹⁷ Crisis Group interview, Myanmar, October 2007.

¹⁸ U Gambira and Ashin Nayaka, “Cry, Beloved Burma”, 3 November 2007, available at www.project-syndicate.org/commentary/gambira1.

¹⁹ Mandalay abbot, quoted in Higgins, “Muscular Monks”, op. cit.

²⁰ Crisis Group interview, Myanmar, October 2007.

²¹ “Monk who led Marchers to Suu Kyi’s House Escapes to Thailand”, *Irrawaddy Online*, 1 November 2007, at www.irrawaddy.org/article.php?art_id=9190.

there are few limits to the violence the generals are prepared to apply to maintain control. They know, too, that the army was able, if not to live down the domestic and international outrage over killings of thousands of protesters in 1988, then certainly to survive it and carry on. The seeming international impotence in the face of the recent violence will not have given them more confidence that victory is possible today. While youths may ignore the dangers, many older people express deep reluctance to take further risks and fear for their children. Parents, teachers and senior monks keep a close eye on those under their care.²²

Secondly, the ongoing military crackdown has been far more decisive and wide-ranging than anything seen before and has seriously disrupted all existing activist networks. No successful movement is possible without effective leadership and organisation; even if there is an acceleration of underground activities, it will take time for new groups to gain the experience and public legitimacy of the NLD and 88 Generation leaders. Although one can never rule out the possibility that anger and despair will drive people to react in ways that are hard to imagine at this time, any further unrest in the coming months is likely to originate with angry youths whose networks, organisational resources and influence with the general population are weak.

The monks are a question mark. They have already defied expectations once and maintain nationwide networks. But warnings by political monks since mid-October that further large protest marches are being organised²³ have so far come to little, suggesting that the *Sangha*, too, has fractured under the repression. It is a major impediment to renewed action that thousands of monks from the main monasteries in the cities have been ordered by the authorities or their abbots to return to their home villages, or have left voluntarily.

III. INTERNATIONAL RESPONSES

The international community reacted to the escalating protests by calling on the authorities to show restraint. When this was ignored, condemnation and urgent calls for a stop to the violence were near universal. In addition to harsh Western criticism, Singapore on 27 September 2007 made an unprecedented statement on behalf of the Association of Southeast Asian Nations (ASEAN), expressing “revulsion” over the violence against the monks.²⁴ China, too, made it clear that it wanted a peaceful resolution to the crisis.²⁵ Significant differences, however, remain between the West and Asia, as well as within the two regions, over how to move forward.

The unity of disapproval of the crackdown paved the way for a presidential statement from the UN Security Council – the first ever concrete action by a body which has been hobbled by disagreements among its five permanent members (P5)²⁶ – as well as a consensus resolution by the new UN Human Rights Council, which includes China. Both statements strongly deplored violence against peaceful protesters and called for the release of political detainees and dialogue on national reconciliation among all concerned parties.²⁷ Senior international human rights officials echoed these calls, as did numerous government leaders, parliamentarians, campaign groups and celebrities.²⁸

The international community has also come together in support of the UN Secretary-General’s good offices, led by his special adviser, Ibrahim Gambari. The U.S. has toned down its demands in order to facilitate this process (and

²² Crisis Group interviews, Myanmar, October 2007.

²³ See Wai Moe, “Monks Might Resume Demonstrations in Late October”, *Irrawaddy Online*, 21 October 2007, at www.irrawaddy.org/article.php?art_id=9072. Also Gambira, “What Burma’s Junta Must Fear”, *The Washington Post*, 5 November 2007.

²⁴ Singapore Foreign Minister George Yeo, “Statement by ASEAN Chair”, New York, 27 September 2007, at www.aseansec.org/20974.htm.

²⁵ The foreign ministry spokeswoman, Jiang Yu, told a news conference: “We hope that all parties in the Myanmar issue will maintain restraint and appropriately handle the problems that have currently arisen so they do not become more complicated or expand, and don’t affect Myanmar’s stability and even less affect regional peace and stability”, Chris Buckley, “China Urges Restraint on All Sides in Myanmar”, Reuters, 27 September 2007.

²⁶ China, France, Russia, the UK and the U.S.

²⁷ “Burma Statement”, UNSC S/PRST/2007/37, 11 October 2007, at <http://daccessdds.un.org/doc/UNDOC/GEN/N07/538/30/PDF/N0753830.pdf?OpenElement>; and “Human Rights Situation in Myanmar”, Human Rights Council, 5th special session, Resolution S-5/1, 2 October 2007, at www.ohchr.org/english/bodies/hrcouncil/docs/specialsession/A.HRC.RES.S.5-1.pdf.

²⁸ See, for example, statement by Louise Arbour, UN High Commissioner for Human Rights at the 5th special session of the Human Rights Council, 2 October 2007, at www.ohchr.org/english/bodies/hrcouncil/specialsession/5/index.htm.

keep the Security Council united), while China has helped the envoy gain access to Myanmar's military leaders, thus creating a broad international alliance behind his mandate. A Group of Friends of the Secretary-General on Myanmar has been formed at the UN, involving the P5, Singapore (as ASEAN chair), Indonesia, Vietnam, Thailand, India, Japan, Australia, Norway and Slovenia (as EU presidency), and suggestions have been raised from several quarters about possible multiparty talks on the North Korean model.²⁹

Beyond this, the paths divide. While the U.S. and Canada have imposed, or are considering, sweeping new sanctions to emphasise their outrage over the killings and compel the SPDC to comply with international demands, Myanmar's neighbours all remain opposed to punitive measures, which they argue are likely to undermine ongoing diplomatic efforts and reduce overall international influence. The EU, Australia and Japan make up the middle ground, with the EU taking the strongest position of the three. Although sharing the outrage in Washington and Ottawa over the military government's actions, they are taking a more calibrated approach, which combines targeted sanctions with incentives to reform, and generally place a greater emphasis on policy dialogue and assistance on the ground.

These differences reflect diverging national interests, as well as deep-rooted institutional and cultural predispositions. Ultimately, key governments differ on what reforms they seek in Myanmar, as well as on the most effective way of promoting them.

A. THE UNITED NATIONS

1. Background

The UN has been seized with Myanmar since the massacres of pro-democracy protesters in 1988. The General Assembly, beginning in 1991, has passed seventeen resolutions deploring the situation in the country and calling for democratic change, and since 1993 mandating the Secretary-General to use his good offices to help in their implementation. Starting in 1995, successive special envoys have made some two dozen visits to Myanmar, in addition

to visits by the special rapporteur on human rights and others. The current envoy, Ibrahim Gambari, made his first visit on behalf of Kofi Annan in May 2006, when he was still under-secretary-general for political affairs, and followed up in November 2006. He was replaced as head of UN political affairs in February 2007 but took on a new position as "Special Adviser on the International Compact with Iraq and Other Issues" and in May 2007 was instructed by Ban Ki-moon to "continue to pursue the good offices mandate on Myanmar".³⁰

The Security Council for many years shied away from the issue. Yet, having largely exhausted its scope for unilateral actions, the U.S. from 2004 made getting Myanmar on the agenda a priority. In December 2005, it succeeded in obtaining a briefing by Gambari, during informal consultations.³¹ Nine months later, on 15 September 2006, the Council formally placed Myanmar on its agenda, again on U.S. initiative,³² but with strong objections from China and Russia, supported by Congo and Qatar.³³ After several

³⁰ See www.un.org/apps/sg/sgstats.asp?nid=2580.

³¹ During the briefing, Gambari detailed the ongoing "humanitarian emergency" in Myanmar, while Secretary-General Kofi Annan stressed the cross-border implications of the situation and urged Security Council support for his good offices, a call that was not immediately heeded by the Council. See "Report of the Secretary-General to the Commission on Human Rights on the situation of human rights in Myanmar", E/CN.4/2006/117, 27 February 2006, at www.ohchr.org/english/bodies/chr/docs/62chr/E.CN.4.2006.117.pdf.

³² U.S. Ambassador John Bolton requested a formal meeting of the Council and a briefing by Gambari in letters to the Council president dated 1 and 15 September 2006, available at <http://www.securitycouncilreport.org/atf/cf/{65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9}/Myan%20S2006%20742.pdf>.

³³ During the debate, the Chinese permanent representative, Wang Guangya, argued that the Security Council was not the appropriate organ for consideration of "human rights questions, refugees, drugs and HIV/AIDS". It would be "preposterous", he claimed, to inscribe a country facing "similar issues ... on the Council's agenda". "Neither the direct neighbours of Myanmar nor the overwhelming majority of Asian countries recognises the situation in Myanmar as any threat to regional peace and security". Wang proposed that instead of criticising the SPDC, the international community should "recognise the efforts on the part of Myanmar to solve its own problems" and "continue to encourage Myanmar and create a favourable environment for the country". He argued for "further ... communication and cooperation between Myanmar and the international community", recalling that the SPDC had just issued another invitation to Gambari to visit. He concluded that "so long as the situation in Myanmar does not pose a threat to international or regional peace and security, China will be unequivocally against including the question of Myanmar on the agenda of the Security Council. China's position on this matter will remain unchanged". UNSC, 5526th meeting, S/PV.5526, 15 September 2006; full transcript accessible through the UN Documentation System at <http://documents.un.org>.

²⁹ See, for example, "Statement on the Current Situation in Burma", Ethnic Nationalities Council, 6 October 2007; "Leading Thai Politician Calls for Multiparty Talks on Burma", Associated Press, 13 December 2007; and Michael Green and Derek Mitchell, "Asia's Forgotten Crisis: A New Approach to Burma", *Foreign Affairs*, November/December 2007. Indonesia has also suggested a multiparty formula, although with the involvement of regional countries only, Crisis Group interview, Jakarta, November 2007. For Crisis Group's own statement on this, see "Myanmar: Time for Urgent Action", 25 September 2007, at www.crisisgroup.org/home/index.cfm?id=5092&l=1&m=1.

months of consultations, a U.S./UK draft resolution was defeated on 12 January 2007 by the first double Chinese-Russian veto since 1972. South Africa also voted against, while Congo, Indonesia and Qatar abstained.³⁴

Despite this failure, the persistent U.S. pressure and growing support from the UK, in particular, had some significant results, which set the scene for Council action after the crackdown on protesters in August-September. First, the U.S. itself, in a search for consensus, softened its position. This was evident already in the draft resolution language in January 2007, which omitted mention of sanctions, instead expressing full support for the Secretary-General's good offices.³⁵ Secondly, China, while continuing to reject Council action, by January 2007 was expressing unequivocal support for international involvement through the Secretary-General's good offices and urging Myanmar's leadership to give "due consideration to the recommendations [of the international community], listen to the call of its own people, learn from the good practices of others and speed up the process of dialogue and reform".³⁶ Thirdly, a firm link was established between the Council and Gambari, who conducted further briefings in May, September and November 2006, twice directly following visits to Myanmar.

On 16 November 2007, following a visit to Myanmar by the UN Special Representative on Children and Armed Conflict earlier in the year,³⁷ the Secretary-General presented a report to the Security Council and its Working Group on Children and Armed Conflict. It detailed "recruitment and use of children and other grave violations being committed against children affected by armed conflict in the Union of Myanmar" and presented a list of recommendations to the government.³⁸ The International Labour Organization (ILO) has continued its efforts to eradicate forced labour, on one occasion threatening to bring the issue to the Security Council for possible referral to the International Court of Justice.³⁹

2. Response to the crackdown

The crackdown and the international response has further increased both the urgency of and support for the UN good offices. During two further visits to Myanmar, in October and November 2007, Gambari has pressed the government to respond immediately and in tangible ways to international concerns over the violence and lack of political progress. At the same time, he has made it clear that he does not have the instruments to change the regime. He is envisioning, therefore, an extended process of talks aimed at producing results both politically and in the human rights, economic and humanitarian areas. Among his concrete suggestions to the government has been the establishment of a Constitutional Review Committee and a Poverty Alleviation Commission.⁴⁰

Although the failure to adopt a resolution in January 2007 dampened appetite for more debate, the Security Council re-engaged once the protests got underway, through a 20 September briefing by Gambari, who had been engaged during the previous months in extensive consultations with relevant governments.⁴¹ As the situation deteriorated, Ban Ki-moon dispatched Gambari to Myanmar, where he – due in no small part to China's efforts – was able to meet both Senior General Than Shwe and the opposition leader, Aung San Suu Kyi. Upon his return, Gambari on 5 October briefed the Council,⁴² which six days later adopted a presidential statement reaffirming "its strong and unwavering support" for the good offices mission, calling for Gambari's quick return to Myanmar and noting the "important role played by the ASEAN countries in urging restraint".⁴³

After further visits to the region and, from 3 to 8 November, to Myanmar, Gambari briefed the Council in a public session on 13 November, highlighting some "positive outcomes" of his visit, which he believed demonstrated that the military government was responsive, and noting that "all countries [he] visited consider that sanctions against Myanmar are counterproductive". He stressed that the Secretary-General's good offices required "time, patience, persistence and a comprehensive approach",

³⁴ See www.un.org/News/Press/docs/2007/sc8939.doc.htm.

³⁵ "United Kingdom and United States: draft resolution", UNSC S/2007/14, 12 January 2007, accessible through the UN documentation system at <http://documents.un.org>.

³⁶ UNSC, 5619th meeting, S/PV.5619, 12 January 2007, full transcript accessible through the UN documentation system at <http://documents.un.org>.

³⁷ "Myanmar country visit report of the Special Representative on Children and Armed Conflict", June 2007, at www.un.org/children/conflict/_documents/countryvisits/MyanmarVisitReport.pdf.

³⁸ "Report of the Secretary-General on children and armed conflict in Myanmar", UNSC S/2007/666, 16 November 2007, at www.un.org/Docs/sc/sgrep07.htm.

³⁹ See "Provisional Record", International Labour Conference, 95th session, Geneva 2006, at www.ilo.org/public/english/standards/reIm/ilc/ilc95/pdf/pr-2.pdf.

⁴⁰ Crisis Group interviews, Gambari, Tokyo, October 2007 and New York, November-December 2007. See also, "Incentives might lead Myanmar to 'do the right thing' – UN Envoy", UN News, 18 October 2007, at www.un.org/apps/news/printnews.asp?id=24334; transcript of Gambari's press conference in New Delhi, 23 October 2007, at <http://globalforumonline.org/>; and "We don't do regime change", *Newsweek*, 19 January 2008, at www.newsweek.com/id/96344.

⁴¹ For an overview of Gambari's activities, see his 5 September 2007 press conference, summarised at www.un.org/News/briefings/docs/2007/070905_Gambari.doc.htm.

⁴² See www.un.org/News/Press/docs/2007/sc9136.doc.htm.

⁴³ "Burma Statement", UNSC, op. cit.

jointly supported by “all those who can help, both inside and outside Myanmar”.⁴⁴

Two days later, the Council responded by a press statement, which welcomed positive developments but deplored new arrests and the fact that many prisoners remained in jail and called on the SPDC “to create conditions for dialogue and reconciliation by relaxing, as a first step, the conditions of detention of Daw Aung San Suu Kyi and by pursuing the release of political prisoners and detainees”. The Council looked forward to “the earliest possible” return of Gambari to Myanmar, reaffirmed that his mission should “bring tangible progress” and underlined the need for Myanmar to “cooperate fully with the United Nations”.⁴⁵

Gambari, since then, has faced delays in getting a new visa. He has, however, received financial support from the EU and others to strengthen his staff, and Myanmar has signalled a willingness to allow him to establish a formal presence on the ground in the form of a program officer in the UN office in Yangon.⁴⁶ On 17 January 2008, the Security Council issued another press statement, reiterating its “full support” for Gambari’s efforts, regretting “the slow rate of progress” towards meeting the “objectives set out in its presidential statement of 11 October 2007”, and calling for for “an early visit to Myanmar by Mr Gambari” to facilitate further progress.⁴⁷

The Human Rights Council also reacted strongly to the crackdown. During its fifth special session, on 2 October 2007, it adopted a consensus resolution strongly deploring “the continued violent repression of peaceful demonstrations”, requesting the special rapporteur on the situation of human rights in Myanmar, Paulo Sergio Pinheiro, to seek “an urgent visit to Myanmar” to assess “the current human rights situation” and urging Myanmar to cooperate with him.⁴⁸ Pinheiro subsequently was given access to Myanmar for the first time in four years, visiting for five days, 11-15 November. His report to the Human Rights Council on 11 December detailed the course of the mass protests, as well as the government crackdown, and called on the government to take a series of immediate and transitional measures to alleviate the human rights

situation.⁴⁹ The council subsequently issued a second resolution, calling on Myanmar to prosecute those involved with the killings and requesting the special rapporteur to report again at its next session in March 2008.⁵⁰

The UN Country Team in Myanmar issued a strong statement, urging the government to heed the call of the people for urgent measures to address the deteriorating socio-economic situation. It highlighted the social indicators, called on the government to increase expenditure on the social sector and improve the operating environment for humanitarian organisations and urged donors to “significantly [increase] international assistance to address the needs of the poor”.⁵¹ Following this and other statements critical of both the September crackdown and the deteriorating humanitarian situation, then UN Resident Coordinator Charles Petrie, was expelled from the country. No replacement has been agreed upon.

