

**JAPAN-MYANMAR RELATIONS: POLITICAL  
AND ECONOMIC DIMENSIONS, 1988-2005**

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**DECLARATION**

I declare that the dissertation entitled "Japan-Myanmar Relations: Political and Economic Dimensions, 1988-2005", submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

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We recommend that this dissertation be placed before the examiners for evaluation.

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*Dedicated  
to  
My loving parents*

*Angom Thahen Singh and Angom Romoni Devi*

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## ABBREVIATIONS

<b>ADB</b>	<b>Asian Development Bank</b>
<b>AFTA</b>	<b>ASEAN Free Trade Area</b>
<b>AMM</b>	<b>ASEAN Ministerial Meeting</b>
<b>APEC</b>	<b>Asia Pacific Economic Cooperation</b>
<b>ARF</b>	<b>ASEAN Regional Forum</b>
<b>ASEAN</b>	<b>Association of Southeast Asian Nations</b>
<b>ASSK</b>	<b>Aung San Suu Kyi</b>
<b>BHN</b>	<b>Basic Human Needs</b>
<b>BIA</b>	<b>Burma Independence Army</b>
<b>BIMST-EC</b>	<b>Bangladesh India Myanmar Singapore Thailand Economic Cooperation</b>
<b>CPB</b>	<b>Communist Party of Burma</b>
<b>DPI</b>	<b>Department of Public Information</b>
<b>EAFTA</b>	<b>East Asian Free Trade Area</b>
<b>EU</b>	<b>European Union</b>
<b>FDI</b>	<b>Foreign Direct Investment</b>
<b>FIL</b>	<b>Foreign Investment Law</b>
<b>GOJ</b>	<b>Government of Japan</b>
<b>ICRC</b>	<b>International Committee on Red Cross</b>
<b>IFI</b>	<b>International Financial Institution</b>
<b>ILO</b>	<b>International Labour Organisation</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>JBIC</b>	<b>Japan Bank for International Cooperation</b>
<b>JETRO</b>	<b>Japan External Trade Organisation</b>
<b>JICA</b>	<b>Japan International Cooperation Agency</b>
<b>LDP</b>	<b>Liberal Democratic Party</b>

<b>METI</b>	<b>Ministry Of Economy, Trade and Industry</b>
<b>MITI</b>	<b>Ministry Of International Trade and Industry</b>
<b>MOFA</b>	<b>Ministry Of Foreign Affairs</b>
<b>MOGE</b>	<b>Myanmar Oil and Gas Enterprise</b>
<b>NAM</b>	<b>Non Alignment Movement</b>
<b>NC</b>	<b>National Convention</b>
<b>NCGUB</b>	<b>National Coalition Government of the Union of Burma</b>
<b>NGO</b>	<b>Non Governmental Organizations</b>
<b>NHK</b>	<b>Nippon Hoosoo Kyookai</b>
<b>NLD</b>	<b>National League for Democracy</b>
<b>NSCN</b>	<b>National Socialist Council of Nagaland</b>
<b>ODA</b>	<b>Official Development Assistance</b>
<b>OHCHR</b>	<b>Office of the High Commissioner for Human Rights</b>
<b>PLAN</b>	<b>People's Liberation Army Navy</b>
<b>SAARC</b>	<b>South Asian Association for Regional Cooperation</b>
<b>SLORC</b>	<b>State Law and Order Restoration Council</b>
<b>SPDC</b>	<b>State Peace and Development Council</b>
<b>TBS</b>	<b>Tokyo Broadcasting System</b>
<b>UN</b>	<b>United Nations</b>
<b>UNCHR</b>	<b>United Nations Commission on Human Rights</b>
<b>UNGA</b>	<b>United Nations General Assembly</b>
<b>UNSC</b>	<b>United Nations Security Council</b>

# ***CHAPTER ONE***



## CHAPTER ONE

### *Introduction*

The present study is an attempt to analyze relations between two countries, namely Japan and Myanmar, the main focus being the political and economic dimensions of their relations. It specifically seeks to analyze the problem of how a democratic state negotiates its relations with a military regime. Japan is a developed country which follows a democratic form of government whereas Myanmar is a poor country ruled by a military junta known as the *State Peace and Development Council* (SPDC). Relations between these two 'unequal' states throw up an interesting area of study. The study chooses to look into the foreign policies of Japan and Myanmar in the period from 1988 to 2005. The year 1988 serves as a useful point of demarcation for the purposes of the investigation as it was in this year that Japan undertook a drastic change in its foreign policy towards Myanmar after the coup d' etat of General Ne Win's dictatorship by yet another military dictatorship which came to be known as the *State Law and Order Restoration Council* (SLORC). Particular mention may be made of the Japanese Official Development Assistance (ODA) Charter which declares 'that democracy and basic human rights as well as the introduction of a market economy should be promoted' (Blomqvist 2003: 299) vis-à-vis Myanmar which has witnessed successive military dictatorships and the subsequent human rights violations and denial of people's democracy in the country. However, Japan has long maintained a bilateral relationship with Myanmar despite all the odd reasons. What are the reasons behind this? Does Japan understand it to be an exception to its principles of foreign policy? Does it mean a negation of its own declared principle of promoting democracy and human rights in Myanmar? Or does Japan believe that the larger goal of bringing democracy in Myanmar can be better achieved through a policy of engagement and not isolation? What geo-strategic or geo-economic concerns inform and influence Japan's foreign policy towards Myanmar?

Japan's policy towards Myanmar is influenced by three primary factors. First and foremost is the ongoing domestic political development in Myanmar. In July 1988, the dictatorship of General Ne Win, who had ruled the country since 1962, collapsed. General Saw Maung took over the Government and established the State

Law and Order Restoration Council (SLORC) on 18th September, 1988. SLORC suppressed the democratic movements in Myanmar and as a result, Japan took a harsh measure by immediately suspending aid to Myanmar. Japan's ODA disbursements to Myanmar declined from \$ 259.55 million in 1988 to \$ 71.41 million in 1989. In other words, the year 1988 marked a watershed in Myanmar's political history and it brought changes in the bilateral relation between the two countries. Japan's relationship with the military regime had to be constantly tuned in accordance with the changing political development in Myanmar to maintain the status quo in its relation while at the same time confronting the International pressure.

Secondly, Myanmar serves Japan's economic interests as a provider of raw material and as a potential gateway to the South Asian markets. The Japanese have traditionally viewed Myanmar as a country with great economic potential. Myanmar has a small population in relation to land area. Prior to World War II, Myanmar was one of the wealthiest countries in Southeast Asia mainly due to its position as the world's largest exporter of rice as well as a major exporter of petroleum. Apart from huge agricultural potential and promising oil and natural gas reserves, it has significant deposits of minerals such as gemstones, jade, tin, silver, and tungsten; the world's largest (though rapidly diminishing) teak forests and other tropical woods; and offshore fisheries. The literacy rate is high, while labor is extremely cheap. The per capita GNP is only US \$ 200, compared to US \$ 490 for Indonesia and US \$ 1,160 for Thailand. Myanmar's strategic location at the juncture of South, Southeast, and East Asia makes it potentially an ideal location for the export of cheap manufactured goods to those regions.

Third, the Chinese threat, both from the economic and security perspective assumes huge significance for Japan. China's increasing influence in Myanmar since 1989, both economically and militarily has made Japan nervous (Nemoto 1995). China's economic penetration in northern Myanmar and flooding of Chinese consumer goods in it are of great concern for Japan. Japan feared that its expansion towards the other Southeast Asian countries will adversely affect the Japanese market in the region. No less significant for Japan is China's strategic objectives in Myanmar. Since 1990 China has sold millions of dollars' worth of military equipment to Myanmar. A Chinese influence on the Myanmar territories is of great concern to

Japan, for example, the Chinese help in installing a 45-metre antenna for monitoring radio traffic in the Coco Islands. China is also seeking access to two other islands namely, Ramree Island and Zadetkyi Island for signals intelligence. Chinese technicians have also been helping in the upgradation of existing naval facilities in Sitwee, Bassein, Monkey Point (near Yangon) and Mergui.

On the other hand, Myanmar's foreign policy has been characterized by a high degree of independence. Following independence in 1948 the civilian government of U Nu sought to remain aloof from the Cold War politics by committing the country to neutralism or non-alignment in foreign policy. 'The violation of Burma's territorial integrity by US-supported Kuomintang troops in the early 1950s and the outbreak of the Korean War of 1950-53 reinforced this goal' (Haacke 2006: 15). Ne Win's regime which was established in 1962 felt that the country's formal independence had not led to real independence. Therefore, he introduced a '*Burmese Way to Socialism*' which not only promoted much more inactive and neutral diplomacy but also it strictly regulated the introduction of foreign investments. For example, official trade with China was banned by Ne Win from 1962 to 1988. However, by the end of 1980s, Myanmar's policy changed radically due to change in the external environment. By this time China had withdrawn support for the *Communist Party of Burma* (CPB) and consequently helped remove a major element of external threat. Nevertheless, Myanmar's external relations remained difficult, particularly given western states' vilification of the military government and the fact that the brutal nature of the restoration of order in 1988-1990 meant that former donor countries were no longer prepared to offer development assistance. During the 1990s China's good-neighbourly policy, the trend towards peace and reconciliation in Southeast Asia, as well as moves towards regional and sub-regional economic cooperation involving China, ASEAN and India have transformed Myanmar's immediate habitat.

Myanmar's policy towards Japan is guided by certain key principles, such as that of 'a determination to protect Myanmar from foreign political, cultural and economic domination' (Holmes 1972: 253). Some of the other principles like maintaining friendly relations with all nations, active participation in the United Nations and its affiliated organizations and the pursuit of mutually beneficial bilateral and multilateral cooperation programmes also largely influence Myanmar's Japan

policy. Furthermore, its principle of active participation in the maintenance of world peace and security as well as opposition to imperialism, colonialism, neo-colonialism, interference, aggression and domination of one state by another had an impact in Myanmar's policy towards Japan. Myanmar's foreign policy has also been sensitive to Japan's proximity to western countries particularly the US. United States actively pursued an '*isolationist*' approach towards Myanmar in order to bring a democratic form of government. United States imposed various sanctions against Myanmar's military regime. On the other hand, Japan pressurized Myanmar's military regime to promote democratization process through constructive engagement policy. Myanmar's present regime has largely been successful in resisting Japan's pressure to change its political system. (Why has it been successful? Is it because of the strong policy of the regime or inherent weakness in Japan's foreign policy?) Despite the resistance, Myanmar has indicated to maintain the ongoing dynamics and tone of the bilateral relationship with Japan. In the pursuance of foreign relations with other countries, the issue of internal sharing of power with the pro-democratic parties has always been sensitive which the military regime has been reluctant to discuss. The present regime, nevertheless, remains committed to pursuing an independent and active policy, both domestic and foreign. It is frequently claimed by the regime that Myanmar is 'everybody's friend but nobody's ally' (Haacke 2006: 15) and that it takes a 'just and independent' position on international issues based on their relative merits and in line with national interests. The regime's independent and active foreign policy has been adapted to a changing environment.

In this background of multiple areas of interest and concerns for Japan in relation to Myanmar, the present study aims to explain Japan's foreign policy both from the perspective of its declared policy and the ways through which it has been pursued.

The study endeavours to provide a better understanding of the negotiations of foreign policies of countries following different political ideologies in the background of rapidly changing political scenario and strategic interests. The important objectives of the study are: to examine and analyse the foreign policies of Japan and Myanmar taking into perspective its underlying theoretical and conceptual underpinning; to understand and highlight the numerous challenges inherent in the Japan-Myanmar

relations and to identify and examine the important roles of international events in strengthening the relationship between Japan and Myanmar. And finally, it will also examine the prospects of politico-economic relations between the two countries.

The findings of the study focusing on the two important political entities of Japan and Myanmar, can be immensely helpful in the formulation of better foreign policies of the South-East Asian countries as well as that of other countries. Another important contribution might be the highlighting of various aspects and dimensions of the role of a developed country in the democratization process of military ruled countries.