B. CHINA

1. Background

China, during the Cultural Revolution, provided large-scale support for the insurgent Communist Party of Burma (CPB). From 1978, however, the less ideological Deng Xiaoping regime initiated a rapprochement with Ne Win’s BSPP government and gradually scaled back its aid for the military’s old foe. Following a groundbreaking border trade agreement in August 1988 and the collapse of the CPB the following year, China further strengthened ties with the new military regime and started pressuring other insurgent groups in Myanmar’s north east to seek peace with the central government. Since then, China-Myanmar relations have grown rapidly, economically, as well as militarily and politically, creating a symbiotic relationship from which both governments draw substantial benefits, although not without some continuing tensions and mutual suspicions.

China’s interests in Myanmar are both strategic and economic. Myanmar has become a reliable ally in South East Asia, where China is increasingly challenging the U.S. for influence. Beijing is concerned, too, by growing U.S. and Indian cooperation in the Indian Ocean, where it wants to establish a stronger presence, helped by Myanmar. Trade with Myanmar, and access through it to the Indian Ocean,

⁴⁴ See UNSC. 5777th meeting, S/PV.5777, 13 November 2007, full transcript accessible through the UN documentation system at <http://documents.un.org>.

⁴⁵ See www.un.org/News/Press/docs/2007/sc9171.doc.htm.

⁴⁶ Crisis Group interview, Ibrahim Gambari, New York, January 2007.

⁴⁷ “UN envoy’s return to Myanmar could spur further progress, says Security Council,” UN News, 17 January 2008, available at www.un.org/apps/news/story.asp?NewsID=25324&Cr=myanmar&Cr1=gambari.

⁴⁸ See www.ohchr.org/english/bodies/hrcouncil/docs/specialsession/A.HRC.RES.S.5-1.pdf.

⁴⁹ “Report of the Special Rapporteur”, op. cit.

⁵⁰ Human Rights Council, 6th Session, 14 December 2007.

⁵¹ “Statement of the UN Country Team in Myanmar on the Occasion of UN Day”, Yangon, 24 October 2007, at http://yangon.unic.org/index.php?option=com_content&task=view&id=97&Itemid=73. The Country Team is made up of the resident representatives of all UN agencies with a permanent presence in the country.

are vital to China's campaign to develop its poverty-stricken, inland western provinces.⁵² More recently, securing energy to fuel its growing economy has emerged as a primary concern. China competed fiercely for and recently secured the right to buy the gas from the Shwe gas fields currently under development off the Rakhine coast and plans to transport it through a new trans-Myanmar pipeline.⁵³ It also plans a multi-billion dollar crude oil pipeline across northern Myanmar from the Bay of Bengal to Yunnan, which would allow it to bring in Middle East oil while avoiding the chokepoint of the Strait of Malacca, through which 75 per cent of its oil and gas imports currently travel.⁵⁴

China stands to lose influence with a critical ally if the SPDC is replaced by a democratic government with an anticipated pro-U.S. tilt.⁵⁵ But at the same time it cannot discount the reputational costs of providing overt backing to a repressive and widely reviled regime, nor the danger that future political upheavals caused by inept governance could threaten its substantial investments in the country. It is increasingly troubled by narcotics flows, HIV/AIDS and cross-border crime spilling over Myanmar's unstable, largely ungoverned eastern border into Yunnan. Moreover, there are concerns that serious unrest could force an exodus back across the border of the more than one million Chinese nationals who over the past decade have settled in Myanmar, thus closing an important safety valve for socio-political pressure in China itself. As much as China benefits

from the status quo, therefore, it cannot afford to see Myanmar suffer further political instability and violence.

To secure its interests, Beijing has strongly backed the SPDC, but growing concerns over the regime's profound unpopularity and inability to provide basic economic development and social progress since the early 2000s have led it to work more actively to nudge the military leadership towards better governance and policy reform. Such concerns deepened after the arrest in October 2004 of the former prime minister and intelligence chief, Khin Nyunt, whom China had hoped would gradually lead Myanmar out of international isolation and on to a Chinese-style path of economic reform. Since his purge, and that of the relatively internationalised technocrats surrounding him, China has grown increasingly frustrated with the erratic and isolationist behaviour of the military leadership, which has spent vast amounts of the state's limited resources in constructing its new capital of Naypyidaw, purchased a nuclear reactor from Russia and developed dubious new relations with North Korea. Beijing has also come under increasing pressure from the U.S. and other Western countries to do something about Myanmar, not least within the Security Council.

Soon after China used its first non-Taiwan-related veto in the Security Council since 1973 to block the U.S./UK resolution on Myanmar in January 2007, causing a strongly negative international reaction, State Councillor Tang Jiaxuan travelled to Myanmar to transmit the message that China expected more cooperation with international demands. In a further attempt to lessen the regime's international isolation, Beijing a few months later hosted two days of "talks" between U.S. Deputy Assistant Secretary of State Eric John and senior Myanmar officials, the first relatively high-level discussions between these two countries since 2003.

China, for some time, has also been pursuing talks with the various rebel groups and, more discreetly, with the democratic opposition, including the NLD.⁵⁶ These meetings, most of which have taken place in Kunming, apparently serve as a mix of intelligence gathering, reassurance and relationship building.

2. Response to the crackdown

Before the recent crisis, Beijing had hoped that the national convention process (see below) and Gambari's efforts might produce slow movement towards governance reform and a more rational and acceptable policy. The scale of international outrage, however, forced China to move more

⁵² China launched the "Great Opening of the West" (*xibu dakaiifa*) in 2000 to "reduce regional disparities and eventually materialise common prosperity" by developing its Western provinces. "China's Premier Invites Foreigners to Invest", *Asia Pulse*, 16 March 2000; also "Circular of the State Council on policies and measures pertaining to the development of the western region", PRC State Council, Beijing, 2000, at www.chinawest.gov.cn/english.

⁵³ In addition, Chinese oil and gas companies have secured the rights to explore a number of new blocks. For example, on 15 January 2007 (three days after Beijing vetoed the Security Council resolution), China National Petroleum Corporation (CNPC) signed three production-sharing contracts with Myanmar Oil and Gas Enterprise (MOGE) to explore for oil and gas in blocks AD-1, AD-6, and AD-8 off of the Rakhine coast, *People's Daily Online*, 16 January 2007 at http://english.people.com.cn/200701/16/eng20070116_341829.html.

⁵⁴ B. Raman, "Myanmar Gas: The Pipeline Psywar", *IntelliBriefs*, 12 May 2007, at <http://intellibriefs.blogspot.com/2007/05/myanmar-gas-pipeline-psywar.html>.

⁵⁵ Although geo-strategic realities dictate that any government in Myanmar would have to maintain good relations with China, a democratic government would be able to draw on much broader international support and inevitably would work closer with other democracies, including the U.S. but also India and core members of ASEAN. China would lose its present ability to cash in on being the regime's most important international supporter and economic lifeline.

⁵⁶ See Stephanie Kleine-Ahlbrandt and Andrew Small, "China's New Dictatorship Diplomacy: Is Beijing Parting with Pariahs?", *Foreign Affairs*, January/February 2008, pp 49-50.

demonstratively than it would have liked.⁵⁷ As the protests gathered momentum in late September, Beijing both quietly and publicly urged restraint on the generals.⁵⁸ It also urged progress on democracy, with State Councillor Tang Jiaxuan informing Myanmar Foreign Minister Nyan Win, “China whole-heartedly hopes that Myanmar [Burma] will push forward a democracy process that is appropriate for the country”.⁵⁹ As noted, China agreed to both the Human Rights Council resolution on 2 October and the Security Council presidential statement on 11 October. In addition, it pressed the Myanmar government to receive Gambari and grant him access to Aung San Suu Kyi, as well as senior officials.

But Chinese officials continue to reject any notion that Myanmar is a threat to international peace and security and thus an appropriate subject for stronger Security Council action. They have generally sought to put a positive spin on the concessions made by Naypyidaw so far⁶⁰ and are urging patience and support for a transition process that they view as an “internal affair”. They remain absolutely opposed to sanctions. Rather than turn on the SPDC when it has its back to the wall, Beijing still acts as its protector, while trying to move it in the right direction.

Although China has been showing greater willingness to cooperate with the West with regard to North Korea and,

an extent, Sudan,⁶¹ it is likely to strongly resist anything that might jeopardise its still fragile relationship with the SPDC, at least as long as the latter remains firmly in power. It also worries about a negative impact in ASEAN, with which it has been building confidence about its intentions in the region, should it undertake too much bilaterally on Myanmar.⁶² China’s priorities are building good regional relations, maintaining stability around its borders and ensuring the success of the Beijing Olympics, all with a view to maintaining the economic growth that is fuelling its great power drive.⁶³

As Myanmar’s strongest supporter, China’s backing for an international strategy is vital. Yet, expectations about its role should be tempered by two considerations: First, China’s interests in the country differ dramatically from those of the U.S. and other Western countries. While Beijing may be induced in part by international pressure to cooperate in moving the SPDC towards national reconciliation, it has no interest in revolutionary change and its fears of Western (and opposition) intentions in that direction will have to be assuaged if it is to continue to cooperate. Agreement will be needed on an agenda for change that does not threaten China’s vital interests.

Secondly, the insular and highly nationalistic leaders in the SPDC do not take orders from anyone, including Beijing. While China has seemingly been instrumental in securing Naypyidaw’s cooperation not only with Gambari, but also, for example, with the ILO,⁶⁴ its influence should not be exaggerated. China and Myanmar have a long history of strained relations, memories of which have been slow to fade,⁶⁵ and many in the military regime have been viewing the growing Chinese influence both in their own country and the region with increasing discomfort. Mainly, China’s power of persuasion lies in areas of governance where it

⁵⁷ The news of the protests in Myanmar also hit close to home for Beijing, which was wary of any example they might set for its own opposition. This was reflected in the scant coverage the Chinese media gave to the unrest. For example, on 27 September 2007, while China made its first public call for restraint in Myanmar, no mention appeared on Chinese state television news, and the day’s newspapers carried a report by the official Xinhua news agency on the inside pages. By contrast, Chinese media have covered the Pakistan crisis in hourly detail. The stark difference in coverage is reportedly due to a belief within the leadership (and therefore media censors) that while the Pakistan crisis was inflicted in a top-down manner, the bottom-up dissatisfaction in Myanmar bordered on a colour revolution.

⁵⁸ See fn. 25 above.

⁵⁹ “China urges Myanmar to push forward ‘democracy process’”, Reuters, 14 September 2007.

⁶⁰ For example, after Gambari’s November 2007 visit, in which he was denied a meeting with Than Shwe, prompting strong criticism from other governments, Wang Guangya stated: “We have noted that the Special Adviser was unable to meet the top leader of Myanmar, which gave rise to various speculations by media. However, in our view, the benchmarks to evaluate whether the visit is a success or not should not be subject to whom had been met or where he has visited. The judgment should be based on whether the good offices could facilitate the overall situation of Myanmar to move on towards a positive direction. By this standard, Mr. Gambari’s visit in indeed a success”, statement by H.E. Ambassador Wang Guangya, UNSC, 5777th meeting, SC/9168, 13 November 2007, at www.un.org/News/Press/docs/2007/sc9168.doc.htm.

⁶¹ Gareth Evans and Don Steinberg, “China and Darfur: Signs of Transition”, *Guardian*, 11 June 2007; Kleine-Ahlbrandt and Small, “China’s New Dictatorship Diplomacy”, op. cit., p. 49.

⁶² There have been some indications, though, that China might be prepared to apply more pressure in Naypyidaw if ASEAN countries were to take a stronger stand, Crisis Group interviews, Beijing, November 2007.

⁶³ Kleine-Ahlbrandt and Small, “China’s New Dictatorship Diplomacy”, op. cit., p. 50.

⁶⁴ Tang Jiaxuan’s visit in January 2007, for example, was followed closely by the SPDC’s acceptance of a “supplementary agreement” with the ILO, which just some months earlier had been on the verge of being ejected from the country. The new agreement set up a long sought after mechanism and procedures for reviewing complaints over forced labour. The SPDC subsequently took steps as well, seemingly also at China’s urging, to speed up the preparation of a new constitution, although without revising the long-stated goal of securing a continued leading role for the military in politics (see further below).

⁶⁵ Bertil Lintner, “China No Sure Bet on Myanmar”, *Asia Times*, 8 November 2007.

might help induce better policies, including greater cooperation with international agencies, possibly economic reform and improvements in some aspects of human rights that do not threaten the military's vital interests.

C. ASEAN

1. Background

Myanmar has long been a contentious issue for ASEAN, which has been under growing pressure from the U.S. and Europe since the early 1990s – and more recently from some of its own national parliaments – to take a more forceful approach to bring about change in the country. The grouping, however, has struggled to find a consensus position, beyond general calls for the SPDC to “clean up its house” and stop embarrassing its fellow members. Several countries, including Thailand, have developed strong economic interests in Myanmar, and the Indochinese states, since their admission in the latter half of the 1990s, have seen any intervention there over human rights as a potential future threat to themselves.

Myanmar was admitted to membership in 1997 despite reservations about its lack of preparation and the potential damage to ASEAN's reputation arising from its human rights record. It was decided that the ten-nation group would be incomplete without it and that it was better to have Myanmar “inside the tent” than too closely associated with China. Some countries also saw great economic opportunities in the country, which at the time still seemed to offer promising investment opportunities. Yet, the price has been high: Myanmar has dominated ASEAN's agenda to the exclusion of other issues, damaging the association's relations with key partners in the West and complicating efforts to build a regional economic community, while few of the economic benefits have materialised.

Already at the ASEAN ministerial meetings in July 1998, the Thai government proposed, with a view to Myanmar in particular, that the organisation be more pro-active in addressing problems within member states that affect the region.⁶⁶ The initiative initially was rejected by all other members except the Philippines as incompatible with a longstanding policy of non-interference in the internal affairs of member states. As frustrations over the lack of progress in Myanmar grew,⁶⁷ however, so did criticism of its policies. In July 2005, Myanmar was stripped of its

upcoming chairmanship of ASEAN after the U.S. and the EU threatened to freeze relations with the association, although it was allowed a face-saving declaration citing its decision to focus on domestic affairs, specifically its efforts to draft a new constitution. Later the same year, the Philippines, in an extraordinary move, agreed to support discussions on Myanmar in the Security Council.

ASEAN, however, has shied away from more forceful action, and its few attempts at active diplomacy have made little headway. Following strong critique of Myanmar at the December 2005 summit, the grouping dispatched Malaysian foreign minister Syed Hamid to Yangon to assess its progress towards democracy. The Myanmar government delayed his visit for several months, claiming it was busy moving the new capital, and when he finally was able to go, he was denied access to the top leaders, as well as opposition leader Aung San Suu Kyi. A clearly frustrated Hamid subsequently lamented: “[They] talked about us helping [them], but how can we when [they] don't give us any ammunition.... Maybe Myanmar will change if we leave them alone”.⁶⁸ After that, most member states publicly withdrew support for Myanmar in international forums,⁶⁹ even as they continued to reject any talk of its suspension from the association or other sanctions.

2. Response to the crackdown

Notwithstanding Singapore's strong chairman's statement on behalf of ASEAN on 27 September 2007, the responses of its members to the recent crackdown have remained as diverse as before, hampering anything beyond lowest common denominator action. The Philippines has been by far the most critical in public.⁷⁰ The more authoritarian countries, such as Vietnam, Cambodia and Laos, have stayed silent.

Clearly disturbed by the violence and under pressure from Western partners and their own parliaments and civil societies, leaders from Indonesia, Singapore, Malaysia and Thailand have emphasised there must be change in Myanmar. While arguing that sanctions, including possible suspension, would simply force Naypyidaw to turn inward and result in Chinese and Indian domination,⁷¹ they have

⁶⁶ *Asiaweek*, 31 August 1998.

⁶⁷ The purge of Khin Nyunt in 2004 and the move to the new capital in 2005, about which the SPDC failed to inform its counterparts in the region, greatly added to a sense that Myanmar was an unreliable partner and headed for serious problems, Crisis Group interviews, ASEAN ambassadors, Yangon, 2004-06.

⁶⁸ Agence France-Presse, 19 April 2006.

⁶⁹ Syed Hamid made this point with unusual bluntness in an op-ed in the *Wall Street Journal*, 24 July 2006, entitled “It is Not Possible to Defend Myanmar”.

⁷⁰ See Jim Gomez, “Philippines President Rebukes Myanmar”, Associated Press, 21 November 2007.

⁷¹ Several Singapore banks have restricted their business with the Myanmar government and its cronies in anticipation of new U.S. third-party sanctions (see below): they have done so voluntarily and case-by-case, but the government has not been discouraging. It has said on the record that it has and will apply its strict regime against money laundering, will comply with any UN sanctions,

strongly supported Gambari, including his call for combining pressure with incentives for the generals to change. Indonesia and Thailand have separately raised the idea of a regional initiative, involving China, ASEAN countries and Myanmar.⁷² Singapore and Malaysia have been less proactive, seemingly because they feel burned by Myanmar's earlier snubs of ASEAN diplomacy.⁷³ There is a feeling in these two countries that ASEAN has little leverage and can be most usefully engaged by supporting the initiatives of the UN, and possibly China. Officials have also expressed concern that a hasty regime change could destabilise Myanmar and cause greater problems for the region.⁷⁴

While many observers have blamed Myanmar for the watering down of the new ASEAN Charter that is now being considered by national parliaments,⁷⁵ this excuses several other countries too easily: liberal democracy is not a regional passion. That said, ratification of the ASEAN Charter may give the more progressive national parliaments some leverage. Philippines President Gloria Macapagal-Arroyo has warned that her country's senate may not ratify the agreement without progress in Myanmar.⁷⁶ Members of Indonesia's parliament, similarly, have been examining ways to use ratification to push for a firmer response from the regional group.⁷⁷ Nevertheless, it remains improbable that ASEAN as an association would be able to agree on more pro-active action on Myanmar. Any steps in that direction will likely be up to individual members, or a small group. The key to this will be ASEAN's largest member, Indonesia, which is keen to show progressive leadership and whose experiences with separatist conflicts, gradual reduction of military involvement in political affairs and a recent transition to democracy have obvious relevance to the situation in Myanmar.

and that "whatever policy we adopt must apply to all companies operating in Singapore, not just owned by Singaporeans". See Foreign Minister George Yeo's reply to questions in parliament, 22 October 2007, at www.mfa.gov.sg/2006/press/04112007/TranscriptReplyByMinisterGeorgeYeoToQnsInParliament22Oct2007.pdf. Also Crisis Group interview, Switzerland, January 2008.

⁷² "PM Suggests 6-Party Talks", *The Nation*, 16 October 2007. Crisis Group interviews, Jakarta, November 2007.

⁷³ See, for example, George Yeo, reply, op. cit.

⁷⁴ Such fears have been expressed, for example, by ASEAN Secretary-General Ong Ken Yong, in "Myanmar Regime Change Could Create Another Iraq", Agence France-Presse, 15 October 2007. Also Singapore Prime Minister Lee Hsien Loong, in "ASEAN Will Continue to Engage Myanmar", *Straits Times*, 5 October 2007.

⁷⁵ For example, "ASEAN adopts landmark charter but with watered-down human rights body", *International Herald Tribune*, 20 November 2007.

⁷⁶ See Wayne Arnold, "Rift Over Myanmar Emerges at ASEAN Summit", *International Herald Tribune*, 19 November 2007.

⁷⁷ Crisis Group interview, Jakarta, 6 December 2007.

D. INDIA

1. Background

India was the only Asian country to publicly condemn the military's refusal to hand over power to the winners of the 1990 election. The government scaled down diplomatic relations with the new military regime, opposed its application to rejoin the Non-Aligned Movement and in 1993 awarded Aung San Suu Kyi the prestigious Jawaharlal Nehru Award for International Understanding. Starting around 1992-1993, however, Indian policy began to shift. The criticism stopped and a series of mutual high-level visits between New Delhi and Yangon produced a number of cooperation agreements on security and economic affairs. By the midpoint of the current decade, the two countries were cooperating closely on anti-insurgency efforts along their common border; India had become the second biggest importer of Myanmar products and was even emerging as a major exporter of arms to the military regime.

In the early 1990s, the military was consolidating its power in Myanmar, and New Delhi feared being left behind as others strengthened relations. The increasingly close military and economic ties between Myanmar and China were of particular concern, raising the spectre of a military alliance that would leave India "encircled" by pro-Chinese states. But India's internal security problems also figured heavily, as did its emerging "Look East policy". New Delhi needed Myanmar's cooperation to fight its insurgents in the north east, many of whom had bases across the border in Myanmar's Sagaing division. Like China, India also needed access from landlocked provinces through Myanmar to the Indian Ocean, and over land to mainland South East Asia. More recently, growing concerns over energy security have further increased the requirement for cultivating good relations with the SPDC.

The shift in policy faced strong criticism from politicians and civil society groups, who saw it as unbecoming for the world's largest democracy to behave this way towards dictators and questioned the long-term benefits of supporting an unstable regime. The government, however, has remained unwavering on its more pragmatic course, and the SPDC, according to a retired Indian general, has been extremely accommodating in meeting India's requests.⁷⁸ Not surprisingly perhaps, senior officials on several

⁷⁸ Crisis Group interview, Washington DC, October 2005. This statement, of course, came before India in 2007 was snubbed by the military government, which despite earlier promises to sell gas from the new Shwe Field in the Bay of Bengal to India – a field in which two Indian gas companies have substantial minority stakes – signed a 25-year deal with China instead.

occasions in recent years have made it clear that India is not in the business of exporting ideology to its neighbours.⁷⁹

2. Response to the crackdown

When the protests were gathering pace in September, India offered no more than a tepid call for both sides to exercise restraint.⁸⁰ While the world watched monks marching in the streets of Yangon, senior officials from India's state-owned Oil and Natural Gas Corporation (ONGC) flew to Naypyidaw to sign three new agreements with the Myanmar Gas and Oil Enterprise (MOGE) on exploration for gas in three deep-water blocks off the Rakhine coast. A few weeks later, with the crackdown ongoing, the Indian government sealed another deal for the Kaladan Multi-Modal Transport Project, which aims to facilitate the transport of goods by road and river from India's landlocked north east to Sittwe port on Myanmar's Rakhine coast.⁸¹

Since then India, under substantial pressure from the UN Secretary-General as well as the U.S. and the EU, has shifted somewhat. In a meeting with his Myanmar counterpart, Nyan Win, in late October 2007, the external affairs minister, Pranab Mukherjee, urged the SPDC to launch a probe into the violent crackdown.⁸² In early January, Prime Minister Manmohan Singh told Nyan Win that it had become "increasingly urgent to bring about political reform and national reconciliation" and that the process should include Aung San Suu Kyi and ethnic groups.⁸³ There have also been as yet not officially confirmed reports that India, at least temporarily, will halt arms sales.⁸⁴ Indian officials, however, continue to reject any talk of sanctions as such, and have done significantly less than China to support international diplomacy.

Part of the dilemma New Delhi faces is that it simply does not have much influence with the military regime. Unlike

China, India engenders neither respect nor fear in Myanmar, where racism against people of South Asian descent is quite pronounced, and nationalist leaders still harbour resentments going back to the British colonial era, when many Indians served in the colonial government and security forces and Indian moneylenders were seen as having a malign influence. India's development model also holds no attraction for Myanmar's military rulers. Although it seems unlikely that the SPDC would cut links with India, which serve as a useful counter-balance to China, Naypyidaw believes that it needs New Delhi less than the other way around and holds the upper hand in the relationship.

E. UNITED STATES

1. Background

The U.S. government has been the strongest in its condemnation of Myanmar's military rulers and the most uncompromising in demanding they relinquish power immediately and unconditionally. While Washington officially has three broad priorities in Myanmar – democracy, human rights and narcotics – its policy, much of it initiated by Congress, in effect has had a single overriding purpose: to support Aung San Suu Kyi and bring the NLD to power. Viewing regime change as essential for progress, successive administrations have been unwilling to promote reform under the current government or provide assistance, save for a few areas of specific U.S. national interests such as drug control and counter-terrorism.

After some initial hesitation over unilateral measures, Washington since the mid-1990s has put in place one of the most comprehensive U.S. sanctions regimes against any country in the world. In May 1997, President Bill Clinton issued an executive order prohibiting all new U.S. investment in Myanmar.⁸⁵ In July 2003, President George W. Bush signed the "Burmese Freedom and Democracy Act", which bans imports and freezes the assets of those designated by the secretary of the treasury.⁸⁶ At its own initiative, the administration added a prohibition on "the exportation or re-exportation, directly or indirectly, to Myanmar of any financial services either from the U.S. or by a U.S. person, wherever located".⁸⁷ These measures are coupled with a near total suspension of U.S. aid

⁷⁹ For example, "India Will not Export Its Democracy to Myanmar", Associated Press, 3 June 2006; and "India Hopes Military-Ruled Myanmar Will Keep Its Democracy Promises", *Jakarta Post*, 19 June 2007.

⁸⁰ Crisis Group in its 25 September 2007 statement called on India to take a lead role together with China in pressuring the military to show restraint in dealing with the protesters, "Myanmar: Time for Urgent Action", op. cit.

⁸¹ See Sudha Ramachandran, "India Bends Over for Myanmar's Generals", *Asia Times*, 6 November 2007; Shyamal Sarkar, and "India Sealed Kaladan Deal as Myanmar Bled", at www.merinews.com/catFull.jsp?articleID=126948.

⁸² Pallab Bhattacharya, "Churnings in Myanmar: Old Dilemmas of India", Press Trust of India, 30 October 2007.

⁸³ Violet Cho, "India Urges Burma to Adopt Political Reform", *Irrawaddy Online*, 3 January 2008, at www.irrawaddy.org/print_page.php?art_id=9804.

⁸⁴ "India's Halt to Burma Arms Sales May Pressure Junta", *The Washington Post*, 30 December 2007.

⁸⁵ U.S. Executive Order 13047, signed 20 May 1997.

⁸⁶ "An Act to Sanction the Ruling Burmese Military Junta, to Strengthen Burma's Democratic Forces and Support and Recognize the NLD as the Legitimate Representative of the Burmese People", U.S. Congress, 108th, 1st session, S. 1215, undated.

⁸⁷ "Executive Order Blocking Property of the Government of Burma and Prohibiting Certain Transactions", White House, office of the press secretary, 28 July 2003.

since 1988, including a commitment to veto all lending from the international financial institutions.

In the past few years, Washington has made Myanmar a priority in its Asia policy. With little left to sanction, it has focused on persuading others, notably the Security Council and ASEAN, to join the U.S. campaign. In 2005, ASEAN was told in no uncertain terms that Myanmar's scheduled 2006 chairmanship was unacceptable and would have negative implications for U.S.-ASEAN relations. In August 2006, disagreement over Myanmar led the U.S. to back away from a formal trade and investment agreement with ASEAN and agree only to a nonbinding "framework arrangement".⁸⁸ Unlike the earlier period when policy was driven largely by Congress, these recent efforts owe much to the personal involvement of President Bush and his wife, Laura.⁸⁹

The June 2007 discussions in Beijing were the first by a senior U.S. official with Myanmar officials in several years, but according to the State Department spokesperson the U.S. went simply to reiterate its basic demands for reform and sees no possibility of continuing such dialogue unless and until Aung San Suu Kyi and other political prisoners are released.⁹⁰

2. Response to the crackdown

Having condemned the crackdown in the strongest possible terms, the U.S. pushed hard and successfully for a presidential statement from the Security Council on 11 October 2007, and unsuccessfully for a second one in November. Officials say they have also been working quietly with the Chinese at the UN to facilitate the good offices efforts.⁹¹ Washington, however, is openly sceptical about Gambari's achievements so far⁹² and has accelerated

its attempt to ratchet up pressure on the military regime, as well as on neighbouring countries perceived to be facilitating its hold on power.

On 25 September 2007, President Bush announced at the UN General Assembly that unilateral sanctions would be tightened,⁹³ and two days later he froze any assets in the U.S. of fourteen senior regime members.⁹⁴ The State Department added the names of 260 officials and their families to the visa ban list, bringing it to over 800.⁹⁵ On 19 October, the treasury department added another eleven officials and twelve business partners (five individuals and seven companies) to the list, pursuant to a new executive order granting it discretion to target regime supporters.⁹⁶

These were symbolic steps, as no senior figure is known to have assets in the U.S., but more serious measures are making their way through Congress. On 16 October Senator John McCain introduced the Saffron Revolution Support Act of 2007, which would tighten the 1997 investment ban as well as the 2003 import ban, the former by removing the grandfather clause, which has allowed investments made before May 1997 to continue (specifically Chevron's minority stake in the Yadana gas field and pipeline).⁹⁷ The bill would also prohibit foreign banks that do business with any member or supporter of the Myanmar government from opening or maintaining accounts with any U.S. financial

⁸⁸ According to Washington observers, the administration "has mounted a diplomatic offensive against the military government of Myanmar, suggesting to nations in the region that it is a 'test case' for whether they hold the same values and standards as the United States", see Glenn Kessler, "U.S. Sees Burma as a 'Test Case' in Southeast Asia", *The Washington Post*, 3 January 2006.

⁸⁹ See, for example, Judy Aita, "Laura Bush Highlights Burma Crisis at UN Roundtable", 20 September 2006, at <http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2006&m=September&x=20060920144706eafas0.84219>. Also Hannah Beech, "Laura Bush's Burma Crusade", *Time Magazine*, 5 September 2007; and Peter Baker, "First Lady's Influence Goes Global", *The Washington Post*, 15 October 2007.

⁹⁰ Lalit K. Jha, "US Presses for Suu Kyi's Release at Meeting with Junta", *Irrawaddy Online*, 29 June 2007, at www.irrawaddy.com/article.php?art_id=7700.

⁹¹ Crisis Group interview, U.S. official, New York, November 2007.

⁹² According to Deputy Assistant Secretary of State Scot Marciel, "the regime has not yet said that it will engage in a dialogue. What

we don't want to do here is get in a situation where we're confusing meetings for progress. There can be lots of meetings, but if they don't lead anywhere it is not progress", "US Official Urges Caution on Burma", *Irrawaddy Online*, 9 November 2007, at www.irrawaddy.org/article.php?art_id=9271.

⁹³ "Bush Announces New U.S. Sanctions on Burma", Voice of America, 25 September 2007, at www.voanews.com/english/archive/2007-09/2007-09-25-voa24.cfm?CFID=169898292&CF_TOKEN=64409132.

⁹⁴ "Treasury Action Targets Violent Burmese Suppression", U.S. treasury department, press release, 27 September 2007, at www.treasury.gov/press/releases/hp578.htm.

⁹⁵ "Fact Sheet: President Bush Announces Added Sanctions against Leaders of Burma's Regime", White House, office of the press secretary, 19 October 2007 at www.whitehouse.gov/news/releases/2007/10/20071019-15.html. Deputy Assistant Secretary of State Scot Marciel, testimony before the House Foreign Affairs Committee, Subcommittee on Asia, 17 October 2007.

⁹⁶ See "Treasury Continues to Pressure Burma's Regime", U.S. treasury department, press release, 19 October 2007, at www.treasury.gov/press/releases/hp622.htm; and "Executive Order: Blocking Property and Prohibiting Certain Transactions Related to Burma", White House, office of the press secretary, 19 October 2007, at www.whitehouse.gov/news/releases/2007/10/20071019-12.html.