The study has relevance in the current geo-political scenario considering the importance of Japan in international relations in the world in general and Southeast Asia in particular. Japan is becoming one of the important actors in the world politics and for this reason Japan has been trying to influence the military regime to bring a democratic form of government in Myanmar. However, very little change has been noticed so far regarding the political system of Myanmar despite Japan's efforts through its engagement policy. It is also worth examining the role of Japan in the South East Asian countries as she played a crucial role in the economy of the region. Another important relevance of the study is the emerging importance of Myanmar because of the geo-economic factors. Japan has to have a foothold if she wants to be a major power in the world. The study is also relevant considering the limited work on the area especially to Myanmar vis-à-vis Japan and other major powers. In addition, it is also related to the linkages of the economic security as Myanmar is rich in natural resources like teak forest, minerals and natural gas.

This dissertation has been categorized into five chapters. The first chapter of the dissertation is an introduction of the research theme, its objective, relevance and the significance of the study. It attempts to provide an insight as to how my study has been framed.

Chapter two is titled "Post Cold War International Environment: Impact on Japan and Myanmar Relations". This chapter deals with the relationship between Japan and Myanmar in the post Cold War changing international environment. It tries

to explain the international events which influence the bilateral relations between these two countries and other major factors which influence the Japan-Myanmar relations. For example, The China factor cannot be ignored in the study of Japan-Myanmar relations. Their foreign policies were greatly influenced by China's role in the region. Theoretical framework to explain the argument of the study has been included in this chapter. The post Cold War international relations has seen an increasing tendency of interactions and interdependence among the states particularly in the economic field. Therefore, the whole argument of the study has been explained by employing the '*Complex Interdependence*' theory by Robert Keohane and Joseph Nye. In addition to this, another theory, 'The Balance of Power' has also been employed to explain the rising influence of Japan and China in Myanmar.

This chapter also includes United States' policy towards Myanmar and its role in the promotion of democracy and human rights vis-à-vis Myanmar. A comparative study of Japan and United States' approaches towards Myanmar in promoting democracy has also been looked at. Though Japan's foreign policy finds parallel with the United State's foreign policy most of the time, Japan took a different route of foreign policy in the case of Myanmar. While United States followed an isolationist policy Japan followed an engagement policy to promote democratization and human rights in Myanmar.

Furthermore, the role of United Nations and ASEAN in the democratization process in Myanmar has also been highlighted. The changing regional power and the economic interest in Myanmar also significantly affect the Japan-Myanmar relations. Myanmar's relations with its neighbouring countries like China, India and other Southeast Asian countries and its impact on the Japan-Myanmar bilateral relations has also been discussed in detail.

Third chapter is titled "Japan-Myanmar Relations: Political Dimensions". This chapter concentrates on the political relations between Japan and Myanmar. The chapter begins with the historical background of the Japan-Myanmar political relations. In other words, it tries to find out the origin of political relation between these two countries and the factors that brings the two countries closer in their political ties. It also explains the reason why a democratic state like Japan maintains

its relations with military ruled Myanmar. In broader terms, it analyses the negotiation of democratic Japan's foreign policy with the non-democratic Myanmar. Further, the chapter explains the conflicts or the problems that have arisen due to the differences in the form of government and ideology. The main focus is on the political relations that developed after the regime change in 1988 from a military dictatorship to a military junta known as *State Law and Order Restoration Council* (SLORC) and the subsequent suppression of the democratic movement and the human rights violations by the SLORC. Moreover, the end of Cold War in 1991 also restructured the whole international balance of power. As a result, it has a great impact on Japan-Myanmar politico-economic relations. It has also encompassed the important visits by head of the state and government of both the countries and also the ministerial level exchange visits.

Japan-Myanmar political relation is also greatly influenced by Aung San Suu Kyi factor. The military regime (SLORC) after declaring the election result of 1990 as null and void, kept the pro-democracy party leader Aung San Suu Kyi under house arrest. This largely affects the Japan-Myanmar political relations. Japan like the western countries, criticize the military coup of Myanmar in 1988 by SLORC and the human rights violation by the regime during the suppression of democratic movement in 1989. Japan also pressurized the military regime to restore the 1990 election result.

“Japan-Myanmar Relations: Economic Dimensions” constitute the fourth chapter of the dissertation. The chapter begins with Japan's economic policy toward South East Asia in general and Myanmar in particular. The Chapter also highlights the unequal and uneven economic relation between developed Japan and underdeveloped Myanmar. This chapter is broadly divided into five sub-sections. The first section deals with a brief historical background of the Japan-Myanmar economic relations. Second section analyse Japan's Official Development Assistance (ODA) in Myanmar and the underlying policy Japan has been implementing while disposing its ODA. It analyses the ODA policy in the military governed state. This section further discusses some of the important questions relating to ODA in Myanmar. For example, Is ODA a political tool to encourage the military regime towards democracy? Does Myanmar need development? If so, what kind of development does it need? For the development, is it necessary for other countries to give ODA? Should ODA be given

under the current military regime? Is ODA good for Myanmar? Does it only help the military regime? What is the real purpose of ODA in Myanmar? Is it possible to meet the objectives of ODA to Myanmar under the present regime? If so, how? If not, why not?

The third section of this chapter focuses on Japan's Foreign Direct Investment (FDI) in Myanmar. Further, Japan's FDI in Myanmar is compared with the FDI from other countries. This chapter deals with questions of who benefits from the investment and also its impact on local people and the environment of Myanmar. If ODA and investment lead to problems for people and the environment, how much is it the responsibility of the military regime? The first two sections also examine the role of the Japanese government, of private companies, and of individuals in development in Myanmar.

The fourth section focuses on the trade relations between the two countries. The Japanese products that are exported to Myanmar and the imports from Myanmar are discussed in this section. The volume and trend of trade between these two uneven states has also been examined in this section. And the last section deals with Japan's economic relations with Indonesia, Thailand, Malaysia and its comparison with Myanmar.

Final chapter is the summary and conclusion which will include the findings of the research.



## ***CHAPTER TWO***

## CHAPTER TWO

### *Post Cold War International Environment: Impact on Japan and Myanmar Relations*

#### **Introduction**

The end of Cold War has changed the complexion of international relations. The old ideological rigidities have been replaced by a new set of factors that influence nation-states in the conduct of their domestic and foreign policies. New centres of power like China have emerged, questioning the supremacy of any single nation-state to be the sole arbiter in international politics. At the regional level, the rise of China is poised to disturb the balance of power leading to close alliance of other states. Notwithstanding the importance of military power, the concept of security is increasingly being defined in non-military terms and issues like economic co-operation, resource mobilization, technology, investment, trade and environment have assumed importance and relevance. This chapter will analyse the question of how Japan has been trying to craft a new framework of its national policies towards Myanmar, in the changed international environment. It will further look into the nature of foreign policy of the other powers towards Myanmar. International organisations' role in Myanmar and the subsequent responses of Myanmar will also be examined. The chapter will also incorporate the theoretical framework of the study in the beginning section.

This chapter is divided into five sub-sections. The first section of the chapter is a brief history of Japan-Myanmar relations. The second section is an analysis on China as a major factor which influenced the Japan-Myanmar relations. The third section focuses on United States' policy towards Myanmar and its impact on Japan-Myanmar relations. This section is followed by UN and ASEAN's role in Myanmar. The fifth and last section deals with India's relation with Myanmar and its impact on Japan-Myanmar relations.

## **2.1 A brief history of Japan-Myanmar relations**

Relations between Japan and Burma (from 1988, Myanmar) barely existed before the World War II since Burma was a British colony. Actual relations between the two countries began when the Japanese Imperial Army entered Burma in late 1941, occupying the whole area of the country by May 1942. Simultaneously, the Burma Independence Army formed a cadre of around thirty young Burmese nationalists who began operations under the leadership of the MINAME KIKAN, a Japanese Military Intelligence Organization. These thirty young Burmese nationalists were popularly known as the '*Thirty Comrades*'. The Japanese government granted Burma independence in August 1943. It was however, a sham, as Burma continued to be under Japanese military occupation. Aung San was one of the thirty comrades who became minister of defence after Burma was granted independence by the Japanese. Together with other nationalists, he organized a resistance movement against the Japanese (Suu Kyi 1985: 40). In July 1944, with the help of the British they were able to drive out the Japanese. Burma finally achieved full independence from Britain in January 1948. A peace treaty and a reparation agreement were concluded between Burma and Japan in November 1954.

Diplomatic relations between Japan and Burma was established in November 1954. This diplomatic relations can, for most of the time, be characterized as that of the donor of the Official Development Aid (ODA), and the recipient of that aid. Burma became the first country in Asia to receive war compensations from Japan. Burma eagerly accepted this Japanese compensation because the economic plan of premier U Nu's administration, aimed at developing a welfare state, was encountering serious financial difficulties. From 1955 through 1965, the Japanese government paid US \$ 200 million to Myanmar. In 1965, at the completion of the compensation, agreement additional compensation of US \$ 140 million was offered under the economic and technical cooperation treaty (Nemoto 1995). Japan also began

promoting Official Development Aid (ODA) to Burma in the form of loans from 1968. ODA towards Burma was meagre in the beginning, as General Ne Win, (who ousted U Nu in a military coup in 1962) pushed the country toward self-sufficiency. However, from the latter half of the 1970s, Burma changed course to actively receive ODA in order to overcome its seriously stagnant domestic economy. Japanese grant aid was initiated in 1975 and from this point on, ODA from Japan rapidly increased. The total amount of Japanese ODA to Burma (loan aid, grant aid and technical cooperation) from the time Japan began funding until 1988 amounted to 511.7 billion yen (Nemoto 1995). Then in July 1988 the dictatorship of General Ne Win, who had ruled the country since 1962, collapsed in the face of uprisings involving discontented citizens, students and Buddhists. The uprising began in March in Rangoon (now Yangon) but spread throughout the country. In the middle of political upheavals, General Saw Maung took over the Government and established State Law and Order Restoration Council (SLORC) on 18 September 1988. In the process of establishment of SLORC, large number of protestors mainly consisting of students and Buddhist monks were killed. 'When the military seized power and killed hundreds of student protestors demanding democratization, Japan followed the West in suspending aid but it never linked this action to the ruthless behavior of the Burmese military' (Arase 1993: 946).

Since then, its policy towards SLORC is guided by three principle considerations. Firstly, the government has repeatedly issued calls for the release of Aung San Suu Kyi. The fulfillment of this condition will make it easier for Japan to resume aid without losing face. Secondly, the United States continues to influence Japanese foreign policy and Washington will discourage a rapprochement with Rangoon unless SLORC institutes democratic reforms. Tokyo does not wish to seem too far out of line with the west. Thirdly, Japanese business however, is keen to see resumption of aid to Burma because it fears that it will lose out to competition from other East Asian companies. Business leaders have therefore been lobbying the government to adopt a more benign approach to SLORC. Japan didn't take much time

to renormalize its relations with Burma. On February 1989 Tokyo took decision to restore normal relations with SLORC. Another important international event that brought Japan more close to Burma and other Asian countries was the end of Cold War in 1990. This shifted Japan's policy from pro-west to Asia centric. In October 1992, Japan's ambassador to Myanmar, Tomoya Kawamura, informed SLORC member Tin Tun that Japan was satisfied with improvements in the political situation despite SLORC's continued refusal to release Aung San Suu Kyi and honor the results of the 1990 elections (Arase 1993: 946).

One of the major issues in the Japan-Burma relations is the events of human rights violation by SLORC. Japan is deeply concerned about the suppression of the rights of the common people by the Burmese military and continuation of the detention under house arrest of Aung San Suu Kyi by the military regime.

In recent times, Japan is engaged in various forms of dialogue with both SLORC and the pro-democracy forces led by Aung San Suu Kyi. Japan's policy is to promote democratization and human rights not by isolating Burma but by working patiently and persistently for improvements through ongoing dialogue with the present regime. Through various channels, the government of Japan has been urging the Burmese authorities to strive to achieve an early transition to a civilian government and to improve the situation with respect to human rights. Japan also gives pressure to the regime to seek for ways and means to initiate dialogue with Aung San Suu Kyi's National League for Democracy (NLD) and also to incorporate the NLD in drafting a new state constitution. Japan is of the view that international isolation is not the optimal way for the improvement of domestic situation in Burma. Japan thinks it is important to give Myanmar incentives to behave in line with international norms by drawing it out as a member of the international community. Japan also thinks that ASEAN membership should not provide a smokescreen for oppression in Myanmar.