⁹⁷ Chevron would even be prohibited from paying any penalties to the Myanmar government as a result of divesting its assets, something which it is contractually obligated to do.

institution.⁹⁸ A parallel bill, the Block Burmese JADE (Junta's Anti-Democratic Efforts) Act of 2007, introduced by Representative Tom Lantos in the House of Representatives two days later, contained similar provisions aimed at stopping all U.S. imports from or investments in the natural resource sectors, as well as blocking the military regime and its supporters from using the international banking system, including for the first time through third-party sanctions.⁹⁹

The latter bill was passed by the House on 11 December and, in a substantially amended version, by the Senate on 19 December, both times by consensus. Although indications are that the efforts to reach agreement on a common version may ultimately protect Chevron's interests, all the other main clauses, including the clampdown on import of gems, teak and hardwoods, as well as the threat of third-party sanctions against foreign banks dealing with the military regime,¹⁰⁰ look likely to become law. The U.S. is thus set to significantly tighten its already extensive sanctions regime. It has also confirmed its intent to continue to press for Security Council action, including a mandatory arms embargo. Further, State Department officials have rejected as "inappropriate at this time" a European suggestion to couple pressure with inducements by offering positive incentives for reforms.¹⁰¹

F. THE EUROPEAN UNION

1. Background

The EU and its member states, too, have prioritised democracy in their relations with Myanmar and have worked closely with the U.S. to forge a strong front against the military regime through censure and gradually escalating sanctions. In October 1996, the EU adopted its first Common Position on Myanmar, intended to promote "progress towards democratisation and securing the immediate and unconditional release of detained political prisoners". It reaffirmed restrictions on aid and defence

cooperation, added a ban on entry visas for members of the government and suspended bilateral visits for ministers and officials at the level of political director or above.¹⁰² No agreement was reached on economic restrictions, but the measure foreshadowed sanctions if the situation did not improve, and in early 1997 the EU withdrew GSP (generalised system of preferences) privileges for Burmese industrial and agricultural exports. The UK unilaterally suspended financial support for its companies trading with Myanmar, discouraged tourism and urged the main British investors, Premier Oil and British-American Tobacco, to divest.

Attitudes hardened as the EU made Myanmar a major issue in its relations with ASEAN, at significant cost to cooperation. Having failed to persuade ASEAN not to admit it in 1997, the EU demanded Myanmar's exclusion from subsequent inter-regional meetings, leading to cancellation of several ASEAN-EU meetings between 1997 and 2000. The EU eventually backed down but continued to deny Myanmar accession to the 1980 ASEAN-EU Economic Cooperation Agreement, which would have given it access to development programs.

Since the early 2000s, a gap has opened with the U.S., as the EU has rejected sweeping trade and investment bans in favour of measures targeting the military regime and its support base. An autumn 2003 internal review of EU policy concluded that a general trade ban would be both illegal under international law and detrimental to the welfare of the Burmese people.¹⁰³ Having decided in 2002 essentially to separate "political" and "humanitarian" strategies,¹⁰⁴ European aid agencies have moved more proactively to address the emerging humanitarian crisis in Myanmar. The pressure for wider sanctions, however, persists – particularly in the UK, which traditionally has been one of the more hardline countries in Europe, along with Denmark, Sweden and the Netherlands. In September 2004, a limited investment ban was added to the Common Position, covering new investments by companies in military-owned economic enterprises, together with expansion of the visa ban and asset freeze to include all military officers at the level of brigadier general and above and their families.¹⁰⁵

⁹⁸ S. 2172, available at www.govtrack.us/congress/bill.xpd?bill=s110-2172.

⁹⁹ H.R. 3890, available at www.govtrack.us/congress/billtext.xpd?bill=h110-3890.

¹⁰⁰ The threat of third-party sanctions against foreign banks has had an effect in some cases, including North Korea, because most financial institutions are reluctant to risk investigation or penalties from the U.S. government and so cut links to suspect companies and individuals.

¹⁰¹ Asked about incentives at a press conference in Tokyo on 3 November 2007, Assistant Secretary of State Christopher Hill rejected them as untimely, claiming they would send a wrong message after the crackdown. Crisis Group interview, Aiko Doden, NHK (Japanese Broadcasting Corporation), November 2007.

¹⁰² Council of the European Union, Common Position of 28 October 1996 (96/635/CFSP).

¹⁰³ "Report on Myanmar", European Commission, internal document, November 2003.

¹⁰⁴ "We do not know when democracy will return to Burma. And we cannot wait for this moment to act. The human costs of social deprivation are much too large to be left aside. The international community needs to be able to continue humanitarian operations without conditionalities and benchmarks", Commissioner Poul Nielson, "Advocating the Needs of the Vulnerable", keynote address, Open Burma Day, Brussels, October 2003.

¹⁰⁵ Council of the European Union, Common Position of 25 October 2004 (2004/423/CFSP).

2. Response to the crackdown

EU ministers agreed on 15 October 2007 to tighten sanctions against the government, by adding trade, investment and financial bans on the logging and mining industries.¹⁰⁶ When formally adopting these the next month, they extended an investment ban on state-owned companies to those owned by members of the SPDC or under the direct control of the regime or those associated with it.¹⁰⁷ This targeted a reported further 1,206 businesses.¹⁰⁸

Although calls for tightening sanctions were common immediately following the crackdown, including from the UK, France and the Netherlands,¹⁰⁹ it is uncertain how far the EU will pursue its sanctions policy. French President Nicolas Sarkozy quickly hinted at an investment ban, calling attention to the position of French oil company Total.¹¹⁰ But in subsequent discussions in Brussels ahead of the October 2007 meeting, French representatives blocked special inclusion of the oil and gas sectors and insisted that any comprehensive investment ban target only future investment, thus protecting Total's operations.¹¹¹

In general, the EU approach has been one of carrots and sticks, including an intention to increase humanitarian aid and to offer more in the way of financial assistance and to lift sanctions "should the situation improve".¹¹² The French and British foreign ministers, in a joint newspaper article in October, raised the idea of "financial incentives" for the regime to encourage reform.¹¹³ The Council has appointed

former Italian justice minister Piero Fassino as a special envoy to support Gambari.¹¹⁴

Despite strong similarities between the U.S. and European responses, the EU views the challenges somewhat differently. Member state officials have made it clear they are looking not for regime change but dialogue leading to a gradual process of national reconciliation.¹¹⁵ For this, the EU supports a three-track approach combining increased dialogue with the regime, limited sanctions and positive incentives. The European Commission and EU member states have also reconfirmed their commitment to provide assistance for basic needs – indeed, the UK Department for International Development (DFID) in late October announced a doubling of assistance by 2010, an increase of £8 million pounds (\$16 million).

While the U.S. and the EU both are threatening further sanctions if there is no progress, Europe has been less demanding in its definition of such progress, and no EU government supports blanket import or financial sanctions as the U.S. and Canada have imposed.

G. OTHERS

1. Background

Few other countries have significant links with Myanmar. Non-EU European governments, such as Switzerland and Norway, are formally associated with the EU Common Position, and Canada has had similar measures in place. The only Western country which has deviated substantially from the mainstream is Australia. While working closely with the U.S. and the EU to maintain pressure on the military regime in the UN and other multilateral forums, Canberra explicitly rejected the isolation policy, including visa bans and economic sanctions, seeking instead to engage on issues such as human rights training and human trafficking. Japan, similarly, has sought to maintain dialogue with the Myanmar government, mainly on economic reform, and has retained substantial aid ties.

¹⁰⁶ Council Conclusions from the 15-16 October 2007, General Affairs and External Relations Council (GAERC). These additional restrictive measures agreed in October were formally adopted by the November GAERC and will be implemented by a Council Regulation, most likely in February 2008, Crisis Group interview, Brussels, November 2007.

¹⁰⁷ Council Conclusions from the 19-20 November 2007 GAERC meeting.

¹⁰⁸ "La UE confirma el endurecimiento de las sanciones contra Birmania", *El País*, 19 November 2007.

¹⁰⁹ David Miliband and Bernard Kouchner, "Maintaining the Momentum on Burma", *International Herald Tribune*, 15 October 2007; "Verhagen calls for extra sanctions against Burma", the Netherlands foreign ministry, press release, 28 September 2007; and "Russland warnt vor Einmischung in Burma", *Der Spiegel*, 26 September 2007.

¹¹⁰ "La diplomatie française en totale hypocrisie", *Libération*, 28 September 2007, at www.liberation.fr/actualite/monde/281301.FR.php.

¹¹¹ "Birmanie: l'Occident se divise sur les sanctions", *Le Monde*, 1 November 2007.

¹¹² "Foreign Secretary's Ministerial Statement", 8 October 2007, at www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029391629&a=KArticle&aid=1188498975190.

¹¹³ Miliband and Kouchner, "Maintaining the Momentum on Burma", op. cit. Reportedly Lord Malloch-Brown, the UK

minister for Africa, Asia and the UN, said this idea was discussed further when the UK and the World Bank co-hosted discussions on Myanmar during the annual meeting of the World Bank in Washington, DC, 20-22 October 2007 (the U.S. did not participate in the discussions), Crisis Group interview, Aiko Doden, NHK, January 2008.

¹¹⁴ "Javier Solana Appoints Piero Fassino as Special Envoy for Myanmar/Burma", EU statement, 6 November 2007. The statement gave no terms of reference for his role beyond supporting the UN envoy.

¹¹⁵ Crisis Group interviews, Myanmar, October 2007.

2. Response to the crackdown

Following the crackdown, Canada responded strongest of all governments, imposing a sweeping ban on nearly all economic links with Myanmar, including all trade, except the export of humanitarian goods, and all new investments.¹¹⁶ Australia instituted a new visa ban and asset freeze on 430 Myanmar government officials, bringing it in line with U.S. and European legislation, while Japan terminated plans for a \$5 million economic institute in Yangon. Overall, Australia and Japan remain somewhere between the positions of the EU and ASEAN, having unambiguously condemned the crackdown but restricted themselves to imposing largely symbolic new sanctions to reinforce their messages.

IV. CHALLENGES

The military government's response to the growing international pressure has been limited. While neither requests nor threats deterred the generals from crushing the protest movement, they have tried to manage the fallout by engaging with Gambari and have taken a number of steps, in line with his requests, to "normalise" the situation on the ground. Although arrests continue, the government has initiated talks with Aung San Suu Kyi and relaxed the conditions of her house arrest by allowing her to meet with senior party officials and issue a public statement. It has also agreed to re-engage with Special Rapporteur on Human Rights Pinheiro, who was allowed into the country for the first time in four years, and to receive a high-level mission from the International Committee of the Red Cross (ICRC). Many of those detained have been released, and the families of imprisoned NLD and 88 Generation members have been allowed to visit them. While there have been reports they may be charged for treason, it does not appear to have happened yet.

But the government has not announced any concrete reforms. It has rejected the idea of reopening talks on the new constitution, including a UN proposal for a constitutional review committee. The discussions with Aung San Suu Kyi are, as yet, only talks about talks. Officials have rejected direct UN participation in future talks with the NLD, indicating that no direct mediation in the country's multiple conflicts is welcome.¹¹⁷ The overall reception of Gambari and Pinheiro, while formally "correct", has been marred by foot dragging and nationalist rhetoric. Their visits have been closely controlled, allowing little scope for independent activities.¹¹⁸

During his meetings with government ministers on 6 November, Gambari was told by Information Minister Kyaw Hsan that the government was disappointed his "previous visit did not bear fruit as we had expected" and warned that "if you bring along the instructions of the leaders of a big power and demands of internal and external anti-government groups, it will in no way contribute towards the seeking of solutions to Myanmar's affairs".¹¹⁹ The official media is keeping up incessant commentary on

¹¹⁶ The sanctions, which are imposed under the Special Economic Measures Act, further prohibit the provision of Canadian financial services to and from Myanmar, the export of any technical data to Myanmar and the docking or landing of Canadian ships or aircraft in Myanmar, and vice-versa. They also include a freeze on assets in Canada of any designated Myanmar nationals connected with the government. See Lee Berthiaume, "Burma Sanctions Good, But Lack of Divestment Brings Criticism", *Embassy* (Canada's foreign policy newsweekly), 21 November 2007, at www.embassymag.ca/html/index.php?display=story&full_path=/2007/november/21/burma/.

¹¹⁷ Information Minister Kyaw Hsan, "Clarifications on Myanmar's Situation to UNSG's Special Envoy", *New Light of Myanmar*, 7 November 2007, p. 11.

¹¹⁸ On both his visits since the protests, for example, Gambari was kept isolated in Naypyidaw. Even NLD leaders had to go to the new capital to see him. Pinheiro, who faced similar constraints, complained that his visit under such circumstances could not be considered a fact-finding mission. Crisis Group telephone interview, Pinheiro, 19 November 2007.

¹¹⁹ Kyaw Hsan, "Clarifications", op. cit., p. 8.

regime achievements and criticism of Aung San Suu Kyi, the NLD and everyone else who supposedly does not support the government's efforts. Meanwhile, hundreds of protesters, as noted, remain in prison and arrests continue.

A. THE MILITARY LEADERSHIP

1. Traditional mindset

The greatest obstacle to reform in Myanmar has long been the insistence by the senior military leadership that only a strongly centralised, military-led state can hold the country together. Although outsiders know relatively little about the private views of the top generals, their continued refusal to entertain any notion of genuine political pluralism appears to reflect a combination of personal idiosyncrasies, cultural predilections, vested interests in the status quo and a feeling that no major concessions are necessary to reach their goals.¹²⁰

The military leaders are strongly nationalistic and inward-looking. They believe the army has saved the country from disintegration and trust neither politicians nor ethnic minority leaders to safeguard that legacy. After decades at the helm of government, their view that they have the right – even duty – to rule has become deeply ingrained. While their economic failures are obvious to others, they may not fully recognise the seriousness of the situation. The top leaders rarely ask for advice, and few of their subordinates offer it, fearful of being blamed for bad news or given responsibility for solving insolvable problems. Instead the leadership is fed carefully manufactured reports which reinforce its self-image and ignore the mounting problems.

In this culture, dialogue is anathema, in particular the type of frank discussions and search for compromise expected by the opposition and the international community. To use a metaphor often applied by the generals, Than Shwe sees himself as the father and Aung San Suu Kyi as the daughter, who should not challenge his authority. There is no cultural basis for a dialogue among equals, and her perceived “failure” over the years to show sufficient deference is said to have angered Than Shwe greatly. Foreigners of sufficient standing, personally or institutionally, are among the few who can challenge the Senior General's view and offer uncensored analysis and advice. But this has its limits, too, as he – like many of his officers – is suspicious of foreigners and takes the view that outsiders do not understand the country and its problems.

The purge in 2004 of General Khin Nyunt, the prime minister and military intelligence chief, along with some two dozen ministers and top intelligence officials loyal to him, has greatly compounded the inherent conservatism of the regime. Khin Nyunt had not only overseen a period of unprecedented cooperation with international agencies but was also the architect of the ceasefires with former ethnic insurgent groups and, six months before his removal, had appeared to be making progress in negotiations with Aung San Suu Kyi and the NLD. His departure thus left a leadership vacuum in the government and reminded other officials that it can be dangerous to show too much initiative.

Vested interests, of course, also are important. The generals and their families are accustomed to power and privilege and reluctant to give it up. The same goes for many of the wealthiest businessmen, who have been riding the coat tails of the generals in return for supplying their personal and governmental needs. There is little external actors can do to make it attractive for the leadership to give up power.¹²¹ The prospect of losing privileges or being held accountable for human rights violations is a powerful motivation for maintaining tight control.

Any diplomatic effort that does not recognise these factors will not get far. Engagement must be sensitive to nationalist sentiments, and there has to be a face-saving solution which also protects what the military sees as its vital interests. This will likely remain so even if the next generation of leaders proves to be more open to reforming a system it is not directly responsible for setting up and may agree is anachronistic.

2. The next generation

While the military is somewhat uneasy in its power, given the continuing lack of legitimacy, international opprobrium and economic woes, none of these factors is a direct threat, as long as it stays united. It is hard to imagine, therefore, that the current top leaders, whose legacy and personal interests are closely associated with military rule, would be willing to contemplate substantial reforms.

Whether the next generation wants to continue with business-as-usual is a different question. There are no indications of open splits, but there have long been rumblings in the ranks over economic mismanagement and corruption. These cracks grew substantially after the unpopular move of the capital to Naypyidaw and will have

¹²⁰ For more background on the military's perspective, see Morten B. Pedersen, *Promoting Human Rights in Burma: A Critique of Western Sanctions Policy* (Lanham, 2007), chapter 2.

¹²¹ Few Myanmar generals are actively involved in running businesses, although some of their family members are. They do not have parallel careers as entrepreneurs but are dependent on kick-backs and patronage, which would dry up if they left power, especially if the cronies in whom they have invested suffered as well.

grown further after the crackdown on the monks, which has cost the regime any residual legitimacy it could claim as protector of the faith. The virtual unanimity of international criticism will also have raised concern among the more outward-oriented officers who do not wish to see Myanmar remain isolated.

A coup is unlikely. Than Shwe has stacked the top levels of the defence ministry with hand-picked subordinates, who, while they might pursue a somewhat different line once in power, are considered by government insiders to be fiercely loyal to their leader.¹²² The loyalty of some regional and lower-level commanders may be less, but any challenge from this level would require a broader conspiracy than seems feasible in a closely monitored environment characterised by fear and distrust. Than Shwe, however, is 74 and no longer in good health. The pressures of the current situation may have increased his inclination to make way for a new generation. The inauguration of a new constitution and transfer of power to a nominally civilian government would be an obvious time. Much will depend on whether he feels the interests of his family are secure.

How different a new leadership will be is difficult to say, partly because it remains uncertain who will take over and how power will align around and underneath the next senior general. The successor generations are products of decades of the current system. They too will fear the consequences of losing control but some have been expressing concerns over the economic mismanagement of the SPDC and its growing international isolation. They will have strong motivation in the failures of the past to try a different approach, as well as new opportunities in the planned transition to a formally parliamentary government.

How far they will go, and how successfully, will depend also on what the opposition and the international community do. Today's senior officers may be creatures of Ne Win's army and the views that have prevailed since his retirement, but they are also affected by broader historical experiences. The current alienation from other groups in society and from the world beyond makes it harder for any more liberally inclined officers to break the mould. The tendency of critics and sanctioning governments to lump together everyone in the regime makes it harder still. Those treated as outsiders will naturally seek the company of other outsiders and so come under strong pressure to conform to their values. If there are no acceptable alternatives to the status quo, younger officers will tend to embrace and rationalise it.

External players may be able to support the emergence of moderates by engaging with members of the regime in more respectful ways so as to build confidence and offer a vision of the future which does not threaten their vital

interests. Such approaches are unlikely to appeal to the older generation, which has accustomed itself to decades of hostility and has little reason to believe it can prosper (perhaps even survive) with any change, but would give the next level something to think about and might help develop new ways of thinking in the successor generations.

Myanmar is in a region undergoing dramatic changes, politically, as well as socially and economically. So far, its engagement with neighbours has had limited results, but that is partly because the top leaders remain distant from these processes and still see even those neighbours as intrinsically hostile. This might change if the country is integrated further, more open-minded generals take over and the mid-level officers and officials who have been at the forefront of the engagement move up the hierarchy.

B. THE OPPOSITION

1. Views on change

The opposition, led since 1988 by Aung San Suu Kyi and her National League for Democracy (NLD), won the 1990 election in a landslide, only to be denied power. It has broad popular support but has suffered intense repression. Since the early years of the present decade, its calls for implementation of the 1990 election result have been replaced by offers to cooperate with the military in a gradual transition.¹²³ This was confirmed by Aung San Suu Kyi in her first public statement in four years, released by Gambari after their 7 November meeting in Yangon:

I welcome the appointment on 8 October of Minister Aung Kyi as minister for relations. Our first meeting on 25 October was constructive, and I look forward to further regular discussions. I expect that this phase of preliminary consultations will conclude soon so that a meaningful and time-bound dialogue with the SPDC leadership can start as early as possible. In the interest of the nation, I stand ready to cooperate with the Government in order to make this process of dialogue a success and welcome the necessary good offices role of the United Nations to help facilitate our efforts in this regard.

In full awareness of the essential role of political parties in democratic societies, in deep appreciation of the sacrifices of the members of my party and in my position as General Secretary, I will be guided by the policies and wishes of the National League

¹²² Crisis Group interviews, Myanmar, October 2007.

¹²³ See, for example, "Special Declaration No. 1/02 (2006)", NLD, 12 February 2006, unofficial translation available at www.burmacampaign.org.uk/pm/more.php?id=201_0_1_0_M; and "Special Statement", 20 April 2006, at http://old.ncgub.net/NLD_Statements/NLD%20Statement%2020060420.htm.

for Democracy. However, in this time of vital need for democratic solidarity and national unity, it is my duty to give constant and serious considerations to the interests and opinions of as broad a range of political organisations and forces as possible, in particular those of our ethnic nationality races. To that end, I am committed to pursue the path of dialogue constructively and invite the Government and all relevant parties to join me in this spirit.¹²⁴

A similar reassessment has taken place within other parts of the democracy movement, notably the 88 Generation student leaders who since release from prison in 2005 have been calling on the government to work with the opposition and the people to bring peace and prosperity to the country. In early 2007, a number of small-scale protests took place in Yangon, led by 88 Students and other social activists, which explicitly focused on socio-economic reforms. This, as noted, was the main thrust, too, in the monks' movement. The tone among many activists, including members of the 88 Generation still at large, has hardened substantially following the recent crackdown.¹²⁵ But these new hardline positions, as noted, are not known to be shared by Aung San Suu Kyi, and it remains unclear where the senior leadership of the 88 Generation stands (since they are in jail and cannot speak out).

2. Strengths and weaknesses

The problem for the opposition is that it simply does not have the strength to challenge the military for power. Whatever turn popular activism takes, it has inherent limitations as a tool for regime change. The disorder inherent in this form of politics is anathema to the military leadership and historically has always been met with violence. People power cannot defeat a united military willing to shoot.¹²⁶ It would have to cause an open split in the military, something which has yet to happen, although the regime has used shocking violence against peaceful protesters before (not to mention on a continual basis against ethnic villagers in the border regions). The decisive battleground is more likely to be within elite political frameworks than in the streets, an arena that requires painstaking negotiations, unsatisfactory compromises and

a willingness by individuals on all sides to settle for less so the country can have more.

This presents a challenge to the opposition, which lacks organisation and cohesion. The NLD, since its emergence as the vanguard party of the democracy movement in 1988, has sought to build a nationwide structure and provide leadership for the forces of change. Relentless repression, however, has left it a shadow of its former self, and even in its heyday, its institutional structure was limited. The NLD has to be rebuilt, or succeeded by a party with some of the same qualities. There is a need, too, for other parties and organisations to broaden the base of the opposition by drawing in people who have not found a place in the NLD and to lay the basis for a more pluralistic system. Critically, the largely Burman-led political opposition needs to be broadened to include as equal members the range of ethnic groups which, while baffling in their complexity, have made major strides over the past decade both in building viable institutions and in developing a common agenda on their place in a majority-Burman country.

None of this will be easy – indeed, it may be impossible – while the hostile, deeply repressive political environment persists. But the Myanmar people remain committed to achieve change, and new opportunities may emerge during a gradual transition which sees the replacement of overt military rule by some sort of hybrid regime. This after all is how other countries in the region have moved towards more pluralistic regimes.

C. POLITICAL TRANSITION

There has been much debate for fifteen years over whether the military is “genuine” in seeking a political transition but in some ways, this is misplaced. The military leadership has never really made a secret of its intentions, at least in respect to the formal institutions it wants to put in place to secure its continued leading role in politics, and there are no reasons to doubt those intentions.¹²⁷ The more relevant questions are to what degree the new system it wants could amount to progress and what the realistic alternatives are.

¹²⁴ Statement by Myanmar opposition leader Aung San Suu Kyi, released by Gambari in Singapore, 8 November 2007, available at www.pr-inside.com/text-of-aung-san-suu-kyi-s-r291179.htm.

¹²⁵ See, for example, “Letter from the 88 Generation Students to ASEAN Leaders”, dated 19 November 2007, available at www.burmagateway.org/news-162.html.

¹²⁶ For a comparative discussion of the role of “people power”, see Peter Ackerman and Christopher Kruegler, *Strategic Nonviolent Conflict: The Dynamics of People Power in the Twentieth Century* (Westport, 1993).

¹²⁷ While the extended time it has taken to draw up the constitution might suggest that the government’s “roadmap” is simply a ploy to keep the current system indefinitely, that conclusion is not supported by a broader view of the situation. The self-image of the armed forces, engineered by Ne Win and his cohorts, is that of an institution “above politics,” which intervenes only according to “national duty” and “historic necessity” to save the country. More concretely, the military has been busy the past few years building the physical structures which the new regime will inherit, including a presidential palace and bicameral parliament, in the new capital, Naypyidaw.

1. The roadmap

The military's transition plan has changed little since the early 1990s. Having rejected the outcome of the 1990 election, which would have brought to power a party, the NLD, which during the campaign was openly hostile to the army leadership, the ruling military council in 1993 convened a National Convention to draw up the basic principles for a new constitution. It was suspended in 1996, after the NLD withdrew criticising its proceedings as "undemocratic". For seven years there was no movement, but in August 2003 the new prime minister, Khin Nyunt, launched a "seven-step roadmap to democracy", which was essentially a repackaging of the original plan.¹²⁸ The National Convention was reconvened and between May 2004 and September 2007 finalised its work on the basic principles of the constitution. Since then, the government has appointed a constitution-drafting committee, which is charged with shaping the final language. A referendum on the draft constitution is planned, to be followed by elections and a transfer of government responsibility to new, at least nominally civilian institutions.

The roadmap has been widely rejected as a "sham", and for good reasons. Clearly, the aim is not democracy but to ensure that the military maintains ultimate control of any new government. According to the principles of the new constitution, which has essentially been drafted by the military-led National Convention Committee with only limited input from delegates, the military must have a leading role in national politics. This will be ensured by a powerful, unelected commander-in-chief of the armed forces, who will appoint 25 per cent of the members of both national and local legislatures, as well as the ministers of defence, home affairs and border areas. The armed forces will enjoy full internal autonomy and have the right to take over state power in any threat to national security, broadly defined. Further steps are being taken to ensure the civilian component of the government will consist to a significant extent of retired officers or people believed to be loyal to the military's "worldview", and that civil society will remain dominated by government-organised mass organisations.¹²⁹

Regrettably though, for all its flaws, the roadmap is the only game in town. The recent protests have made no difference to the leadership's perception that the process

must go forward as planned (although they may seek to delay it until the situation quiets down). The government continues to reject any need to reopen discussions of the constitutional principles and is already moving ahead with drafting the final document on the basis of those that have been adopted by the now concluded National Convention.¹³⁰ Since early October 2007, government rallies have been held all around the country to support the roadmap; and police and government officials have been put through riot control training in preparation for potential future unrest. Evidently, the generals are intent on staying the course, whatever the consequences.¹³¹

It is possible that Senior General Than Shwe will eventually meet with Aung San Suu Kyi. His public demands that she "abandon confrontation, give-up obstructive measures and the support for sanctions and utter devastation" are unlikely to be absolute preconditions.¹³² They reflect longstanding unhappiness within the government with what it perceives as her confrontational stance, and a way can no doubt be found to enable dialogue, if both parties wish. The appointment of Brigadier General Aung Kyi to engage with Aung San Suu Kyi is a positive step. He is known as the regime's troubleshooter, having negotiated several agreements with international agencies,¹³³ and is sufficiently senior and influential to engage in meaningful negotiations. The government's most likely objective for talks, however – beyond the public relations value of being seen to engage in them – is not a compromise but to persuade Aung San Suu Kyi to buy into its roadmap. Talks between domestic actors also deflect pressure for international mediation, which the senior leadership absolutely opposes.

2. Alternatives?

The struggle for the transition is between the military's attempt to maintain sufficient control to protect its core policies and interests and the opposition's efforts to gain power and fundamentally reform the existing system.

¹²⁸ The seven steps are (1) reconvening the National Convention; (2) implementing a process to allow the emergence of a "genuine and disciplined democratic system"; (3) drafting a new constitution; (4) adopting a constitution through a national referendum; (5) holding free and fair elections; (6) convening elected bodies; and (7) creating government organs instituted by the legislative body.

¹²⁹ For further details, see Morten B. Pedersen, "The Future Takes Form – But Little Change in Sight", *Southeast Asian Affairs*, 2007.

¹³⁰ See, for example, Than Shwe, "National Day Message", *New Light of Myanmar*, 4 December 2007, in which he introduced a new National Day slogan: "to realise the state's seven-step road map".

¹³¹ This was confirmed by mid-level officials, who were adamant that the constitutional deliberations cannot be re-opened. They were looking instead at steps such as the referendum and elections as ways of (re-)legitimising the roadmap. Crisis Group interviews, Myanmar, October 2007.

¹³² Statement by Than Shwe, *New Light of Myanmar*, 4 October 2007.

¹³³ These include access for the office of the UN High Commissioner for Refugees (UNHCR) to the eastern border areas, the aforementioned February 2007 supplementary agreement with the ILO on forced labour and UNICEF's embryonic work on child soldiers, Crisis Group interview, Richard Horsey, former ILO representative in Yangon, October 2007.

Difficult compromises will be required and should be measured less against ideal principles than on whether they are likely to advance the process.

The problems with a document that aims to secure continued military control within a nominally democratic system are self-evident, not least in light of the recent violence, which raises further questions about the military's willingness to allow any meaningful popular participation in government. But the question is whether there are, at this time, realistic alternatives to continuing negotiations within the framework of the SPDC's transition plan. Unless or until new, more moderate military leaders emerge, the alternative to moving on with the roadmap under the proposed new constitution is likely to be deadlock under continued SPDC leadership. It is the worst scenario because it is a recipe for more violence, which would feed even further recalcitrance on all sides and most probably see the destruction of yet another generation of activists.

There may be another path, which maintains key principles while offering a chance to break the deadlock. Instead of demanding that the constitutional deliberations be reopened, international efforts could focus on persuading the military to make subsequent steps of the road map "real". If the generals could be induced to allow a free and fair referendum, subject to international monitoring, one of two things would happen: the people would accept the constitution and the political structures it provides for, in which case the process of national reconciliation could begin within that framework; or they would refuse it, in which case it would be brought home firmly to the military that its people rejects its transition plan. The latter would be more likely than any international pressure to prompt genuine rethinking within the military of its options for the future.

Such a strategy would not change the need for talks between the leadership and Aung San Suu Kyi. Those are critical for creating a political atmosphere in which progress along the roadmap may be possible. Confidence needs to be built, and, ideally, some cooperation on governance should begin. The government has rejected the idea of a constitutional review mechanism put forward by Gambari and has instead appointed its own constitution drafting committee. But more informal alternatives exist in the establishment of regular talks between the government, Aung San Suu Kyi and other political representatives, including ethnic leaders.

Even if the government refuses to revise the constitutional principles, much could be done to promote meaningful political change by looking at issues such as the conditions for the forthcoming referendum and elections; the future role of political parties, including the NLD and the USDA; and the nature of future constitutional review processes. Many in Myanmar say they do not have a problem with the military's demand for a leading role in politics as such,

as long as mutual trust can be rebuilt and assurances given that it will play this role to the benefit of the country and the people.¹³⁴ This is far from ideal but it may offer the only hope for forward movement at this time.

Whatever the exact mechanisms, the focus on talks between the SPDC and Aung San Suu Kyi needs modification. Such "summit meetings" are too narrow to facilitate national reconciliation, and too political for many immediate purposes of policy reform. Although Suu Kyi remains the primary unifying figure in the country and a vital participant in any future political negotiations, it plays into the regime's hand to focus narrowly on one personality. Also, the NLD is no longer the obvious vanguard party for the democracy movement. It is important not to sideline the many groups which have emerged since 1990, including the 88 Generation Students, the growing number of social activists and the monks movement, many of whom have their own perspectives and strategies for change, even if they in principle accept Suu Kyi's leadership.

D. ETHNIC PEACE

While the struggle for power between the military government and the pro-democracy forces continues, Myanmar faces an equally fundamental and inter-related challenge in ending its long-running civil war and addressing the debilitating legacy of violence, destruction and distrust. One of the ethnically most diverse countries in the world,¹³⁵ it has suffered large-scale, violent ethnic conflict since independence in 1948, involving dozens of rebel armies from every major ethnic group.¹³⁶ By the time of the 1988 uprising and the advent of the current military regime, more than twenty insurgent groups, ethnic or other, remained active, with at least 40,000 soldiers combined. Several controlled what were essentially de facto mini states in the border regions, complete with local administrations, schools, hospitals and independent foreign relations.