Japan's economic cooperation with Burma began following the signing of a peace treaty and war reparations agreement by Rangoon and Tokyo in 1954. Japanese have traditionally viewed Burma as a country with great economic potential. Before the Second World War, Myanmar was one of the richest countries of Southeast Asia. It has a huge agricultural potential and promising oil and natural gas reserves with a small population. It has also a significant deposit of minerals (such as gemstones, jade, tin, silver, and tungsten), the world's largest teak forests and other tropical woods and offshore fisheries. The Japanese companies were also attracted to the geo-strategic location of Myanmar which itself can be served as a market as well as a gateway to the South Asian markets. Japanese general trading companies (*Sogo Shosha*) maintained offices in Rangoon throughout the socialist era. Two companies were operating during the initial period of nationalization in the 1960s, and by the late 1980s, their number had grown to eleven.

### **Post Cold War Japan-Myanmar relations**

Japan-Myanmar relation is marked by certain complexities mainly due to the ideological difference or the form of government. In the post Cold War, Myanmar's proximity to China further complicated the Japan-Myanmar relations. The behaviour of the Japan-Myanmar relations in the post Cold War period can be explained by employing Robert Keohane and Joseph Nye's theory of '*Complex Interdependence*'. The term '*Complex Interdependence*' refers to the various, complex trans-national connections (interdependencies) between states. Three main characteristics of '*Complex Interdependence*' are (1) Multiple channels connect societies, (2) Absence of hierarchy among issues and (3) Minor role of military force (Keohane and Nye: 24-25). According to this theory, relations particularly economic relations, were increasing while the use of military force and power balancing were decreasing (but remained important) in the contemporary world politics. This theory further says that the decline of military force as a policy tool and the increase in economic and other forms of interdependence should increase the probability of cooperation among states.

Japan's policy of bringing democracy in Myanmar is not through force or use of military force as a tool. It is also not even through isolationist policy which the United States has been following for the last many years but through constructive engagement policy. Myanmar has rich natural gas resources which remain unexplored and it can also be the potential market for the Japanese finished product. Japan is the economic superpower having an economic interest in the Southeast Asian region.

## **2.2 China factor in Japan-Myanmar relations**

In the regional context, there is a rivalry between Japan and China, both economically and politically. As a result of this rivalry, Japan's foreign policy towards any Southeast Asian countries is greatly influenced by the position of China. On the other hand, China is always suspicious about Japan due to its proximity to United States. Hence, any investigation on Japan-Myanmar relations cannot ignore the China factor especially in the post Cold War period.

One can interpret Japan and China's role in the Southeast Asian region and particularly in Myanmar by using Balance of Power theory. The Balance of Power theory suggests that rapid changes in international power and status especially, attempts by one state to conquer a region, will provoke counterbalancing actions. For this reason, the balancing process helps to maintain the stability of relations between states. China's status and power change in recent times caused a great concern for Japan. China's ambition of extending its influence towards Myanmar and other Southeast Asian region largely made Japan's foreign policy-makers to rethink its policy towards Myanmar. China's influence in Myanmar and its aim of having a naval access in the Indian Ocean through Myanmar's ports (For instance, Coco islands, Ramree Island.) provoke Japan and India to counterbalance its actions. As a result of China's increasing influence in Myanmar, Japan has been trying to engage more with the military regime of Myanmar against its principle of foreign policy. India has also shown its increasing interest in the Southeast Asian region in the recent times.

## **China- Myanmar relations**

Ever since the ancient times, China and Myanmar have affectionately called each other *Paukphaw*.<sup>1</sup> On 8 June 1950, the two countries established diplomatic relations. Four years later, in 1954, China and Myanmar signed agreements on the Five Principles of Peaceful Co-existence (MOFA, Myanmar 2007). China maintained the spirit of policy of peaceful coexistence with its neighbours. China-Myanmar relations since diplomatic recognition in 1950 until today can be briefly divided into the following phases: First, ambivalent peaceful coexistence: 1949-1961; Second, temporary setback: 1962-1970; Third, improving relationship: 1971-1988; Fourth, closer entente: 1989-2005 (Shee 2002). Between 1949 and 1961 the relation between the two countries enjoy a cordial relationship based on the five principle of peaceful coexistence. The cordial relation between them was held-up when General Ne Win staged a coup in 1962 and established '*Burmese Way to Socialism*'. Official trade with China was banned by General Ne Win's government from 1962-1988. Their relationship further deteriorated when China attempted to disseminate the thought of Mao Tse-tung among the Chinese residents of Burma in defiance of Burmese government disapproval. This led to bloody clashes between Burmese and Chinese students. Shortly thereafter, anti-Chinese rioting spread throughout Rangoon, bringing hundreds of Chinese owned shops and homes as well as the Chinese embassy under attack (Holmes 1972: 686).

The year 1988 marked a significant change in Myanmar's trade policy towards China. Myanmar legalized border trade on 5 August 1988. Myanmar's open trade policy resulted not only in opening up border trade but even more importantly, illegal trade and drug trafficking. China's Yunnan province which has a population of about 43 million was historically a southwest Silk Road trade route, linking Myanmar with Southwest Asia. It has now emerged as a potential target of China's long-term

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<sup>1</sup> Paukphaw in Myanmar language means brothers



strategic ambition, transforming the whole region as part of a golden 'Quadrangle' regional trade zone involving Yunnan, Myanmar, Thailand and Laos. In November 1989, SLORC signed a multiple trade and economic agreement with the Yunnan authorities, including geological surveys, coal and tin mining and a television station. A month later, in December 1989, the two countries signed an economic and technical cooperation agreement in which China agreed to offer an interest free loan of Rmb 50 million (US\$15million) for the Rangoon-Thanyin rail and road bridge construction project. According to a Taiwanese source, from 1961 to 1994, Beijing has given a total of Rmb 500 million in aid to Rangoon and China had completed 18 out of 20 projects for Myanmar (Shee 2002).

In the post Cold War era, regional geo-economics and long-term strategic interests have become the central focus of China's Myanmar policy. In 1995, the total value of trade grew to US\$767.40 million. In 1998, China-Myanmar trade declined to US\$576.49 million, but in the year 2000, the total trade increased to US\$621.26 million. From the year 2000 onwards, China's Myanmar policy can be assessed in the context of China's growing interests in promoting an East Asian Free Trade Area (EAFTA) and economic integration with Association of South East Asian Nations (ASEAN) within the framework of ASEAN plus China and eventually ASEAN plus China, Japan and Korea. According to official statistics, China-Myanmar bilateral trade in the twenty-first century, including border trade, has risen steadily. Myanmar continues to import consumer goods, machinery and electrical equipment, construction materials and medicines. Timber products and precious stones remain the primary exports to China. In 2002, the official trade volume was US \$ 845, in 2003, it reached US \$1.07 billion. In 2004 and 2005, the official trade volumes are US \$ 1.145 billion and US \$ 1.209 billion respectively. Trade with Yunnan province, including border trade, apparently stands at US \$ 630 million (Haacke 2006: 30).

## **Economic and Development Cooperation in the twenty-first century**

Chinese president Jiang Zemin's visit to Myanmar in 2001 breathed new life into bilateral economic relations. By late 2002, Chinese companies had officially contracted more than 800 projects with a total value of US \$ 2.1 billion (MOFA, China 2003). In January 2003 Than Shwe visited China, securing a US \$ 200 million preferential loan to finance construction of one of Myanmar's largest planned hydropower projects, at Yewya near Mandalay (Xinhua News Agency 2005). Days later, China agreed to remit part of Myanmar's overdue debt. In August 2003, Myanmar signed a contract worth US \$ 150 million for the Shweli Hydroelectric Power Project in northern Shan state (MOFA, Myanmar 2003). In March 2004, Myanmar leaders and visiting Chinese Vice-Premier Madam Wu Yi signed further Memorandums of Understanding (MoU), including agreements on mineral exploration along the Myanmar-China border region and Lashio-Muse railroad project (MOFA, Myanmar 2004). During his visit to China in July 2004, Khin Nyunt exchanged notes on the construction of an international convention centre, master plans for hydropower projects in Myanmar and the Thanlyin-Kyauktan industrial zone. Notably, his Chinese interlocutors impressed upon Khin Nyunt the advantages of moving towards more radical economic reform. Myanmar Oil and Gas Enterprise (MOGE) has signed onshore oil production-sharing contracts with China National Petrochemical Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC), which has also acquired a stake in three blocks awarded for exploration (Rakhine block A-4 and Moattama blocks M-2 and M-10). It would have gained a 28% stake in the Yadana projects had its bid for Unocal succeeded (Haacke 2006: 29). At the second ASEAN-China business summit in Nanning in October 2005 Soe Win reiterated Myanmar's hope that its oil and gas sector (in offshore areas) would be one of three (next to hydroelectric power and manufacturing) attracting additional Chinese investments.

In short, Myanmar is important for China's economic interest. It is in the context of being a 'landridge' for China to revive its 'southwest silk road' from Yunnan province to Myanmar and westward to Bangladesh, India and the West. The link up with Myanmar could help to develop the poor economies in the south-western part of inland China to trade with the growing economies of Southeast Asia and India. With the realization of the ASEAN Free Trade Area (AFTA) with a population of 500 million, China could promote trade southward using Myanmar as a 'landridge', linking China's inland provinces with the rest of Southeast Asia. Myanmar is also important to China to implement its western development strategy. South-west China will benefit economically by linking up with Myanmar for trade and investments.

### **Myanmar in China's Strategic Thinking**

Myanmar is also strategically important for China as it can serve as a 'landridge' for the People's Liberation Army Navy (PLAN) in the long term to reach the Indian Ocean via the Myanmar-controlled Coco Islands. By the year 2050, China is expected to achieve world-class blue water Navy status (Shee 1998). Myanmar would be strategically important for China to achieve direct access to the Pacific and the Indian Oceans. The PLAN would be able to shorten the distance by 3000km reducing the voyage by five to six days by not passing through the Strait of Malacca to reach the Bay of Bengal. The alleged military installation at the Zadetkyi Island on Myanmar's southern tip of its territory close to Indonesia's Sabang Island, (off northern Aceh in Sumatra) raised suspicions about China's future maritime ambitions in the Indian Ocean. Thus, China's strategic alignment with and inroads into Myanmar could have long-term serious security implications not only for whole of Southeast Asian countries but also for the long-term strategic interests of Japan, India and the US (Shee 2003).

### **Arms supply and military assistance**

China has been providing arms to Myanmar's military junta since the development of close relationship in the late 1980s. Following a visit to China by Burmese Defence officials in 1989, an arms deal of 1.4 billion was signed in mid-1990, and one for US \$ 400 million in 1994 (IDEA 2001: 72). Besides the supply of arms (small arms and ammunition, 107mm type 63 multiple rocket-launcher systems, F-7 jet fighters, tanks and Hainan class fast-attack naval ships), China also agreed to train Myanmar's air force, military and army personnel. China agreed to train 300 Myanmar air force and naval officers and to provide additional places for them in Chinese Staff colleges. Of particular strategic significance is the construction of strategic roads along the Irrawaddy River trade route linking Yunnan province to the Bay of Bengal. Western intelligence reports that China installed a sophisticated radar facility in the Coco Island. However, this report was refuted both by China and Myanmar. Chinese government further made it unequivocally clear that China has no intention to seek a sphere of influence in the Indian Ocean (Shee 2003).