A series of ceasefires since the late 1980s has greatly reduced the level of fighting, but the roots of inter-ethnic hostility run deep, and genuine peace remains a far-off

¹³⁴ This is a view Aung San Suu Kyi reportedly shares, Crisis Group interview, international official, Yangon, March 2004.

¹³⁵ Ethnic minorities make up about one third of the population and occupy roughly half the land area. Since 1974, the country administratively has been divided into seven divisions, supposedly inhabited by the Burman majority population, and seven ethnically-designated states. However, there are significant minority populations in most divisions, and state names merely refer to the largest ethnic group among several in each state.

¹³⁶ For a recent overview of the history and dynamics of the ethnic conflicts, see Martin Smith, "State of Strife: The Dynamics of Ethnic Conflict in Myanmar", East-West Center Policy Studies no. 36, 2007.

prospect. The Karen National Union (KNU), the Shan State Army South (SSA-S) and the Karenni National Progressive Party (KNPP), although much reduced in strength, continue guerrilla wars along remote parts of the Thai border, and no solutions have been found to the fundamental dilemma of national unity.¹³⁷

Most of the ceasefire groups, including the Kachin Independence Organisation (KIO) and the New Mon State Army (NMSP), participated in the recently finished National Convention. Yet, the deliberations on the new constitution elicited few concessions to ethnic aspirations, raising doubts about the future of the peace process, and there are concerns among some groups that the government may move to disarm them.¹³⁸ Meanwhile, the growing army presence in ethnic minority-populated regions has been accompanied by widespread human rights abuses and economic exploitation, creating new grievances. Although the odds today are strongly against armed challengers to the central government,¹³⁹ growing disillusionment among local populations could see a second generation of conflicts break out.

¹³⁷ The SSA-S is the largest, with an estimated 3,000 to 4,000 soldiers; the KNU has around 2,000 and the KNPP less than 1,000. Another dozen or so small groups operate along the eastern and western borders, including several splinter bodies from the ceasefire groups, but none has more than a few hundred soldiers, and few appear to have any particular political agenda. The KNU and KNPP operate as guerrilla armies from small or mobile bases along remote parts of the Thai border, with rear base areas inside Thailand (in border towns and refugee camps). The SSA-S has two small "permanent" base areas, literally on the border, but can only travel between them through Thailand. Still, these groups keep the flames of insurgency alive, so have significance far beyond their numbers and the threat they pose to the military government. The KNU insurgency, in particular, has major symbolic importance due to its duration and the influence of the Karen community in the lowlands, which includes many government officials and prominent community leaders.

¹³⁸ According to government officials and ceasefire leaders, there is an unofficial plan to incorporate the ceasefire groups into the national army as local defence or police forces, allowing them to keep their arms, Crisis Group interviews, Myanmar, October 2007. This might solve the problem of integrating these groups as legal entities in the post-constitution system. But several groups have in recent years come under pressure to surrender their arms ahead of the planned transition, which has prompted one or two factions to return to armed struggle, and the outlook remains uncertain. The KIO and NMSP, meanwhile, are under significant grassroots pressure to reject the new constitution, a move which could lead to the breakdown of their ceasefires.

¹³⁹ Myanmar's neighbours no longer support armed struggle against the military government, and with the gradual expansion of army control into all ethnic minority states, including its present near total control of the international borders, the remaining armed groups are finding it difficult to generate revenue for their struggle.

Ethnic issues have taken a backseat during the recent crisis (as they have in the strategies of the international community over the past two decades). The armed conflicts, however, are a major factor in the broader political crisis that led to the emergence of military rule in 1962 and continues to impede a transition to democratic government 45 years later. More than a half century of fighting has polarised society and caused a systematic redistribution of power and wealth in favour of those who control the guns, resulting in a break-down of normal public administration and the rule of law, and contributing to a system that normalises violence and human rights abuses. This is evident both at the central state level and in local areas outside state control.

The long years of strife also lie at the core of Myanmar's underdevelopment. For half a century, the imperative of security has dominated economic policies, the essential feature of which has been the diversion of public resources into the armed forces and away from productive use. The ensuing battles have destroyed or closed access to large parts of the country and have fostered destructive exploitation of its rich natural resources, which have been sold by armies on all sides at fire-sale prices to neighbouring countries. The government's determination to preserve a unified state remains the main justification for military rule, and armed conflict remains a primary cause of human rights abuses and poverty in ethnic minority areas.

Unless sustainable peace is established in the border regions, it will be all but impossible to phase out the military's political control or to improve the economy, which, among other things, will require major shifts in government expenditure towards development and social services. It is essential, therefore, that the ceasefires are consolidated, become effective mechanisms for peace building and are extended to include the groups still in rebellion. This will require giving ethnic groups that today are essentially under ethnic Burman occupation greater autonomy to manage their own affairs, addressing widespread human rights violations by the army and beginning a gradual demilitarisation of these areas.

As with the overall political transition, none of this is possible overnight. Moreover, it must be accompanied by efforts to establish effective civilian governance structures and the rule of law in areas which for decades have been dominated by warlords¹⁴⁰ and to raise the livelihoods of subsistence communities that have little or no education or health care and few links to the broader economy. Again, the exact nature of a peace deal is up to the relevant groups

¹⁴⁰ For a detailed discussion of the complex power configurations in Myanmar's border regions, see Mary Callahan, "Political Authority in Burma's Ethnic Minority States: Devolution, Occupation, and Coexistence", East-West Center Policy Studies no. 31, 2007.

in Myanmar to negotiate, but the international community in general, and neighbouring countries in particular, have an important role to play in helping establish the military, political, and socio-economic conditions in which the fighting can stop.

E. THE ECONOMY

Despite twenty years of faltering attempts at reform and progress in some sectors, the Myanmar economy remains deeply depressed.¹⁴¹ Living conditions for most people have been worsening.¹⁴² The recent protests were sparked by economic factors and government insensitivity to people's suffering, as was the 1988 uprising that forced the collapse of the BSPP government. Yet, any assumption that the economy will cause regime collapse, or even force the military to compromise, needs examination. Economic crisis is chronic in Myanmar. The military has weathered it for decades. Some observers saw the hike in fuel prices as an indication that the government had finally been driven to the edge, suggesting that further rises in world oil prices might drive it over that edge.¹⁴³ But that may be misleading.

¹⁴¹ There are few reliable macro indicators for the state of the economy. While the government, for example, claimed GDP growth of 12.7 per cent for 2006-2007, the International Monetary Fund (IMF) estimated it at 7 per cent. Darren Schuettler, "IMF Sees Limited Sanctions Impact on Burma", Reuters, 7 December 2007, at www.reuters.com/article/rbssEnergyNews/idUSBKK2313620071207. Whatever the correct number, macro indicators say little about what is happening at the micro level. Crisis Group interviews with businessmen, farmers, labourers and people on fixed incomes over the past seven years indicate a steady deterioration in the general business climate as well as the socio-economic conditions for the broader population. This reflects the fact that much of the growth originates in sectors such as gas and oil which have few spin-off effects on the broader economy, and any gains generally are not widely distributed. For many people, incomes are not keeping up with inflation, including large increases in costs of state subsidised products such as fuel and electricity. For the best available data and analysis on the economy, see the regular reports by the Economist Intelligence Unit, www.eiu.com, and Burma Economic Watch, www.econ.mq.edu.au/burma_economic_watch.

¹⁴² According to the UN Country Team statement of 24 October 2007, "Myanmar's estimated per capita GDP is less than half of that of Cambodia or Bangladesh. The average household is forced to spend almost three quarters of its budget on food. One in three children under five [is] suffering from malnutrition, and less than 50 per cent of children are able to complete their primary education. It is estimated that close to 700,000 people each year suffer from malaria and 130,000 from tuberculosis. Among those infected with HIV, an estimated 60,000 people needing anti-retrovirals do not yet have access to this life-saving treatment".

¹⁴³ See Sean Turnell, "Gas Attack", Wall Street Journal Online, 4 September 2007; also Ed Copley, "\$100 Oil Put Myanmar Junta over a Barrel Again", Reuters, 12 November 2007.

The government for some time has been implementing measures to increase revenue and reduce the budget deficit, and the August 2007 price increase may well have been part of that effort, rather than an act of desperation. The economy certainly is not healthy, and the government is overspending on its new capital city and other non-productive projects. But with expanding exports, new gas and hydropower projects with generous signature bonuses underway and the prospects of further large export increases, economic pressure is unlikely to prove the regime's death knell.¹⁴⁴ Without economic reform, conditions will not improve, but, as the recent protests showed, unrest is likely to lead only to further violence, not change.

The more probable path to political reform is via not economic deterioration but broad-based economic development. A growing economy might relieve some pressure on the regime in the short term but would also give future leaders confidence to undertake reforms, strengthen the basis for independent political and social society, help lift people out of misery and support the expensive processes required to establish peace, democracy and federalism.

Stability and progress require a growing economy, with widely-shared benefits. This presupposes a dramatic overhaul of economic policy, which everyone with the power to make a difference would do well to pursue, not hinder. Without progress in this area, the regime is likely to lumber on with its gas receipts; further social unrest, resulting in more violence, will occur; and hardline positions will be reinforced on all sides. If regime change were to occur in the throes of a major socio-economic breakdown, it would be nearly impossible for a new civilian government to establish control and redress the situation. Another military coup would be more likely.

Bringing about the required reform will not be easy: the military's nationalist pride, limited understanding of economic fundamentals and vested interests all stand in the way. Still, it may not be impossible, if a serious and sustained effort is made. Members of the government have long expressed frustration over mismanagement of the economy and have been looking at possible reforms. In recent years, the Office of Military Affairs Security and the police Special Branch have both conducted seminars on key economic issues; independent economists have been invited to teach at the National Defence College; and senior officers, mainly colonels, at this institution have written

¹⁴⁴ According to the IMF, higher gas sales have doubled the government's foreign exchange reserves to \$2 billion from 2005/2006 to 2006/2007. Schuettler, "IMF Sees Limited Sanctions Impact", *op. cit.* This is hard to reconcile with the notion that the SPDC is in desperate economic straits.

several substantive papers on economic issues, calling for reform.¹⁴⁵ The IMF since 2005 has noted a growing receptiveness among government officials to discuss economic reform needs and indeed some steps taken in this direction, mainly linked to revenue enhancement.¹⁴⁶

Although the top leaders have only limited understanding of how the economy works, they can hardly have missed the ramifications of the response to the fuel price increases in August 2007. Maung Aye, the second ranking general, was replaced as head of the Trade Policy Council soon after the protests started. There have also been further requests from within the government for independent experts to help analyse the socio-economic situation.¹⁴⁷

Government comments that the country's economic woes are due to international sanctions and simply require that these measures be removed do not suggest that the sources of economic stagnation and growing poverty are understood.¹⁴⁸ Nor does the refusal to renew the visa of the UN Resident Coordinator after he called for increased attention to the humanitarian crisis indicate the military is willing to discuss the problems. If behind this bluster, however, there is an emerging realisation that socio-economic reform is needed, it provides a critical opportunity for moving the country forward.

F. INSTITUTIONS

Whatever happens over the next year or two, Myanmar cannot be expected to move either directly or smoothly from military rule to liberal democracy. The former head of the U.S. mission in Yangon, Priscilla Clapp, wrote in a recent U.S. Institute of Peace report that:

Whatever the form that transition eventually takes, it will not be a single step from dictatorship to democracy. The underlying political, economic, ethnic, and cultural conditions are not adequate to the demands of liberal democracy....Much work will be required...along with enormous time and patience.¹⁴⁹

More than half a century of armed conflict, authoritarian government, and economic failure, along with isolation from the outside world, has eroded every institution in the country except the military, which has itself become the central

problem. There are no experienced political parties or other non-state political organisations, with the exception of the armed ethnic groups, most of which operate similarly to the national army. The civil service, including key economic bodies such as the Central Bank, has been corrupted by military interference, its public service ethos undermined. Civil society has been almost entirely crushed, although it is showing some signs of regeneration.

It is not just formal organisational structures that are lacking, but also the fundamental building blocks of a competent, organised and civil society. The education system has deteriorated under political interference and insufficient funding (many of those who manage, against the odds, to gain an education leave the country). Distrust is pervasive throughout society, making it extremely difficult for organisations to develop beyond immediate family and friendship bonds. Within those that do exist, top-down leadership is the norm, and pursuit of personal power and position rather than institutional objectives is all too common, as is intolerance for divergent views and a tendency to stand rigidly on positions, however unsustainable they may be. None of this bodes well for the emergence of a more inclusive and effective political and civil society.

It is no wonder given the impact of military rule that Myanmar society exhibits these deficiencies, but it raises serious questions about how effectively a new government would be able to deal with the immense development challenges. Myanmar is one of the poorest, most conflict-ridden countries in the world, its human resources seriously run down. It will take decades to rebuild social, political and economic institutions, increase living standards to acceptable levels and heal the scars from decades of conflict. For some groups, the situation may get worse before it gets better – and for some democracy and rule-of-law would mean the end of power and lucrative business opportunities. Yet, a new government will face massive expectations of immediate progress, which, if not satisfied, could easily lead to social unrest or even new armed conflict. At best, it would only be able to function effectively in parts of the country, while armed, criminal groups would continue to hold sway in large areas, mainly along the borders.

Myanmar is not without advantages. There are many talented people, both inside the country and working or studying abroad. The land-to-people ratio is still fairly large, and the land is generally fertile, with an abundance of natural resources. The seaboard has significant oil and gas reserves, with more expected to be discovered. The geo-strategic position is advantageous, on the land bridge between three major, fast developing regions. All this can ease recovery efforts, but history has shown that marshalling these resources in support of a truly national recovery effort will take more than well-intentioned leadership.

¹⁴⁵ Crisis Group interviews, independent economists and businessmen, Myanmar, 2005-2007.

¹⁴⁶ Crisis Group interviews, World Bank officials, Yangon, August 2005 and Bangkok, October 2006.

¹⁴⁷ Crisis Group interviews, Myanmar, October 2007.

¹⁴⁸ See Kyaw Hsan, "Clarifications", op. cit., p. 11.

¹⁴⁹ Priscilla Clapp, "Building Democracy in Burma", United States Institute for Peace, working paper no. 2, 24 July 2007.

Unless serious efforts are made to address the structural weaknesses outlined above in parallel with pressure on the military rulers, the military likely will remain too fearful of the consequences to try even moderate reforms; the present system will persist; and the socio-economic situation will continue to deteriorate, prompting further unrest, but little change. A new civilian government may some day be swept into power by a popular revolution and a split in the military, but it will be unprepared to deal with massive development challenges and soaring popular expectations; ineffective and corrupt governance will continue, as numerous groups, many of them armed, manoeuvre for power and business opportunities; the international community might pump in aid to help shore up the government but will mainly fuel further competition over resources. Within a few years, the government will break up, probably paving the way for another military coup.

It is a tragic paradox that while many of these structural weaknesses are, at least in part, the result of military rule, they make it harder for potentially moderate military officers to contemplate a transfer of power and indeed raise the prospect that a quick regime change could lead to chaos. This does not justify continued military rule, which patently has contributed to the fracturing of society, even as it has enforced a superficial stability. But Myanmar needs the military as an institution as much as it needs to get rid of it as a government. The most promising path forward, therefore, is through incremental changes, carefully managed by a reformist, power-sharing coalition of civilian and military leaders, including ethnic representatives, and supported by an engaged international community.

G. HUMANITARIAN ACCESS

It will take years, even under the most optimistic scenarios, before the people of Myanmar enjoy satisfactory human security. Recent events have set matters further back, having caused serious disruptions to business (notably the tourist sector in which many people have been laid off following a major slump in arrivals). Civil society groups engaged in the social sectors are expressing concern that the more repressive environment will limit their ability to continue programs.¹⁵⁰ Although humanitarian action must not become an excuse for ignoring the more difficult challenges described above, it is a vital complement, which can also help defuse social and communal tensions and become a catalyst for longer-term processes of empowerment and the building of sustainable livelihoods.