Myanmar's response to China's foreign policy was positive. The military coup and the killings of the students in 1988 in Yangon, as well as the killings of Chinese students during the Tiananmen crisis in June 1989, received strong criticism from the West and triggered off western economic sanctions. The West isolates Myanmar diplomatically and imposes economic sanctions after the 1988 political crisis. The economic sanctions had added to Myanmar's economic difficulties. Beijing saw a golden opportunity to fill the strategic vacuum in Myanmar and decided to make some inroads into Yangon. Due to isolation and necessity, Yangon also decided to move closer to China by seeking both military and economic assistance from China. However, Myanmar's military never completely trusted China, its northern giant neighbour. In fact, Myanmar's military leaders are aware of the potential dangers of being too close to China. By the late 1990s, Myanmar decided to adopt a 'counter hedging' strategy by diversifying its diplomacy welcoming India. Further, it

consolidates its ties with ASEAN as well as encouraging Japan and other industrialized states like Singapore and the EU to invest in Yangon. (Shee 2003) argues that in order to minimize Myanmar's military dependency on China, Yangon, in August 2001 decided to purchase 12 MIG-29 fighters from Russia at a bargain price of between US\$130m to US\$150m for the entire batch. Myanmar has also dispatched 300 military personnel to Moscow for training to fly the MIG's and to acquire rocket technology. The strategic significance of this purchase is that Russia offers another potential alternative to Yangon to balance China.

Overall, China and Myanmar enjoyed a close relationship despite being asymmetrical in terms of size and resources. Myanmar's location at the trijunction between South Asia, Southeast Asia and China is nevertheless economically and strategically significant. Economically, Myanmar is important for China as a trading outlet to the Indian Ocean for its landlocked inland provinces of Yunnan and Sichuan. Strategically, Myanmar is potentially important for China to achieve its strategic presence in the Indian Ocean and its long-term two ocean objective. Further, China-Myanmar nexus is strategically useful for China to contain Japan and India's influences in Southeast Asia. Finally, Myanmar is part and parcel of China's grand strategic design to achieve its goal of becoming a great power in the twenty-first century.

### **Impact on Japan-Myanmar relations**

China's close ties with Myanmar largely influence the Japan-Myanmar relations. Japan tries to counterbalance the Chinese ambition in Myanmar by negotiating its foreign policy with the military regime of Myanmar. Japan's interest in Myanmar has been pulled largely by the rising China's inroads and influences over Myanmar since the 1990s. China's expansion towards Myanmar has been seen by the Japanese as a threat to its Southeast Asian market. The wariness over China's inroads into Myanmar has resulted in Japan supporting Myanmar to become a full-fledged

member of ASEAN in 1997. To counter China's strategic inroads into Southeast Asia Japan changed its limited-interference attitude to more-active 'constructive engagement' policies towards Myanmar. Japan saw the danger of Myanmar's slow strategic, military and economic tilt towards China. Thus, China's influence in Myanmar in the post Cold War somehow caused Japan to have a closer relationship.

### **2.3 United States in Japan-Myanmar relations.**

In the post Cold War period United States emerged as the sole superpower that plays an important role in the world politics. One of its main foreign policy is to propagate democracy in the world. Myanmar is a state which is rule by a military regime since the 1962 military coup by General Ne Win. Hence, Myanmar lies in the domain of United States' policy of propagating democracy. For Washington, Myanmar seems increasingly to be as Southeast Asian case for the US's global promotion of freedom. Japan, on the other hand, is a close ally of United States which also follows the policy of propagating democracy. However, United States and Japan have developed somewhat different attitudes and policies towards the military regime. This is illustrated by the diverse way of approaches towards Myanmar. United States policy towards Myanmar is guided by isolationist policy and imposing of various kinds of sanctions on the military regime since it came to power in 1988. Japan, on the other hand, followed different route while implementing its foreign policy towards Myanmar. It had followed the engagement policy instead of imposing unconditional sanctions to the military government.

#### **United States policy towards Myanmar**



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In recent times, Myanmar has been the focus of much international attention as the military regime suppresses the democratic process in the country. United States pursued a harsh policy towards Myanmar when military took over the government and formed a State Law and Order Restoration Council (SLORC). It was further

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irritated by the suppression of the people's movement and the announcement of the 1991 election results by the council as null and void. This political situation in Myanmar invited a strong reaction from the United States government. Washington blocked loans by the International Monetary Fund (IMF), World Bank and Asian Development Bank (ADB), suspended economic aid, withdrew trade privileges, instituted an arms embargo, downgraded representation in Yangon to change 'd' affaires level and imposed visa restrictions on senior leaders and their families.

During President Bill Clinton's tenure, US policy goals towards Myanmar were broadly grouped under the categories of democracy, human rights and counter narcotics. He banned new US investments to Myanmar because of the lack of progress in human rights issues. His successor George W. Bush by the end of first term identified two immediate US policy objectives and eleven overall objectives. The immediate objectives focused on: the release of NLD leaders Aung San Suu Kyi, U Tin Oo and other members, the release of all other political prisoners and the re-opening of all NLD offices; and the start of a genuine dialogue on democracy and political reform. The eleven overall objectives focus on: establishing constitutional democracy; respect for human rights and religious freedom; the repatriation of refugees with monitoring by the UNHCR; the return home of internally displaced persons; cooperation in fighting terrorism; regional stability; the full accounting of missing US servicemen; the combating of HIV/AIDS; the elimination of people-trafficking; ending forced labour; and increased cooperation in eradicating the production and trafficking of illicit drugs (Haacke 2006: 68). President Bush imposed a total ban on the import of Myanmar products as well as the export of financial services to Myanmar by US citizens, while also introducing a targeted asset freeze and extending existing visa restrictions. US sanctions have primarily aimed to isolate Myanmar politically and to cripple it economically in order either to force the regime to stand aside or to create conditions that would lead to its overthrow.

George W. Bush signed the Burmese Freedom and Democracy Act in July 2003 (US Dept. of State 2003) and pursued the immediate objectives of the release of Aung San Suu Kyi and all political prisoners, and a genuine dialogue on democratic political reform, including the re-opening of all NLD party offices. When these efforts become unsuccessful, US administration used the UNGA, UNCHR, the ILO, the ARF and other forums to embarrass and criticize Myanmar military regime. In January 2005, Condoleza Rice, US Secretary of State labelled Myanmar one of several 'outposts of tyranny'. Washington subsequently continued the rhetoric of moral castigation, while also arguing, and acting on, the point that Myanmar poses a threat to regional stability. At the subsequent ASEAN, PMC and ARF meetings US Deputy Secretary of State Robert Zoellik referred to Myanmar as a 'cancer' that could spread to the wider region (Haacke 2006: 70). In October 2005, the US administration claimed the publication of the Havel-Tutu report and the continued denial of access for Razali and the UN Special Rapporteur for human rights Paulo Sergio Pinheiro warranted the UNSC discussing the situation in Myanmar (Dobriansky 2005). In November 2005, Condoleza Rice also criticized Asian countries for not speaking out against the Yangon regime, and President Bush discussed Myanmar with leaders from Japan, Russia and China during his travels to Asia to participate in the APEC leaders' summit. Suggesting that the 'people of Burma live in the darkness of tyranny' and its government not only represents 'Asia's past' but also 'sows instability abroad', the President also raised the Myanmar issue with Malaysia, then-ASEAN chair, and other ASEAN leaders in an apparent bid to reinvigorate Washington's multilateral strategy towards Myanmar.

US trade sanctions had a large impact in Myanmar's economy. It contributes in blocking Myanmar's economic growth. For example, US trade sanctions imposed after 30 May 2003 have wiped out approximately US \$ 350 million in export to the US and led to serious job losses in Myanmar's textile industry. In 2004, Myanmar's exports to European Union states and Japan amount to Euro 402 million and Euro 131 million respectively.



## **Myanmar's response**

One of the basic tenets of Myanmar's foreign policy has been to promote and maintain good and friendly relations with all the countries in the world and the United States is no exception. However, Myanmar's foreign policy towards US has been largely reactive. Myanmar wishes to resist US pressures. Washington's central demand for regime transition is unacceptable to the military led government. The SPDC see itself as the only institution able to guarantee national unity and stability in the longer term given the difficult relations between the Burman majority and the ethnic minority groups as well as the perceived disastrous historical experiences of Burmese democratic politics. The military viewed democratic politics in Myanmar as one where the politicians indulge in personally motivated struggles and internecine squabbling at the expense of national interests. In any case, Washington's demands are considered as utterly unwarranted interference. Myanmar accused that the US listened only to the words of the so-called democracy activists. Myanmar also accused that the US has no interest in developing the country. The SPDC effectively sees US sanctions and its support for the NLD and Aung San Suu Kyi and other pro-democracy activists as a form of low-intensity warfare. Because of the sanctions, the regime claimed that about 5,00,000 persons in Myanmar lost their jobs.

The SPDC has spoken out strongly against Washington's support for Aung San Suu Kyi and US government's allegations of human rights violations have routinely been rejected as one-sided and unbalanced, riddled with errors' and containing assertions' almost none of which are backed up with evidences or with responsible sources (Haacke 2006: 68). The military government has emphasized that, given Myanmar's overall political situation, it does not have the luxury of focusing its decisions on the interests of just one person (Aung San Suu Kyi). Stubbornly defending its record in dealing with the ethnic minority ceasefire groups, it has expressed disappointment at the failure of the US government to acknowledge

properly the regime's road map for democracy, and repeatedly argued that sanctions delay or even derail the proper evolution to a democracy.

Myanmar's foreign ministry has rejected in its entirety the Havel-Tutu report, arguing that had the situation in Myanmar posed a threat to regional security, its neighbours and ASEAN would surely have noticed it and called for action. US initiated moves in June 2005 to place Myanmar on the UNSC agenda, which was blocked by both China and Russia. Emboldened by this incident, Myanmar has sought a commitment from Beijing and Moscow for extended diplomatic protection. Myanmar also alleged that US aims to install a puppet government in Myanmar with the apparent intention of checking its growing regional influence.

However, in order to improve its international standing and relations with US and other countries, the military released Aung San Suu Kyi twice between 1988 and 2005 (July 1995 and May 2002). Following her initial release in July 1995, Washington remarked positively on the space granted to Aung San Suu Kyi to pursue her political activities, but over the next two years severely criticized junta's reluctance to meet directly with her. Military government at the time accused the US embassy in Yangon of orchestrating Aung San Suu Kyi's political challenge. On the second release of Aung San Suu Kyi, the US government commented favourably on SPDC's Confidence Building Measures (CBMs), particularly Yangon's cooperation with the UN and the International Committee on Red Cross (ICRC).

### **Limited co-operation between US and Myanmar**

Despite all odds, US and Myanmar also cooperated on few occasions. Myanmar co-signed the US-ASEAN declaration on cooperation against terrorism in August 2002. It has also ratified relevant UN conventions. In terms of bilateral co-operations, the regime shared intelligence with the US and quietly opened its airspace for US military flights to the Middle East (Haacke 2006: 65). Myanmar has also cooperated on the

full accounting of missing US servicemen from the Second World War. Since 1993, Myanmar has also co-operated on the annual joint poppy-yield survey. The furthest Washington was prepared to go, however, was to allow International Financial Institution (IFI) fact-finding and technical assistance. The SPDC had hoped that the US would at least take Myanmar off the list of countries considered to be major drug-producing states, which would allow Yangon to receive counter narcotics assistance from Washington.

Japan's approach towards Myanmar has been different from that of the United States in promoting democracy and human rights. Japan has opted for a strongly conditional engagement with Myanmar by providing Official Development Assistance (ODA) to prompt changes in regime behaviors. Japan has only suspended economic cooperation for a brief period of time and has even prepared to re-consider and restart, on a case-by-case basis, suspended development projects that would directly benefit the people of Myanmar by addressing their human needs. Japan's conditions for reviewing sanctions have also differed from the US. Japan's position is apparently that any future comprehensive renewal of aid depends on democratization and in particular, the release of Aung San Suu Kyi and other political party leaders. On the other hand, the US government has advised that its sanctions will be maintained until there is significant progress toward political transition and genuine respect for human rights or until a democratically elected government in Myanmar requests that they be lifted.