Humanitarian agencies have done much over the past fifteen years but their access has shrunk since 2005, with a serious

impact on some communities.¹⁵¹ Other communities, especially in conflict-affected areas along the Thai border, have yet to be reached. It must be a priority to reverse the current threats to humanitarian access; establish clear and positive procedures for negotiation of project agreements, visas, travel, and imports; and expand access to all areas of the country, including especially those affected by armed conflict. Although most agencies face similar problems, the closing of nearly all ICRC activity is a particular concern, since its work concerns very vulnerable groups which few if any other organisations reach.

The humanitarian crisis is intrinsically linked not only with economic mismanagement but also with the absence of basic human rights. In the border regions, in particular, many communities that were able to subsist when left in peace have been brought to the point of starvation by the army's encroachment and new "development" projects which have been accompanied by major land confiscation, ceaseless demands for labour and other extra-legal contributions and, in counter-insurgency areas, wilful destruction of livelihoods by forced displacement, the burning of villages and crops.¹⁵² In other words, the work of international agencies dealing with human rights protection is inseparable from that of mainstream humanitarian aid agencies.

¹⁵⁰ Crisis Group interviews, Myanmar, October 2007.

¹⁵¹ See Crisis Group Briefing, *New Threats*, op. cit.

¹⁵² For a ground level survey of the link between human rights and livelihoods in the eastern border areas, see Backpack Health Worker Team, "Chronic Emergency: Health and Human Rights in Eastern Burma", September 2006.

V. THE WAY FORWARD

While there is no realistic chance the military in the foreseeable future will give up power or be forced out by a popular uprising, there is some momentum for change. The status quo has been shaken up, a new generation of students and other youths has been politicised, international attention to the situation has increased significantly, and the future military leaders have been given yet further reasons to try a different course to restore the dignity of their profession. International actors need to build on such potential openings to stimulate political, social and economic reforms, while recognising that they are likely to be gradual, uneven and may depend on leadership changes within the military. The resources of the entire international community must be harnessed in a coordinated strategy that acknowledges and builds upon the different interests and perspectives of key countries.

A. AIMS

The identification of appropriate international objectives in Myanmar is not as simple as often presumed. While the need for peace, democracy and broad-based development is obvious, those lofty aims are not realisable in the short term, and how to get to them requires difficult decisions. Aim too low, and the chance to reduce repression and poverty will be wasted; aim too high, and no progress is likely.

While recent events have injected a sense of urgency into achieving political reform, it is imperative to maintain focus on the socio-economic and humanitarian pillars as well, and to plan for the long term. Political, socio-economic and humanitarian issues are intrinsically interlinked. Each priority needs immediate attention but must be carried through over the medium to long term. In all areas, a phased approach is required, with early attention to achievable objectives that can help build confidence and momentum.

It is important at this stage to concentrate more on process and less on immediate outcomes. Demands for major reforms from a leadership which absolutely opposes them and retains the ability to stall are doomed to failure. The aim must be to get a process underway that can defuse the potential for further violence, open space for dialogue and initiate incremental reform. It may be that a leadership change will be required within the military before substantial progress becomes feasible, but any start that can be made will alleviate the pressure on the population and make the choice for future leaders to embrace reform easier.

Key aims should be to:

- ❑ create a more durable negotiating process between government, opposition and ethnic groups;
- ❑ address the economic and humanitarian crisis that hampers reconciliation at all levels of society;
- ❑ build the capacity of the state, civil society and individual households to deal with the many development challenges; and
- ❑ encourage and support the emergence of a broader, more inclusive and better organised political society that brings in new groups and more ethnic minority voices.

B. MEANS

The question of means poses equally complex choices. Two long-standing, opposing positions, represented by the U.S. and ASEAN respectively, have proven equally ineffective. Isolation has reinforced the regime's siege mentality, provoking further repression at great cost to both the opposition and the general population. But attempts to integrate Myanmar into the broader regional community have had little success and too often have been associated with economic exploitation and suffering for its people. Without pressure, the military rulers will likely continue their harmful policies, firmly believing they are on the right path. But push too hard, and they will simply shut down. They have to have an exit option.

1. Critical dialogue

The most important means for furthering the long-term aims of peace, democracy and broad-based development is critical dialogue with the regime and other groups, something which has been missing from both Western and regional approaches. The willingness of the government to engage with envoys, however limited such dialogue has been, should be embraced, even if the regime mostly intends it to alleviate pressure. It is only through dialogue that the international community can begin to break down the military's isolation and give it confidence to consider new ways forward. The same goes for the talks between the government and Aung San Suu Kyi, which may well have the same limited objectives but are a precondition for any reconciliation.

Past Myanmar experience is clear on this. The periods without direct dialogue – in particular, 1990-1992, 1996-1999 and 2004-2007 – were when internal repression was the worst and international agencies faced the greatest obstacles on the ground. Concerns over possible regime propaganda gains, conditions for talks or lack of immediate breakthroughs in political discussions must take second

place to the imperative of dialogue and confidence-building. In particular:

- the UN good offices efforts must continue, at least through the medium term, even if they do not achieve quick results; and
- to support and complement the good offices mission, key governments and other agencies need to get directly involved, at the highest level, through both bilateral and multilateral diplomacy.

But dialogue, of course, needs to move from theatre to confidence-building to concrete outcomes. For that it must be supported by a package of pressures and incentives that can help convince the government of the need to reform. Assistance is also needed to help strengthen the forces and capacities for change in the wider society.

2. Diplomatic pressure

There is no way to force Myanmar's military rulers to change. Physical intervention is inconceivable given the positions and interests of the country's neighbours. Nor is there much chance, unless the situation worsens dramatically, of Security Council-mandated sanctions,¹⁵³ without which most sanctions by Western or other non-regional governments will remain largely symbolic. Under these circumstances, conventional Western understandings of pressure need re-evaluation.

While the tendency has been to target the regime's economic base or, increasingly, the economic interests of particular individuals, this may not be the most effective course. There will always be more, or at least easier, money to be made from maintaining absolute power than from sharing it. Absolute power, however, will never give the generals international respectability – and whatever others may think of them, the generals are proud nationalists who crave recognition for the great things they believe they have done for the nation. Denying them that recognition may, therefore, well be the most effective form of pressure.

This does not mean that international organisations should rush to expel Myanmar, something which would isolate its leaders further from criticism, not to mention shut down capacity-building and other assistance programs critical for the country's future. Rather, Myanmar's membership in organisations like the UN and ASEAN, and the numerous meetings and processes that the regime as a result is a part of, should be used to reiterate continuously the message that its behaviour is incompatible with international

standards and thus irreconcilable with personal or national respectability. Specifically:

- the Security Council should keep Myanmar on its agenda through regular briefings and statements;
- as it reviews Ban Ki-moon's report, the Security Council Working Group on Children and Armed Conflict should support his ideas and demand that parties to the conflict respond positively.¹⁵⁴ Should they refuse, the Council should take up the issue during its deliberations on Myanmar and consider further steps;¹⁵⁵
- the Human Rights Council should make Myanmar a priority, including by maintaining a special rapporteur and involving other relevant thematic mechanisms; and
- intra- and inter-regional forums, including all those linked to ASEAN, should be used to spotlight issues of human rights and reform.

3. Sanctions

Sanctions can be important in support of diplomacy. They have little prospect, however, of weakening the military regime to the point of giving up power, for the obvious reason that Myanmar's neighbours are not participating. They must, therefore, be carefully designed to maximise the political impact and avoid undermining critical, complementary policies or worsening the suffering of the general population.

The push for further sanctions is understandable in light of the abhorrent behaviour of the regime's security forces, but there are significant dangers in pushing too hard too fast. First, it is likely to scare off the generals, who may be looking for a way out but could just as easily decide to close down¹⁵⁶ Secondly, it might destroy international consensus

¹⁵³ Even with worsening conditions, regional agreement to sanctions is unlikely to go beyond possibly an arms embargo which, while certainly warranted and worthwhile pursuing, would not seriously weaken the regime's ability to retain power.

¹⁵⁴ France chairs the Security Council's Working Group on Children and Armed Conflict; statements available at www.franceonu.org/rubrique.php3?id_rubrique=490.

¹⁵⁵ The January 2007 draft resolution on Myanmar, vetoed by Russia and China, referred at three points to the situation of children in Myanmar's conflict and to the issue of child soldiers in particular; text at www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Myan%20S2007%2014.pdf.

¹⁵⁶ As mentioned above, this was the explicit warning given to Gambari by Information Minister Kyaw Hsan during the former's visit to Myanmar in November 2007. Mid-level officials, in private, also often express concern that their leaders, if faced with maximalist, uncompromising demands, would withdraw into isolation. Several have in interviews with Crisis Group over the past three years pleaded with Western governments to understand the difficulties they face in trying to facilitate

and cooperation. China is already expressing discomfort with the uncompromising line taken by Washington¹⁵⁷ and may run out of patience if its perspective and interests are disregarded. Without dialogue with the government and the continued involvement and investment of regional countries in the push for reform, any hope of progress will evaporate.

The increasing focus on targeted sanctions is a positive. There are, however, some problems in their application. Targeted sanctions should be aimed at individuals, not at the military-as-a-government or military-as-an-institution, as in a Myanmar context the latter inevitably hit the general population as well, either directly or through the military's efforts to compensate for lost income. Ideally, targeted sanctions should single out individuals directly responsible for blocking progress and/or major human rights violations, and not be applied – as they presently are – equally to all members of the regime or government. By treating all equally, sanctions have tended to unite those targeted against an outside world perceived as hostile and reaffirm their intensely defensive mindset,¹⁵⁸ a more careful selection of those targeted might encourage internal divisions and external cooperation.

While sanctions targeting the oil and gas, logging and mining sectors are certainly better than blanket bans, they too will harm ordinary people. Whenever the government faces a cash shortage, it squeezes more from the general population, whether by borrowing from the central bank, which results in inflation; increased taxes; reductions in subsidies, as happened in August 2007 with the fuel price hike; or further cuts in already negligible social spending. The impact of new U.S. and EU import bans targeting gems, teak and other hardwoods will be blunted by the availability of alternative buyers, as well as the difficulty of tracing place of origin for products processed in other countries. Many small private entrepreneurs, however, are involved in this trade; they generally will have fewer options for evading sanctions than the bigger actors, including the government and their entrepreneurial cronies. Thus, there will be unintended consequences, which do not appear to have been given much thought.

Broad economic and financial sanctions generally should be avoided, or at least not be imposed without a comprehensive assessment of their effects on the wider economy. No sanctions should be imposed that will

have substantial negative impact on the livelihoods of the general population. Instead, Western governments should seek ways to make the lives of the top leaders and their key supporters less comfortable and so to give them a personal stake in reform. Should the current talks with the military leadership fail to lead to concrete reforms, targeted sanctions should be gradually strengthened, focusing on:

- restrictions on access by military, state and crony enterprises to international banking services, including the holding of foreign bank accounts and use of the Belgian-based SWIFT system for bank transfers; and
- limiting access of selected generals and their immediate families to personal business opportunities, health care, shopping, and foreign education for their children,¹⁵⁹ including in regional countries.

Arms embargoes, while general in nature, have elements of targeting too and should be pursued, not so much because they will greatly limit the regime's ability to exert violence and control the population (they will not), but because they will frustrate professional interests within the military, which hope to build modern armed forces on par with those of its neighbours.

While the prospect of Myanmar's neighbours agreeing even to strictly targeted sanctions is remote, third-party sanctions could pressure private banks and other enterprises, including arms producers, in Asia to follow suit without requiring the intervention of their governments. Moreover, discussions about such measures in themselves would help keep pressure on the military leaders (and on reluctant regional governments, too), to continue to try to produce change.

4. Incentives

Incentives have become part of UN and EU language but have been rejected by the U.S. as not timely. While not new, the concept would be an essential addition to any overall package that might help move the military toward reform. Incentives should not be explicitly presented as a quid pro quo for compliance with international demands, which would only provoke a nationalist response,¹⁶⁰ but

international dialogue and assistance, which hardliners in the regime would just as soon do without.

¹⁵⁷ Crisis Group interview, Beijing, November 2007.

¹⁵⁸ Complaints over unfair treatment and alleged Western hypocrisy and ignorance are widespread even among those members of the regime who accept the need for change. Such sentiments make them less willing to engage with their critics and work for compromise and also tend to divert their attention from the actual problems international actors are concerned with.

¹⁵⁹ Limiting the access of children of the elite to education is a two-edged sword as it costs opportunities to establish personal relations and broaden the horizons of potential future leaders of the country. The negatives, however, can be minimised by restricting such sanctions to key members of the regime.

¹⁶⁰ When the *International Herald Tribune* in 1998 reported that the UN and the World Bank were offering the Burmese government \$1 billion in financial assistance in return for political reforms, the immediate reaction was a scathing comment from Foreign Minister Win Aung: "For us, giving a banana to the

military leaders, present and future, need to be given a more positive view of how reform would serve their legitimate interests.

The proposal of the French foreign minister for an international trust fund, managed by the UN or the World Bank, to provide as yet unspecified forms of help, might be a starting point.¹⁶¹ To be effective, however, incentives must be of value to the military. The focus of such a trust fund, therefore, would have to go beyond humanitarian aid or loans for small business, in which the generals have little interest, to include developing infrastructure and industry, for example oil refinery capacity. Such assistance would serve both the SPDC's development agenda and the country's needs.

The gradual lifting of existing sanctions in response to progress would be another important component of any incentive package, considering how keenly parts of the military leadership feel they are unfair and a cause of their economic woes. This would be complicated in the U.S., where multiple laws would have to be revised, but could perhaps be started in Europe, Australia and Japan to test the durability of reforms. To prepare the way for this contingency, Western policy-makers should engage their publics in a serious discussion about the limitations and in some cases counter-productive effects of specific types of sanctions. At the same time, any new sanctions that might be imposed by legislation or executive action should be formulated so as to allow flexibility in rolling them back should developments make this appear useful.

Importantly though, incentives are not just a matter of thinking up ways of rewarding reforms, but also more generally of giving military leaders confidence that there is an alternative to the present hostile relations. This will require a practical commitment to engage the regime not only on politics and human rights, but also on issues such as peacebuilding and economic reform, which have positive connotations for the military in general. Moreover, it will require a greater willingness to respond in kind to even small positive gestures by the military, even if for purely instrumental reasons to reinforce a positive process. Several Myanmar officials in talks with Crisis Group have pointed out that the failure of Western governments to respond positively and concretely, for example, to the releases of Aung San Suu Kyi in 1995 and 2002, convinced their leaders that nothing was to be gained from seeking to

cooperate. While steps such as those, of course, were not substantive reforms, the military considered them important gestures of goodwill.

Appropriate reciprocal gestures should be identified which can be made in the future to reinforce a process of change, even one that is likely to start with steps that are mainly defensive and limited in reach. Incentives are by definition future-oriented, but preparations need to start now, both to show the military that improved relations are a real possibility should they agree to undertake reforms, and to ensure that international actors are ready to respond quickly if reforms get underway.

5. Assistance

While incentives should be considered a diplomatic tool useful in certain circumstances to generate political will for reform, unconditional assistance is necessary to save lives and strengthen the basis for successful reforms through empowerment, technical capacity-building and support for sustainable livelihoods. In addition to these direct purposes, aid programs, through the day-to-day interactions with government officials, can support diplomatic efforts to induce policy change. They demonstrate the positive role the international community could play in helping the country advance and are a primary source of training and capacity-building for both state and civil society actors.

The expansion of humanitarian assistance in recent years, in scale and scope, has been made possible by the growing support for such programs among Myanmar opposition groups, as well as Western governments and campaign groups which in the past focused on sanctions or even directly opposed aid as detrimental to the democracy cause. With the appointment of a UN Humanitarian Coordinator and direct involvement of the UN Office for the Coordination of Humanitarian Affairs (OCHA), as well as increased cooperation among a growing number of aid organisations on the ground, this area appears to be in good hands. Still, more funding is needed, along with a more holistic approach to humanitarian work. Priorities should be:

- ❑ scaling up existing programs in the health sector which function effectively, to ensure national impact;
- ❑ initiating new and broader programs to support basic education and income-generation, including support for small-scale agriculture, horticulture, aquaculture and husbandry, as well as community forestry and cottage industries;
- ❑ reaching internally displaced and others caught in the conflict zones, mainly along the Thai border, by combining programs from inside the country and across the border; and

monkey and then asking it to dance is not the way. We are not monkeys", quoted in *Asiaweek*, 25 December 1998.

¹⁶¹ See Gillian Wong, "French FM Says Sanctions against Burma Should be Coupled with Incentives", *Irrawaddy Online*, 29 October 2007, at www.irrawaddy.org/archive_online_list.php?y=2007&m=10&sub_id=2; and "Back to the Past for Myanmar? No Way: France", *Straits Times*, 30 October 2007.

- complementing aid delivery with policy dialogue and protection activities to ensure that harmful policies and practices are alleviated.

Assistance, though, should not be restricted to saving lives but should be aimed also at strengthening the building blocks for successful reforms. While this type of assistance may mainly pay off in the future under a new government, it is essential to prepare the country and its people for the triple transition from war to peace, authoritarianism to democracy and a planned to a market economy. Support in this area today could well make the difference between success and failure tomorrow, when a new government takes over or reforms get underway. Serious programs are needed aimed at:

- empowering disenfranchised groups, including women and ethnic and religious minorities;
- alleviating political, ethnic, religious and other divisions in communities and building social capital;
- strengthening technical and administrative skills within state and local administrations, as well as civil society groups and private businesses;
- developing a peace economy in the conflict-affected border regions which can provide alternative livelihoods for former combatants; and
- strengthening the coping mechanisms of individual households and communities in preparation for future reforms, which will have delayed results and may temporarily disrupt livelihoods for some groups.

Critics rightly highlight the difficulties and dangers of giving aid in Myanmar's highly politicised context, which since 2005 has seen accelerated efforts by the government to control, and at times co-opt, the programs. Crisis Group's longstanding call for more assistance has never been unqualified. But as emphasised in December 2006,¹⁶² aid officials who know the relevant counterparts and issues well and can assess changes in the ever shifting situation on the ground should have the main responsibility for assessing the programs. Donors, of course, need to monitor the use of their resources, politicians ought to ask critical questions, and everyone should help bring problems to light and keep aid agencies honest. However, more trust should be given to those with the necessary knowledge to make the crucial tactical decisions.

There are legitimate concerns about benefits the military regime might derive from such assistance, but these can be exaggerated and will need to be reviewed and recalculated in any strategy that pursues gradual change over the medium to long term. Any fraction of legitimacy the government might derive from the type of programs

currently underway, or envisioned here, is overshadowed by the massive popular resentment of military rule and the growing regional recognition of its limits. Likewise, any economic benefits the government or individual officials may obtain pale in comparison to the revenue and kick-backs produced from foreign investment, trade and remittances. Denying even marginal benefits to the military is in principle a good idea, but not if it denies people life-saving support, disproportionately weakens the forces for change or lowers the prospects that future reform will be possible and sustainable. There are two sides to every equation, and the benefits of aid need to be given more attention.

C. DIVISION OF LABOUR

The international community since the crackdown in August-September 2007 has come together in strong support for the UN Secretary-General's good offices. Yet, while UN leadership is vital to the international effort, the international community should not put all its hopes and efforts in one place. Too much can go wrong too easily if everything depends on the personal relations of a single diplomat. Inevitably, too, it restricts the scope and character of contacts with relevant parties inside Myanmar. While there may be a temptation to limit engagements to ensure coordination, the experience from conflict resolution efforts elsewhere suggests that having multiple contact points at multiple levels is better. This is all the more appropriate in Myanmar, since there is not a clear picture of the regime's decision-making structures. Also, support for the good offices mission too easily becomes an excuse for governments not to get directly involved and think creatively about their own role.

In order to ensure that all actors who have the ability to influence the situation in Myanmar become actively involved in working for change, and to take advantage of the comparative advantages of each, three complementary groups might be organised:

- at the centre, the UN special envoy, Ibrahim Gambari, providing a focal point for the overall coordination of international efforts and focusing on national reconciliation issues, including the nature and sequencing of political reforms and related human rights issues;
- a working group of influential regional countries directly involved in the situation in Myanmar (China, and from ASEAN possibly Indonesia, Singapore, Thailand and Vietnam), engaging Myanmar directly in discussions on issues bearing on regional stability and development; and
- a support group of engaged Western governments (Australia, Canada, the EU, France, Germany,

¹⁶² Crisis Group Briefing, *New Threats*, op. cit.

Japan, Norway, the UK and the U.S.), focusing on keeping human rights at the top of the international agenda and structuring inducements for change, including sanctions and incentives, as well as broader humanitarian and other aid programs.

The Secretary-General's recently established Group of Friends is a useful vehicle for Gambari's efforts, but its ability to act beyond that is likely to be compromised by the widely diverging perspectives, interests and strategies of its members. Without disbanding the existing structure, more progress is likely to be made if the supporting countries concentrate their efforts in the configurations here proposed. This approach would facilitate additional efforts, complementary to those of the special envoy, by setting up more homogenous groupings that can take concrete and effective action in areas of common concern.

What of India? Logically, it should be part of the proposed regional working group, since its interests, concerns and overall policy orientation, so far, are similar to those of China and the ASEAN member states. It has shown little inclination, however, to get involved in a regional initiative, and other members of the group are likely to resist its inclusion. For the purpose of not making an already difficult process more so, therefore, India should be encouraged to continue dealing with Myanmar bilaterally, but to ensure that it plays a constructive role in support of Gambari, as well as relevant initiatives by the two additional groups.

1. The UN special envoy

The General Assembly has given Ban Ki-moon a wide mandate to work for the improvement of the situation of human rights in Myanmar. Moreover, the efforts of his special envoy, Gambari, currently enjoy the confidence of all significant stakeholders in Myanmar as well as internationally. This places Gambari naturally at the helm of international diplomatic efforts. To maintain and strengthen the ability of the special envoy to carry out his role, he should:

- receive stronger backing from the Secretary-General through his personal involvement in key negotiations with the Myanmar authorities, including a visit to Naypyidaw in the near future;
- be ensured direct access to the Security Council and the Human Rights Council whenever he needs it;
- be encouraged to focus on mediation between conflicting parties and viewpoints and leave primarily to the special rapporteur and other representatives of relevant UN human rights mechanisms the more public roles which may weaken his ability to build relations and confidence with all sides; and

- be given sufficient resources to support his work in the medium term, including for hiring necessary support staff and establishing an office in Myanmar or nearby.

Given the significance of status in Myanmar, and to emphasise the utmost importance the UN and the international community places on resolving the situation in the country, it would be useful for Ban Ki-moon to get more personally involved, particular at times when the negotiations may appear to be deadlocked. Similarly, while the good offices mandate originates from the General Assembly, Gambari's more informal role vis-à-vis the Security Council is critical for his influence with the Myanmar leadership and needs to be protected by ensuring that he has regular access to the Council. Given the overlap between his work and that of the Human Rights Council and the special rapporteur, he should also maintain close cooperation with those institutions.

To maximise his effectiveness, Gambari also needs to step cautiously in his role as fact-finder and public reporter on the human rights situation. It will be difficult for him to build confidence with the regime, as he needs to do, if at the same time he is expected to regularly and openly denounce its actions. While he should continue to oversee and coordinate others on these issues, the role of reporting and making public statements should be passed to the special rapporteur on human rights, along with other relevant rapporteurs, with access for these envoys being a priority international demand. Finally, the special envoy needs to be given the stability necessary to allow him to work patiently and plan ahead by guaranteeing support for the good offices in the medium-term. Ideally, to complement New York, an office should be set up in Myanmar or nearby, which can maintain regular contacts with all relevant parties inside the country, as well as in the region.

2. The proposed regional working group

As noted, several countries and independent observers have argued for multiparty talks on the North Korean six-party talks model, with most proposing the inclusion of the U.S., the EU, China, India, Japan, ASEAN and Myanmar, or some close variation. This would be important to get the main governments more directly involved in multilateral diplomacy. Given, however, the long hostility between the SPDC and Washington, which according to regime officials was exacerbated by the June 2007 meeting in Beijing,¹⁶³ it is unlikely Myanmar would participate in a forum with the U.S. It is also doubtful whether the international participants would be able to agree on a common agenda. It is easy to state aspirations for "national reconciliation" but quite

¹⁶³ Crisis Group interview, Myanmar, October 2007.

different to decide what that means, what the objectives of talks should be and what levers should be applied to move Myanmar to cooperate. The North Korea talks have been based on common concerns about nuclear proliferation, a very specific, limited and shared objective; the model may not be especially helpful for the substantially different Myanmar case.

It might, however, be possible to set up a variant of multiparty talks that excludes the direct involvement of Western governments and instead takes a regional approach. A group encompassing China and key ASEAN members Indonesia, Singapore, Thailand and Vietnam may be more palatable to Naypyidaw and would find it easier to agree on an agenda. Its focus and approach would be different from that taken by Western governments in the Security Council and elsewhere, but that may be what is needed for progress. Western governments could still put pressure on their Asian counterparts and ultimately reject any outcomes they considered unsatisfactory. Similarly, participants in the talks would need Western help to secure sufficient transitional support, for example from UN agencies, international financial institutions and bilateral donors.

In addition to supporting the good offices of Ban Ki-moon, for which unequivocal regional support remains vital, this working group might set itself the following complementary agenda shaped by particular regional concerns:

- ❑ establish discussion on key peace and conflict issues, including the consolidation and broadening of existing ceasefire arrangements, combating transnational crime and integrating conflict-affected border areas into regional economies in a more sustainable manner;
- ❑ create a forum in which to prioritise Myanmar's development aims and how to link them with those of the region at large, possibly including a regional experts panel on development and a regional humanitarian mission; and
- ❑ coordinate and strengthen regional support for the relevant law enforcement, development and capacity-building programs.

Ideally, the group would also review the business practices of its members and companies from the region to ensure that they contribute positively to the goal of peace and development in Myanmar.

While the U.S. in particular and Western countries in general have tended to focus on pushing for democratic change, it is time to recognise that political reform, peacebuilding and economic development are inter-related challenges that deserve equal attention and effort. This is how regional countries see it. Importantly, many of the most urgent human rights issues and transnational security threats arise

directly from the continuance of ethnic conflict and deepening poverty. If a regional group could make progress in these areas, it would immediately improve conditions of life in Myanmar, lessen the deep divisions in society and significantly ease the transition to democratic government.

Indonesia, ASEAN's largest member, whose experience with separatist conflicts, gradual reduction of military involvement in political affairs and a recent transition to democracy has obvious relevance to the situation in Myanmar, as already noted, could take the lead in establishing such a group. It carries influence both in Naypyidaw and within the grouping at large and could build on its experience in initiating the Jakarta Informal Meetings (JIM) that proved successful in kick-starting the Cambodia peace negotiations in 1988 and 1989. A regional initiative would significantly improve the chances of China agreeing to participate. Top Indonesian officials could contact their Myanmar counterparts quietly, try to address some of their concerns, including preserving the country's territorial integrity and invite them to Jakarta for informal talks with China and key ASEAN members.

China and Thailand both share long and troubled borders with Myanmar and have extensive, long-standing relations with the government and other groups in society. China is in a particularly favourable position to influence developments on the ground, given its extensive economic involvement, including with several ethnic armed groups in northern Myanmar. Vietnam's involvement would be important because of its good relations with the government and current membership of the Security Council. It should not be assumed that Vietnam will be overly deferential to Myanmar: it is as concerned as others with regional stability and ASEAN's reputation. Singapore, the current ASEAN chair, would be a desirable member as well, unless its current tense relations with Myanmar make this too difficult. Singapore, Thailand and Vietnam will be the ASEAN troika from July 2008.

3. The proposed support group

While allowing the UN and regional governments to take the lead diplomatically, members of the support group should maintain the pressure for progress on core political and human rights issues, complementing the attempts by the others to nudge the regime towards reform through dialogue and persuasion. The imposition of any new sanctions or the offer of incentives should be calibrated to support those diplomatic initiatives, which would carry the primary responsibility for moving the situation forward. In addition to supporting the Secretary-General's good offices efforts, the members of the support group should work jointly or individually, as appropriate, to:

- ❑ maintain focus on key human rights issues in all relevant forums, including by supporting active

engagement and access to Myanmar by the special rapporteur and relevant thematic human rights mechanisms;

- prepare and structure a series of escalating targeted sanctions to be implemented gradually should the SPDC refuse to entertain international proposals for reform or continue its violent crackdown on peaceful dissidents or other innocents, coupled with appropriate incentives if progress is forthcoming;
- organise a donors forum, which can work to:
 - generate donor agreement on the nature and funding of an incentive package;
 - strengthen humanitarian assistance programs through joint fundraising and better coordination;
 - initiate new future-oriented programs aimed at preparing the ground for successful transitions to peace, democracy and a market economy when the political will emerges; and
 - start contingency planning for transitional and post-transitional programs to rebuild and reform key political and economic institutions, as well as social and physical infrastructure;
- invite the World Bank to initiate a comprehensive and sustained policy dialogue with the government and relevant political and civil society actors, including needs assessments and capacity-building efforts; and
- undertake a comprehensive review of existing and pending sanctions to assess their impact and revise as necessary to ensure that the harm done to civilians is minimised, important complementary policies are not unreasonably restricted and they can be lifted flexibly if there is appropriate progress.

Some form of a Myanmar donors platform should be organised to initiate concrete discussion about incentives and broader assistance. Its creation would send an important signal to Myanmar leaders that there are alternatives to hostile relations. Regime officials often speak of their lack of faith in promises of positive responses to progress.¹⁶⁴ This is partly due, as noted, to a perception that what they considered goodwill gestures on their part in the past were rarely reciprocated, but it also reflects a lack of ability to imagine after so many years that any other condition is really possible. A donors forum could help overcome this mindset.

The trust fund proposed by France as an incentive for reform could be one initiative of a new donors forum,

but it should also take an active part in developing and coordinating ongoing assistance programs. It might usefully assist in tasks, such as evaluation of programs and negotiations with the Myanmar government concerning access, which at times would be better handled by a party not directly involved in implementation. It should coordinate closely with regional bodies and international agencies on the ground to get detailed input into the broader political, economic and aid discussions and ensure that aid programs dovetail with broader priorities.

The role of the World Bank has been contentious for many years, but encouraging the Bank to initiate a serious economic policy dialogue with the government and other national actors would have several advantages. In addition to directly pushing a key reform issue, it would provide additional incentives for resolving other conflicts with the international community and could be complemented by targeted capacity-building programs to help train a new generation of economists, statisticians and economic managers. It would also prepare the Bank for a lead role once the economic transition process gets underway. Clearly, Myanmar is not presently ready or qualified to receive substantial development loans, but selective support, for example, for transitional reforms and peacebuilding activities might become relevant if UN and regional diplomatic initiatives were to make headway. Indeed, such support would be essential reinforcement for many of the reforms the international community is urging Myanmar to implement.

¹⁶⁴ Crisis Group interviews, Myanmar, February 2003, June 2003 and March 2007.

VI. CONCLUSION

While most countries in Asia have made significant progress in securing peace, establishing effective governance, expanding political freedoms and growing their economies, Myanmar has atrophied. It has more in common today with Sudan or Afghanistan than with its neighbours. The recent cycle of protest and repression underscored the urgency of fundamental political and economic reforms but also the continuance of deep-seated structural obstacles.

Dealing with the challenge Myanmar presents to the international community requires a commitment to international standards of human rights complemented by a pragmatic approach intended to help the country begin to move forward and, in the process, to stimulate political will and capacity for further change. Moreover, it requires the active involvement and cooperation of all key stakeholders, inside and outside the country, with Myanmar's neighbours playing a pivotal role.

The way forward proposed in this report does not promise major immediate progress; nor is it likely to find unqualified support from all involved. It is, however, broadly in line with current thinking within the UN, at least parts of the EU and ASEAN and in Australia and Japan, as well as among elements of the opposition and possibly more liberal-minded military leaders. If key like-minded countries, such as Indonesia, the UK and others, give it sufficient commitment, what admittedly would be a lengthy process can at least get seriously started.

If this approach seems insufficient or too slow to some and too radical or quick to others, it is worth considering how little has been achieved over the past twenty years, as well as the potential costs of continued stalemate. With each year that passes without a change in direction, the prospects of Myanmar's recovery under any government diminish, and state failure becomes more likely.

Yangon/Jakarta/Brussels, 31 January 2008

APPENDIX A

MAP OF MYANMAR



This map is adapted by the International Crisis Group from Map No. 4168 Rev. 1 (January 2004) by the Cartographic Section of the United Nations Department of Peacekeeping Operations. The administrative capital, Naypyidaw has been added. The location of additional features is approximate.

APPENDIX B

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