In brief, US and Japan followed different policies towards Myanmar. US has demanded the immediate and unconditional release of Aung San Suu Kyi and all political prisoners, the re-opening of all NLD party offices and the start of a meaningful dialogue leading to genuine national reconciliation and the establishment of constitutional democracy. It also regards the National Convention (NC) as lacking domestic and international credibility and legitimacy. Meanwhile, Tokyo has argued that the NC could be a significant step towards democratization while also expressing

concern that the NC started without all the relevant parties being involved. Though Japan has also voiced strongly, it still followed an engagement policy hoping that Myanmar will expedite democratization, including Aung San Suu Kyi's release. Myanmar's response to the two major powers has also been diversified. Myanmar's policy towards Japan is quite flexible while its policy towards US is very reactive.

#### **2.4 United Nations and ASEAN's role in Myanmar**

Myanmar has been one of the countries which the United Nations needs to help in stabilizing its political system. It is almost twenty years since military coup in 1988, when the nationwide pro-democracy uprising was brutally crushed by the military. UN General Assembly has passed many of its resolution concerning Myanmar, but the military regime still has far to go in order to comply with any of the provisions.

Myanmar's association with the UN can be traced back to the late 1940s. It is one of the oldest members of the UN. Myanmar joined the UN less than four month after winning independence in January 1948, primarily to protect itself against future possible aggression by a stronger power. UN appreciate Myanmar's commitment to the organisation for its policy of neutrality and interest in working for global disarmament and the executive stewardship of the UN Secretary General U Thant from 1961 to 1971 (DPI, UN 2000). However, UN's relation with Myanmar deteriorated when the military council SLORC staged a coup and took over the government in 1988. Following the military take over, UN's level of cooperation with Myanmar has significantly declined. UN through its organs like UNGA, UNHCR and UN associated ILO, started criticizing the autocratic rule of the military regime which had a detrimental effect on its international reputations. From Myanmar's point of view, it was an unjust criticism. UNSC's involvement and its cooperation with the UNHCR from December 2005, further irritate Myanmar's military regime.

## UNGA and UNHCR's role

United Nation General Assembly (UNGA) attempted to play a vital role in Myanmar's political crisis and human rights issues. Three years after 1988 military coup and suppression of democratic movement, the UNGA passed a resolution for the first time in 1991 on the situation in Myanmar. The focus has been mainly on the issue of human rights in the country. The 1992 UNGA resolution contained the UN's first explicit call for Yangon to release Aung San Suu Kyi. The following year, the UNGA filed its first critical assessment of the National Convention (NC). The list of recommendations and demands made by UNGA has grown considerably over the years. The annual UNGA resolutions initially called on the SLORC to take all necessary steps to restore democracy in line with the election results of 1990 and to allow all citizens to participate in the political process in accordance with the Universal Declaration of Human Rights.

In 1995, when SLORC released the NLD leader Aung San Suu Kyi from house arrest, the UNGA repeatedly urged the regime to release other political prisoners and to engage in substantive political dialogue aimed at democratization and national reconciliation with the NLD, its general secretary and other political figures including the leaders of the ethnic-minority groups. During 2004-2005, UNGA resolutions have expressed grave concern at the ongoing systematic violations of human rights and the continuing detention and house arrest of Aung San Suu Kyi and Myanmar's failure to implement recommendations contained in the past UNGA resolutions and restriction placed on NLD. UNGA resolutions from 1991, successively called for the recognition and early implementation of the 1990 election results, the 2004 resolution merely called on the regime to respect the results of that election *inter alia* releasing the NLD leadership.

Since 1992, the UNHCR has also focus on Myanmar by establishing the post of special rapporteur. Special rapporteurs to Myanmar include: (1) Japanese

Professor Yozo Yokata (1992-1996). (2) Mauritius Chief Justice, Rajsoomer Lallah (1996-2000). (3) Brazilian Professor Paulo Sergio Pinheiro (since 2000 December). Demands made on Myanmar include an end to human rights violations, an inclusive NC, an end to the recruitment and use of child soldiers and systematic enforced displacement of persons as well as a clear and detailed plan for a transition to democracy including its timing.

Despite UNGA and UNCHR's efforts, there still has been a report of human rights violations by the Myanmar authorities. For example, extra judicial killings, rape and other forms of sexual violence carried out by members of the armed forces, torture, renewed instance of political arrests, continuing detentions and forced labour. There has also been report of the denial of freedom of assembly; association; expression and movement; discrimination on the basis of religious or ethnic background; wide disrespect for the rule of law and lack of independence for the judiciary; deeply unsatisfactory conditions of detention; systematic use of child soldiers; and even violations of rights to adequate living standards (Haacke 2006: 84).

Amidst all this, in Myanmar's view, condemnation of its human rights record by UNGA and UNCHR and attendant recommendations is an infringement of the principle of non-interference by its interpretation of the sanctity of article 2, paragraph 7 of the UN charter. It has considered its national reconciliation process to be an internal affair. Apart from this, the Myanmar authorities consistently rejected the significant number of alleged human rights violations. In other words, many allegations of human rights violations remain unsubstantiated and grossly exaggerated. Its officials have vehemently denied the use of rape as a weapon as well as the use of child soldiers (Haacke 2006: 85).

## **UN Secretary General's role**

In February 1994, UN Secretary General Boutros Boutros Ghali proposed to then secretary-1 of the military council, Khin Nyunt the establishment of a dialogue with the UN. SPDC accepted this proposal by the following August. The parameters of dialogue agreed in October 1994 related to plans to return to democracy, the NC, the situation of Aung San Suu Kyi and other political leaders; human rights and human issues and the prospects for reintegration of 'national races' into political life. Until 1999, substantive discussions on these issues involved above all Foreign Minister U Ohn Gyaw and Alvaro De Soto, formerly UN assistant Secretary General for political affairs who visited Myanmar repeatedly. Regular meetings also took place in New York involving the UN Secretary General in order to overcome the lack of progress made towards establishing a substantive dialogue between the regime, the NLD and representatives of ethnic-minority groups. They pressurize the military regime to initiate a separate dialogue between the Government and Aung San Suu Kyi. But the SPDC and its Foreign Minister consistently rejected the idea of a separate dialogue between the government and Aung San Suu Kyi.

The dialogue continued with Kofi Annan who succeeded Boutros Boutros Ghali. The SPDC had regular and in depth personal exchanges with the UN Secretary General and his officials, but ultimately had not complied with many demands expressed in non-binding UNGA resolutions. Razali replaced De Soto as UN Secretary General's special envoy in April 2000. Within three months of his appointment the SPDC received him in an attempt to build confidence. By 2005, he had visited Myanmar fourteen times to promote national reconciliation, the last being in spring 2004 (Haacke 2006: 90).

Razali's interlocutors within the military government were then Khin Nyunt and U Win Aung. Somehow he managed to meet Aung San Suu Kyi. In September 2000, the military leadership and Aung San Suu Kyi had a major disagreement due to her renewed attempts to travel beyond Yangon. During this time, UN Secretary General intervened on Aung San Suu Kyi's behalf. In May 2002, the military regime renewed Aung San Suu Kyi's release. During this period, Khin Nyunt committed the government to significant cooperation with the UN Secretary General. Khin Nyunt agreed to the release of political prisoners on a case-by-case basis and followed Razali's suggestion to allow the NLD township offices. In January 2001, the military regime released NLD leader U Tin Oo and dozens of party members. However, the regime did not agree with his suggestion to establish a trilateral dialogue including the ethnic minorities (Haacke 2006: 91).

In the early 2002, UN asked Myanmar to consider moving beyond confidence building to a dialogue on substantive political issues. SPDC complied by lifting restrictions on Aung San Suu Kyi's freedom of movement though no substantive political dialogue ensued between the SPDC and Aung San Suu Kyi. By March 2003 the UN Secretary General consequently felt obliged to conclude that the reconciliation process had stalled. Prior to 2003 ASEAN summit in Jakarta, Khin Nyunt received Razali again arranging meetings with both SPDC leaders and Aung San Suu Kyi once more. However, Razali failed to persuade the regime to free Aung San Suu Kyi and he obtained no guarantee that she would be part of the road map announced by Khin Nyunt the previous August. Razali's last visit to Yangon as special envoy took place in March 2004 in advance of the NC. Occasional meetings with Razali continued albeit outside Myanmar until he decided in January 2006 not to extend his contract.

Kofi Annan has had to deal with significant pressure from Burmese exiles and influential US senators to use his authority under article 99 of the UN charter to bring the situation in Myanmar to the attention of the UNSC. He called for Myanmar



to democratize by 2006, the year in which the country was supposed to take over the ASEAN chairmanship. In April 2005, Than Shwe invited Annan to visit Myanmar to see the progress of the road map to democracy. In October 2005, when delivering his report, Annan noted the considerable difficulties encountered in performing his good offices role since the ousting of Khin Nyunt but remain continuing his efforts.

Thus, UN Secretary General has been asking the junta to initiate an improved dialogue process with political prisoners; to lift the remaining restrictions on all political leaders; to reopen NLD offices and included all groups in the road map process. In return he promised to mobilize international assistance.

There are also those who argued that Myanmar poses a threat to international peace and security. These groups see a role for the UNSC in Myanmar (Dillon 2006). For example, Havel-Tutu reports recommended for the UNSC to adopt a resolution in accordance with its authority under chapter VII (article 41) that would, *inter alia*, require the Myanmar government to work with the UN Secretary General's office in implementing national reconciliation and the restoration of democratically elected government and allow the immediate and unconditional release of Aung San Suu Kyi and all prisoners of conscience. However, UN Secretary General has never himself argued that Myanmar constitutes a threat to international peace and security, although during the informal consultation on 16 December. He qualified this by saying that while the situation in Myanmar did not pose a threat to international peace and security many issues do have crossborder implications, give cause for significant concern and could pose a threat to human security (Haacke 2006: 94). UN's role in Myanmar seems to be less effective while dealing with the military regime. One important reason behind the unsuccessful role of the UN is due to military regime's non-cooperation. Nevertheless, UN has been continuing with its effort.

## **Myanmar and ASEAN**

When ASEAN was established in 1967, Myanmar declined to join by informing that the association did not qualify as non-aligned because Thailand and the Philippines both allowed US forces to prosecute the second Indo-China war from their military bases. But in early 1990s SLORC articulated its interest in joining ASEAN even though US bases in the Philippines still existed. As a response, Philippines proposed to offer Myanmar ASEAN observer status in 1992. Then in 1994 when Bangkok hosted the ASEAN Ministerial Meeting (AMM), Myanmar was invited as a guest. The idea had found political backing from Jakarta, which was worried about increasing Chinese influence in Myanmar (Buszynski 1998: 295). Finally, in 1997, Myanmar joined ASEAN with the support of countries like Japan and other major ASEAN countries.

ASEAN adopted a policy of constructive engagement towards Myanmar. This policy provided greater economic interaction between Myanmar and the ASEAN. Myanmar's close association with ASEAN since the early 1990s proved beneficial for Myanmar economically as well as diplomatically. Economically, Myanmar received large amount of investments from ASEAN countries like Singapore, Malaysia, Thailand and Indonesia. And diplomatically, ASEAN acts as a normative shield to SLORC against external criticisms. In addition, Myanmar also gains in terms of legitimacy to the military government. Espousing an unshakeable belief in the validity of non-interference, the association rejected censure of the regime from its key dialogue partners (Silverstein 1992: 958).

Despite all this, ASEAN is also concerned about Myanmar's continued human rights violations by the military regime. ASEAN foreign ministers reacted to

the 'Depayin incident'<sup>2</sup> by incorporating a paragraph on the situation in Myanmar into the joint communiqué released at the June 2003 AMM, Myanmar was urged to resume efforts towards national reconciliation and dialogue among all parties concerned to effect a peaceful transition to democracy. ASEAN foreign ministers also welcomed Myanmar's assurances that Aung San Suu Kyi's detention was temporary and look forward to the early lifting of restrictions placed on her and other party members. Apparently, they even expressed informally, a wish that Aung San Suu Kyi should be released within a month of the AMM.

In short, ASEAN is moving ahead with its policy of '*One Southeast Asia*' by overlooking the political system of Myanmar and its human rights issues. Many western countries condemned the move of bringing Myanmar in the association and engaging with its military regime. There was also a pressure from the pro-democratic party of Myanmar and their leader not to engage with the military regime. NLD leader Aung San Suu Kyi even sent letter to the ASEAN not to entertain the military regime. ASEAN governments however, ignored all the factors and followed its policy of engaging Myanmar.

## **2.5 India's relation with Myanmar**

When India and Myanmar got independence towards the end of the 1940s, the two countries enjoy friendly relations. These two neighbouring countries shared some common history, for example, both India and Myanmar were the victims of the British colonialism. The rich natural resources and wealth of these two countries were exploited. They remained aloof from the Cold War politics by joining the Non-Alignment Movement (NAM). Moreover, they are also committed to the international

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<sup>2</sup> On May 30, 2003 at least four people died when the motorcade in which ASSK was traveling near the town of Depayin in Saigaing division was attacked by anti-NLD. ASSK was subsequently taken into protective custody. This incident came to be popularly known as Depayin incident.

organization like the United Nations. Relation between India and Myanmar got a setback in 1962, when General Ne Win took over the government and established a dictatorship. The Indian government condemned this coup d'etat by military General. Consequently, relationship became strained during General Ne Win's period from 1962 to 1988. India's Prime Minister invited Ne Win government to join SAARC in 1987 but Ne Win rejected the idea of Burma joining the South Asian Association for Regional Cooperation (SAARC) in the line with Burma's policy of non alignment. Such gestures from the Indian side had brought little warmth to a relationship that had been frosty since the 1962 military takeover.

In 1988, the relationship between India and Myanmar turned from bad to worse when Ne Win's government was ousted by another group of military Generals headed by General Saw Maung. The council known as the State Law and Order Restoration Council (SLORC) was established. SLORC suppress all the democratic movements in Myanmar. Pro-democratic movements were crushed and election results were annulled. This events of 1988 led India to strongly criticize Burma's new military rulers. New Delhi offered refuge to anti-SLORC dissidents and openly sided with democracy activists and Aung San Suu Kyi. In 1991, India released Soe Myint who was one of two Burmese nationals implicated in the hijacking of a Thai jet on its way to Kolkata in November 1990. The Indian government also permitted the opposition National Coalition Government of the Union of Burma (NCGUB) to open an office in New Delhi in July 1992. Myanmar's military government saw these steps as blatant interference in Myanmar's internal affairs. By 1993, however, India had itself begun to reassess its policy towards Yangon. Several factors accounted for this change. First, India had apprehensions about a possible encirclement by China and pro-Chinese regimes in Pakistan and Bangladesh as well as Myanmar. It also fretted about the possibility of China establishing a pressure in the Bay of Bengal and Andaman Sea. Second, economic and strategic interests coalesced in New Delhi's '*Look East Policy*' under the then Prime Minister P. V. Narasimha Rao. Third, India sought urgently to address its security problems in the Northeast (Yahya 2003: 81).

India decided to place security and economic objective ahead of political and human rights considerations when dealing with Yangon. In 1993, India's foreign secretary J.N. Dixit visited Yangon and this was some kind of breakthrough in the post 1988 relations. This breakthrough led to a dialogue with the military regime which addressed transnational challenges including anti-drug and anti-insurgency cooperation. Then, there was a setback in 1995 when India honoured Aung San Suu Kyi with the prestigious Jawaharlal Nehru Award for international understanding. As a reaction, SLORC punished India's decision by suspending counter insurgency cooperation. However, within a year, Foreign Minister Pranab Mukherjee explicitly designated Myanmar's movement for democracy an internal matter. This provides some kind of progress in their relations. Since the beginning of the 21<sup>st</sup> century, Myanmar actively sought political and military exchanges and economic cooperation with India. Early November 2003, Indian Vice President Bhairon Singh Shekhawat visited Myanmar (Highest ranking Indian leader to visit Myanmar since Rajiv Gandhi in 1987). Then in October 2004, Than Shwe visited India as Myanmar's head of state, the first high level visit since that of U Ne Win in 1984 (Haacke 2006: 35). President A.P.J. Abdul Kalam Azad reciprocated by embarking on a state visit in March 2006, the first ever to Myanmar by an Indian head of state. During his visit, Kalam reiterated India's offer to assist in building constitutional structures and a democratic polity.

In the late 2004, Myanmar's forces repeatedly engaged in a concerted military campaign against the S.S. Khaplang faction of the National Socialist Council of Nagaland (NSCN). The SPDC's stance towards Manipuri or Assamese insurgents is, however, considered more ambiguous, as illustrated by the release of Manipuri rebels whose bases were captured in 2001.

Between 1998 and 2005, positive developments have occurred in most of the areas. During his visit in March 2005, India's Minister of External Affairs, Shri K.

Natwar Singh emphasized that New Delhi attach a very high priority to its relations with Myanmar as a valuable neighbour and strategic partner. In light of predominant Indian interests towards Myanmar, it is the issues of security, drug trafficking, border trade and management, cross-border infrastructure, and energy cooperation that remain at the centre of New Delhi's dialogue with Naypyidaw. These developments are proving beneficial for Myanmar as India contribute to economic development, security and political support and even the country's international standing. Since border trade was legalized, bilateral trade has grown strongly although the volume of formal trade remaining less than half of that with China. Official trade rose substantially after 2000. It stood at US \$ 486.59 million in 2004. India is already Myanmar's fifth largest trading partner after Thailand, China, Singapore and the EU as well as its third largest export market after Thailand. The main exports from Myanmar are beans, pulses and hardwood, with imports dominated by iron, steel and pharmaceuticals (Haacke 2006: 35). The two sides are targeting total trade worth US \$ 1 billion in 2006. Myanmar has also been able to join Indian initiatives for sub-regional economic and tourism integration: BIMST-EC in 1997 and Mekong-Ganga cooperation which was announced in July 2000.

Apart from the above cooperation, India is also giving loans to Myanmar. Minor lines of credit were provided since 1998. Then, in 2003, India provided a US \$ 56.35 million soft loan. This loan was given for the upgrading of Yangon-Mandalay rail link to establish a connecting rail link to Guwahati in India. In 2001, Indian Foreign Minister Jaswant Singh inaugurated the India built 160 km Tamu-Kalewa-Kalemyo highway as part of a project intended to link Moreh in Manipur with Mandalay and the Thai border at Mae Sot. India also plans to assist with the upgrading of cross border roads Rhi-Tidim and Rhi-Falam. Other infrastructure projects include the Tamanthi Hydro-Electric Project on the Chindwin River and the Kaladan multimodal. Transport projects, intended to connect the Indian state of Mizoram with the Bay of Bengal, construction of a highway and use of an inland waterway to Sittwe, which has been developed as a major seaport. There is apparently

also interest in constructing a deep sea port Dawei in the Tanintharyi division, which might further facilitate Indian trade with Thailand and Southeast Asia (Maitra 2005).

In addition, India has also registered increasingly serious interest in exploiting Myanmar's hydrocarbon resources. In January 2003, state and private Indian companies acquired shares and exploration rights in offshore and onshore blocks respectively. Myanmar agreed in principle to export natural gas by pipeline running from the Shwe Gas Field off the Rakhine coast to Kolkata via Bangladesh. An initial trilateral political agreement reached in January 2005 became hostage to India meeting bilateral demands from Dhaka. In December 2005 Myanmar signed a Memorandum of Understanding (MoU) with state owned PetroChina for the sale of 6.5 trillion cubic feet of gas for 30 years from the gas field in question (A-1 block) leaving the trinational pipeline project's future in doubt (Kumar 2006). This development has prompted India to focus its attention on a possible alternative pipeline through Mizoram, thus bypassing Bangladesh.

India also has limited defence cooperation with Myanmar. India entertain some military personal in the officers training places at India's Defence Academy. India renewed sale of military equipments to Myanmar. Myanmar participated in MILAN 2003, a multilateral meeting organized by the Indian navy to foster confidence building among Indian Ocean navies. The Indian navy also visited Myanmar ports regularly. Further, SPDC is reportedly interested in purchasing naval aircraft and anti-aircraft guns from India (Aroor 2006). It also proposed that the Indian navy train its sailors and officers in weapons and sensors, engineering and offshore operations. Meanwhile, after Myanmar's 2001 purchase of a squadron of MIG-29s from Russia, India reportedly agreed to share its expertise in operating Russian equipment (Egreteau 2003).

Improvements in relations with India have boosted Myanmar's international image and legitimacy. India defended Myanmar at the UN commission on Human

Rights. Myanmar has repaid India's political investment in two main ways: first, by conveying full support for India's quest for permanent seat of the UNSC. Second, by reiterating and acting on the assurance given by Foreign Minister U Win Aung in January 2003 that anti-Indian groups would not be allowed to stage insurgencies from Myanmar's territory. In October 2004, Than Shwe again committed Myanmar not only to overcome insurgent activities but also reaffirmed the regime's willingness to cooperate with India to prevent cross-border crime, including drug trafficking and arms smuggling.

The end of Cold War brought a change in the structure of the international politics. In this changing structure, Japan maintained a complex nature of bilateral relations with Myanmar. Several factors can be attributed to Japan's growing interest in Myanmar. One of the important factors is China's rise which had a deep impact in the world politics as well as in the regional politics. Rise of China has brought a reassessment of Japan's policy towards Myanmar and Southeast Asia as a whole. Furthermore, US's policy towards Myanmar is widely diverge from the one followed by Japan. Japan followed a constructive engagement policy whereas US followed an isolationist policy towards Myanmar. US imposed all possible kind of sanctions to isolate Myanmar. The UN also tried to play a vital role in Myanmar to bring democracy and improvement of human rights. However, UN seems to lack sincerity in its efforts to bring a political change and development in Myanmar. ASEAN also followed a policy of constructive engagement towards Myanmar. Myanmar's economic cooperation with ASEAN is beneficial with Southeast Asian countries like Singapore Malaysia, Indonesia investing in many economic sectors in Myanmar. This, in some way, checked China's economic influence in Myanmar. And regarding Myanmar's democratic and human rights issues, ASEAN considered it to be an internal affair though it provided all the possible external pressure. Another big neighbour and a rising Asian power, India has also shown its interest in Myanmar and other Southeast Asian region particularly after 1991 with the declaration of the 'Look



*East Policy*'. Two major factors for India's interest in Myanmar are economic considerations and the question of security in the Northeast region.

The impact of the Japan-Myanmar relations comes mainly from the influence of China in Myanmar both politically and economically. Since the establishment of SLORC, the relationship between China and Myanmar became closer. With US and west trying to isolate Myanmar in the name of human rights violations, Myanmar had decided to move closer to China for diplomatic and other support. These are some of the reason for Myanmar to have a close proximity to China. Myanmar's close relation with China is a great concern for Japan. China's rise itself is also a great concern for Japan as there is a strong antagonism towards each other since the Second World War.

Thus, in the changing post Cold War international environment, Japan and Myanmar are trying to enhance their historically friendly nature of relations. Both the countries' effort for improving their relations can be attributed to factors like Japan's economic interest and the containment of China. India and ASEAN countries engagement approached towards Myanmar in the recent times compels Japan to come closer towards Myanmar.

## ***CHAPTER THREE***

## CHAPTER THREE

### *Japan-Myanmar Relations: Political Dimensions*

#### **Introduction**

In the last chapter, bilateral relations between Japan and Myanmar have been discussed in the context of the changing international environment. The chapter focused on the analysis on Japan's relation with Myanmar vis-à-vis other major states of the world. In continuation, this chapter attempts to investigate the political dimensions of Japan-Myanmar relations. It begins with the examination of the origin of Japan-Myanmar political relations. It further tries to find out the major factors which influence the political relations between these two countries. (For example, the 1962 and 1988 military coup in Myanmar and the Aung San Suu Kyi factor). This chapter is divided into five main sub-sections. First section gives a brief historical background of Japan-Myanmar political relations. The second section deals with the 1988 political crisis in Myanmar and its impact on the Japan-Myanmar political relations. It further looks into the political relations between the two countries in the Post Cold War period. The third section focuses on the Aung San Suu Kyi factor and its influences on Japan's policy towards Myanmar. Fourth section deals with Japan's role in the democratization of Myanmar and the last section of this chapter analyses the role of Japan on human rights issues in Myanmar.

Further, it seeks to explain the reasons why a democratic state like Japan maintains its relations with military ruled Myanmar. In broader terms, it analyses the negotiation of democratic Japan's foreign policy with the non-democratic Myanmar. The chapter elucidates the conflicts that have arisen due to the differences in the form of government and ideology. The main focus of the chapter is on the political relations that developed after the regime change in 1988 from a military dictatorship to a military junta known as *State Law and Order Restoration Council* (SLORC) and the subsequent suppression of the democratic movement and the human rights violations by the SLORC. Moreover, the end of Cold War in 1991 also restructured the whole international balance of power. As a result, it has had a great impact on Japan-Myanmar politico-economic relations.

Japan-Myanmar political relation is also significantly influenced by the Aung San Suu Kyi factor. The military regime (SLORC) after declaring the election result of 1990 as null and void, kept the pro-democracy party leader Aung San Suu Kyi under house arrest. This triggered the Japanese foreign policy makers who are among the leading supporters of democracy, human rights and open market economy to criticize the military coup of Myanmar in 1988 by SLORC and its subsequent violation of human rights. Japan has been pressurizing the military regime to restore the 1990 election result and release the pro-democracy party leader Aung San Suu Kyi.

### **3.1 Historical Background**

Diplomatic relation between Japan and Myanmar began in the year 1954 when Japan signed a peace treaty and war reparation agreement with Myanmar. Since 1954 till the early 1960s, Japan had maintained close diplomatic relations with Myanmar. This cordial relationship was affected slightly by General Ne Win's coup in 1962. During General Ne Win's period of '*Burmese Way to Socialism*' from 1962 to 1988, Japan somehow managed to maintain the friendly relation between them. The friendly ties between the two countries also go well into the past. Ne Win, Aung San (father of the Nobel Laureate Aung San Suu Kyi), and other leaders of Burma's independence movement were members of the '*Thirty Comrades*', a group of nationalists organized and trained by the Japanese army on the eve of Second World War. The group became the leading force of the Burma Independence Army (BIA), formed at the end of 1941. In 1942, the Burma Independence Army fought alongside the Japanese army to expel the British (Oishi and Fumitaka 2003: 898). Moreover, Myanmar became the first Asian country to which Japan made payments for war reparations in 1954. These close and friendly relations between the two countries are often described by the Burmese and Japanese alike as "a unique friendship" (Seekins 1992: 254).

Japan's post-war diplomatic relations with Burma can be characterized as that of the donor of Official Development Aid (ODA), and the recipient of that aid. Japan was the only main aid donor country that maintained diplomatic relations with the Burmese socialist government of General Ne Win. As a result, Tokyo government has

highly valued its relations with Burma and has been regarded it as a pro-Japanese country. The MOFA once described Burma as Asia's friendliest nation towards Japan (Seekins 1992: 254). In December 1954, Burma became the first country in Asia to receive war compensation from Japan. Burma eagerly accepted this Japanese compensation because the *Pyidawtha Program*, the economic plan of Premier U Nu's administration aimed at developing a welfare state. The compensation was later extended by a supplementary agreement in 1963.

The domestic political change in Myanmar largely affects the Japan-Myanmar political relations. Myanmar's political history can be divided into three political eras: Parliamentary Democracy (1948-1962), General Ne Win's '*Burmese Way to Socialism*' (1962-1988) and the military *State Peace and Development Council* (post 1988) (Smith 2006: 20).

In early 1960's, the widespread conflict and internal political struggle in Burma weakened the government to hold on power. The U Nu led civilian government encountered continuous threat and challenges from growing communist and minority ethnic insurgencies and also from a war shattered economy (Thawngmung 2003: 444). General Ne Win, in 1962, led a military coup that abolished the constitution and established a xenophobic military government with socialist economic policies. This political change in Myanmar became an obstacle in the development of Japan-Myanmar political relations during the 1960s. Further, the Sino-Burmese border treaty in 1960 - the first border treaty signed after the Chinese civil war gave a blow to post war political development between Myanmar and Japan. Despite the above mentioned factors, there was an attempt by the Japanese government to sustain the close relationship with Myanmar. Nobusuke Kishi became the first post-war Prime Minister to make a tour of Asian countries before going to Washington, and Yangon was his first port of call. His successor, Hayato Ikeda and Eisaku Sato, also visited Burma on their tours of Southeast Asia. In the 1970s, there was not much change in the Japan-Myanmar political relations. Though they do not enjoy close relations with each other, they do not have an antagonistic nature of relationship either. Japan belonged to the western camp during the Cold War politics of 1970s while General Ne Win followed the isolationist policy from the Cold War politics and remained a committed member of Non Alignment Movement (NAM). In

the 1980s, Japan was trying to improve its relation with Myanmar by providing aids to the Ne Win's government. In 1987 Myanmar received more than seventy one per cent of its ODA from Japan, which covered some twenty per cent of expenditures in the national budget. Until mid-1988 Japan was by far the largest donor of foreign aid to Burma. Between 1973 and 1988 Japan provided more than two-third of bilateral ODA disbursements to Burma, and this amounted to more than \$ 1.87 bn in grants and loans (Bray 1995: 51).

In 1988, there was a political crisis in Burma which caused damage to the friendly relationship with Japan. Anti-government demonstrations erupted in Burma due to the deterioration of the country's economy under the General Ne win's government. Under mounting pressure, General Ne Win resigned after twenty six years in power. His two successors Sein Lwin and Maung Maung were unable to control the situation. Under such circumstances, the military under General Saw Maung seized power and killed hundreds of student protesters demanding democratization. A military government, the State Law and Order Restoration Council (SLORC) was set up. The country's name was changed from Burma to Myanmar. This ruthless behaviour of the Burmese military annoyed the Japanese government. Japan followed the west in suspending aid to Burma but it never linked to the military action. Then in February 1989, Japan broke with the west when it recognized the authority of the military's SLORC and resumed economic aid for continuing projects as well as humanitarian aid (Arase 1993: 946). By restoring its aid to Myanmar in less than half a year, Japan continues its special relationship with military controlled Myanmar. Tokyo has favoured a policy of 'quiet diplomacy' in the belief that gentle pressure on SLORC is more likely to achieve results than outright confrontation (Bray 1995: 51).

### **3.2 Political relations in the Post Cold War era**

When the Cold War came to an end with the disintegration of the Soviet Union in 1991, the world politics drastically changed thereby affecting the Japan-Myanmar political relations. With bipolarity coming to an end, Japan started concentrating its policy towards the Asian states particularly the North and Southeast Asian states. Japan's policy towards Myanmar after the end of Cold War consists of three

approaches: dialogue, constructive engagement, and promoting incremental change. Japan supports the concept of democratic government, but seeks to interact with, rather than isolate, the current military regime. Like Thailand, Japan believes that increased interaction with regional bodies and democratic countries will incrementally change Burmese government policies on issues of concern (forced labor, human rights, disease and drugs), and believes that dialogue is crucial to maintaining a balance of power on mainland Southeast Asia.

In the twenty-first century regional politics, Japan is aware of the potential Chinese-Indian strategic rivalry over Myanmar. It also appreciates the power of ASEAN as a mitigating force. As an ally of the United States and a close friend and investor in several Southeast Asian countries, Japan is in a policy bind, caught between strict U.S. policies toward Myanmar and the engagement policies of ASEAN. Japan attempts to straddle both policy approaches, generally supporting the goals of the U.S. and the West, and the efforts of the ASEAN nations. Japan worries about a Myanmar closely linked to China that would materially strengthen Chinese strategic capacities close to the sea-lanes between the Persian Gulf and Northeast Asia.

### **3.3 The Aung San Suu Kyi factor**

In the constituent assembly election of May 1990, the National League for Democracy (NLD) coalition led by Aung San Suu Kyi won an overwhelming victory. The SLORC cancelled the results of the election and suppressed the NLD, placing Aung San Suu Kyi under house arrest (Javed 2001:78). The military regime then arrested the NLD leaders and punished them with imprisonment, torture, expulsion, and summary executions (Arase 1993: 946). The house arrest of Aung San Suu Kyi and other NLD leaders by the military regime was widely criticized by the Japanese government and other major countries. Japan suspended aid and tried to pressurize the military regime to bring political reconciliation between the government and the opposition. In the meantime, Aung San Suu Kyi was awarded the Nobel peace prize in 1991 for her struggle against repression in Myanmar and the abuses of the regime. It further magnified Myanmar's human rights issues across the world.

For most Japanese citizens who followed world affairs in the 1990s, Aung San Suu Kyi was a charismatic and attractive figure. They have identified with her more easily than with other internationally prominent human rights advocates such as Bishop Desmond Tutu of South Africa or Rigoberta Menchu of Guatemala, who both share with Suu Kyi the distinction of having won the Nobel Peace Prize. Aung San Suu Kyi's father, Aung San, had a close historical association with Japan. While Suu Kyi was at Kyoto University's Center for Southeast Asian Studies during the mid-1980s she conducted research on her father's life.

After her house arrest, and especially after she received the Nobel Prize in October 1991, a number of books were written about Suu Kyi in Japanese. Her collection of writings, *Freedom from Fear*, was translated into Japanese and published in 1991, and a translated collection of her speeches was published in 1996. In 1994, she even made it into the world of *manga* (Japanese book-length comics) when one *manga* publisher came out with the story of her life, *Aung San Suu Kyi: Tatakau kujaku* [Aung San Suu Kyi: The fighting peacock] as part of its "Super Nobel Prize Stories" series (Akazu 1994). In the comic, she and her husband, Michael Aris, are portrayed as examples of the *bishoonen* (beautiful young people) types popular with Japanese readers. The news and broadcast media, including the state-run television network, Nippon Hoosoo Kyookai (NHK), gave Suu Kyi a fairly extensive coverage. In a 1991 historical program on wartime Japanese assistance for the Burmese independence movement, for example, she was mentioned as Aung San's daughter, indicating that she is the inheritor of his patriotic legacy. Commercial television stations, such as the Tokyo Broadcasting System (TBS), also featured her activities in programs such as TBS's Sunday evening news analysis program, *Joofoo Tokushuu* Japanese newspapers, and especially the more liberal dailies like the *Asahi Shimbun* and the *Mainichi Shimbun*, paid more attention to her than did their counterparts in the West (the *New York Times*, for example), which were preoccupied by developments in the Middle East and Eastern Europe. After Suu Kyi's release from house arrest in July 1995, the *Mainichi Shimbun* published her weekly "Letter from Burma" in Japanese, with the English-language version appearing in the *Mainichi Daily News*. In 1996, the series won an award from the Japan Publishers and Editors Association (Seekins 1999).



On several occasions, members of both houses of Japan's parliament, the Diet, petitioned for Aung San Suu Kyi's release from house arrest. In April 1994, the *Japan Times* reported that more than half the Diet membership, 403 out of 763 persons, signed such a petition, which was then addressed to the Secretary-General of the United Nations in coordination with similar petitions from other countries. In addition, certain members of the Diet, including Eda Satsuki and Hatoyama Yukio, organized a "Parliamentary coalition to seek the release of Aung San Suu Kyi", whose agenda included holding study sessions on the Burma crisis and coordinating activities with parliamentarians in other countries.

The Diet's influence over Japan's foreign policy was very limited compared to that of the executive agencies of government and the Liberal Democratic Party (LDP). However, even senior LDP politicians and elite bureaucrats could ill afford to ignore Aung San Suu Kyi. In August 1990, Watanabe Michio, a powerful Diet member and LDP faction leader met with SLORC chairman Saw Maung. He was the first Japanese legislator to visit Burma after the SLORC takeover. In the meeting, he urged both the transfer of power to civilians and the release of Aung San Suu Kyi. Similar requests were made when Suu Kyi was awarded the Nobel Peace Prize in October 1991. In addition, Japanese officials made their concerns known to other Asian leaders. In December 1991, Prime Minister Miyazawa Kiichi brought up Aung San Suu Kyi and the Burmese political crisis in his discussions with Malaysia's Prime Minister, Mahathir Mohamad. The following month, Watanabe Michio, newly appointed Foreign Minister, broached the same issues with Chinese Deputy Prime Minister Wu Xueqian in Beijing (Seekins 1999).

Aung San Suu Kyi's emergence as a figure of international stature had two somewhat contradictory consequences. First, her determined opposition to SLORC made it possible to keep the Burmese crisis in the international limelight. Without a charismatic leader, the Burmese democratic movement would probably have slipped into obscurity. Aung San Suu Kyi's prominence before both domestic and international audience meant that Japan as well as the other major democratic countries had to give her at least symbolic gestures of support even if they preferred to conduct business as usual.

Second, as Aung San Suu Kyi herself became the central focus of “quiet dialogue”, Tokyo's official concern for her personal welfare drew attention away from other more deeply rooted problems such as the junta's systematic denial of human rights throughout the country, both in ethnic minority and Burman areas. In a sense, Aung San Suu Kyi's existence under house arrest simplified Japan's task of negotiating with SLORC. She became a bargaining chip in SLORC's efforts to secure a bigger slice of the Japanese ODA pie. Their decision to release her in July 1995 reflected confidence that she would soon be marginalized and forgotten by the international community.

When Suu Kyi was released from house arrest in July 1995, Japan was the first foreign government to be informed of her release. It seems to indicate that Tokyo must have played an important behind-the-scenes role in the whole affair. Japan on the other hand, felt that use of small incentives to remind SLORC that bigger rewards were contingent upon its good behavior seemed to be working. In February 1994, United States Congressman Bill Richardson was allowed to meet with her. More significantly, leaders from within the regime itself met with her on two separate occasions in September and October. To reward SLORC for these minor concessions, the Japanese government announced in late 1994 that it would approve US \$ 10-20 million in new humanitarian aid. During fiscal year 1994 Tokyo gave Burma three debt relief grants totaling 12.0 billion yen, twice as much as in the previous year.

Then, in March 1995, while the Ministry of International Trade and Industry (MITI) quietly restored financial risk guarantees for Japanese companies investing in Burma, the government announced a new grant of 1.0 billion Yen (US\$10.0 million, the largest allocation of new aid since 1988) to be used to increase food production in Burma's border areas. Foreign Minister Kohno Yohei downplayed the political significance of this action, saying that “the government decided on the grant aid as humanitarian assistance. Therefore, there is no change in our aid policy”. In May 1995, an additional 4.0 billion yen in debt relief grant was given, presumably with the same or similar implied conditions with respect to human rights issues (Seekins 1999). Japan hopes that the military junta will take the aid as Tokyo's political message that Tokyo wants to see improvements in human rights in Myanmar.

As a further inducement to good behavior, Japan announced aid for the renovation of a nursing college in Rangoon in October 1995. This was followed up by a visit from SLORC Deputy Chairman General Maung Aye, who stopped in Japan from October 30 to November 8 and, together with Economic Planning Minister David O. Abel, visited various private companies and queried Japanese Foreign Ministry staff about future ODA funding. SLORC most likely hoped the meeting would lead to a full reopening of ODA, but Tokyo remained noncommittal in its public statements on the matter. So far, Japan's aid to Myanmar is concerned, the policy has been decided case-by-case in consideration of the ongoing situation, its democratization and protection of basic human rights

Aung San Suu Kyi, on the other hand, is not happy with Japan's aid to the military regime. Her opposition to the Japanese aids (even the humanitarian aids) was expressed in many of her interviews to the various magazines and newspapers. For example, in an interview in the monthly magazine *This Is Yomiuri*, published by the *Yomiuri Shimbun* group, Suu Kyi specifically expressed her opposition to even humanitarian aid from Japan:

“The reason I oppose all ODA is that I don't think it is effective in improving the people's livelihood. . . . One of these [ODA] programs [involves] construction of new facilities for the nursing college [Rangoon Nursing College]. This will not benefit the people as a whole. Those who will secure contracts for construction of the facilities are people with close ties to the regime. They'll make money on the contracts. Those who will be chosen to attend the school will be those with close ties, including blood ties, to the junta. There is no guarantee that in future these people will work to benefit the nation as a whole. To get money, they may work in a private hospital or go overseas. . .” ( Aung San Suu Kyi)

Aung San Suu Kyi to a correspondent for the *Far Eastern Economic Review* when asked her in August 1995, about her opinion on Japan's decision to resume aid, said

“I think they should wait and see a bit and not rush into it. Aid should get to people who need it most and it should be given in the right way at the right time. If it is a reward for my release, I'm just one political prisoner released, and there are others as well. The change in conditions of just one person is not enough.” (Seekins 1999)

In November 1996, officials of Aung San Suu Kyi's National League for Democracy (NLD) were attacked by a mob, and in December there were anti government student demonstrations and bombing incidents in Yangon. As a result, nearly 700 people were arrested and several leading members of the NLD who had been arrested during the year were given long prison terms. However, these incidents did not hold back Ms Aung San Suu Kyi from moving ahead with her programme. She and other NLD leaders decided to form a committee representing the people's parliament (elected in 1990), which included seven elected members and three unelected members including herself, and to declare invalid all legislations passed after 1988 (Haacke 2006: 22). Japan closely watched the overall situation with concern. The Government of Japan believes that the regime in Myanmar should demonstrate visible efforts to progress steadily toward democratization and to improve human rights. Its basic position is that any attempt to turn back the tide of democratization cannot be overlooked.

However, Japan has been following policy of engagement with the military regime since the early 1990s as well. In July 1992, Japan sent its parliamentary Vice-Foreign Minister, Koji Kakizawa, to Myanmar. In October 1992, Japan's ambassador to Myanmar, Tomoya Kawamura, informed SLORC member Tin Tun that Japan was “satisfied” with improvements in the political situation despite SLORC's continued refusal to release Aung San Suu Kyi and honour the results of the 1990 elections (Arase 1993: 946). All the above developments disappointed the pro-democracy leaders particularly Ms Aung San Suu Kyi. In February 1994, Japan further decided to extend aid to Non Governmental Organizations (NGO) such as the Red Cross of Myanmar, which were engaged in activities to strengthen medical aid services. Similarly, an approximate 1.6 billion yen in grant was offered for the planned

extension of a nursing college in October 1995. Then in March 1998, an ODA grant of US \$ 25 million was released for a project to extend Yangon airport (part of a 274 million pound project which had been started by Japan in early 1988). A further US \$ 800,000 was given for anti-narcotics programmes (IDEA 2001: 144). In the meantime, Japan kept open channels of communication both with SLORC leaders and, informally, with Ms Aung San Suu Kyi with a view to bringing about political reconciliation between the government and the opposition. Japanese Foreign Minister Kakizawa Koji met his counterpart, Mr Ong Jo, in June 1994 to urge SLORC to expedite democratization. Again in November 1995, Kakezawa's successor, Kohno Yohei met Mr Ong Jo and reiterated the same point.

Amidst all this, Japanese policy regarding Aung San Suu Kyi factor was condemned by the military junta. The junta maintained that a singular engagement with one person (Aung San Suu Kyi) and her party amounts to negating the will and interest of the millions of population in Myanmar. Further, the junta also condemned those who are trying to influence Myanmar through Aung San Suu Kyi as an unnecessary interference in the internal affairs of a sovereign state. Myanmar's Foreign Minister U Ohn Gyw on 1 October, 1998 told the United Nations that "the world had no right to interfere in his country's internal affair" (CNN 1998).

In brief, Aung San Suu Kyi factor has deeply influenced Japan's foreign policy towards Myanmar. This influence owes to historical affinity with Myanmar and the people of Japan through her father Aung San and also to a symbol of charismatic young leadership in the fight for democracy in the person of Aung San Suu Kyi. This symbol is further enhanced and popularized by the Nobel Prize awarded to her in 1991.

### **3.4 Japan's role in the Democratization of Myanmar**

The need for the promotion of democratization and the protection of human rights are widely recognized by the international community as a basis for world peace and prosperity. Japan has actively supported the human rights issues and democratization process across the world and Myanmar is no exception in its endeavor to bring democracy and protection of human rights. Japan has reiterated the importance of democratization in Myanmar in various meetings between them held on the sideline

of the ASEAN+3 summit meetings and official visits by high-level dignitaries to Myanmar. In one such summit level meeting between the Japanese Prime Minister Junichiro Koizumi and the Prime Minister of the Union of Myanmar Senior-General Than Shwe on 5 November 2001 in Brunei Darussalam (MOFA, Japan 2001), both the countries expressed desire to work towards democratization in Myanmar. Prior to this meeting, in May, some political detainees were released by the military junta. Prime Minister Koizumi highly valued such efforts by the Government of Myanmar. However, he called for further efforts to be made. He also expected that efforts would continue towards democratization, while noting the role of Aung San Suu Kyi. Prime Minister Than Shwe also stated that efforts towards democratization would continue with the military government without interfering into whatever role Aung San Suu Kyi plays in the process of democratization. In addition to the above discussion, the two countries also stressed on exploring wide avenues in which cooperation can be undertaken in the future for an increasing friendly and co-operative relationship between them. This would serve the interest of the two countries in particular and the Southeast Asia in general. The alleged effort by Myanmar in political reform towards a parliamentary system and democracy, in addition to economic reforms in a move from nationalization to privatization is a welcome development (MOFA, Japan 2001).

Japan's commitment towards democracy can further be reaffirmed by the subsequent visit of Foreign Minister Kawaguchi to Myanmar from August 3 to 5 in 2002. This was significant in view of the political relations between the two countries. The visit was the first by an incumbent Japanese Foreign Minister in 19 years and also the first by any incumbent G8 Foreign Minister to the country under the current Myanmar government established in 1989. This was also coincided with the visit by the UNSG Special Envoy Tan Sri Razali, whose efforts Japan had been strongly supporting. Foreign Minister Kawaguchi took that opportunity to exchange views with him as well (MOFA, Japan 2002). The visit paved a way to further strengthening of their bilateral relations. During her visit she met with both senior members of the Myanmar government and with Aung San Suu Kyi, leader of the democratic force in the country. In her talks both with the government leaders and with Aung San Suu Kyi, Foreign Minister Kawaguchi welcomed the recent moves toward democratization like the release of political detainees in Myanmar. Like the prime minister, she also called for further efforts towards democratization through

reconciliation among the armed groups and ethnic minorities in Myanmar. She also stressed the importance of Japan's strong historical affinity with Myanmar and the people, Myanmar's geopolitically important position and most important, Myanmar's stable development and its democratization to ensure stability and prosperity of the surrounding region and for Japan to develop Japan-Myanmar ties into one of the key bilateral relationships in the Japan-ASEAN framework.

Japan encourages both parties of the government and Aung San Suu Kyi to advance "policy dialogue in humanitarian areas" and develop it to "political dialogue". As stated above, Japan intends to support both democratization and nation building of Myanmar. Japan hopes that the government of Myanmar will make even greater efforts toward reconciliation with ethnic minorities in order to achieve stable nation building. The Myanmar government also expresses its desire to co-operate and even engage in dialogues with Aung San Suu Kyi over various issues. This claim is however refuted by the leader of National League for Democracy (NLD) saying that no significant dialogue had been initiated so far. In view of these conflicting and contradictory claims of both the parties, it is yet to be seen whether Japan's effort towards Myanmar yields any significant result in the democratization of Myanmar.

Japan is also making an "effective use of aid in diplomacy" by showing its willingness to actively expand its assistance, in response to further positive moves, mainly in the field of Basic Human Needs (BHN). On 10 May 2002, Mr. Shigeru Tsumori, Japanese Ambassador to Myanmar, and H.E. U Soe Tha, Minister for National Planning and Economic Development of Myanmar exchanged notes in Yangon for the project of Baluchaung No. 2 Hydro Power Plant. The Baluchaung No. 2 Hydro Power Plant is the power plant of a largest scale in Myanmar with an installed capacity of 168 MW, accounting for about 24 percent of the total annual electricity production in the country. The Japanese aid to Myanmar will be analyzed in details in the next chapter.

On 6 May 2002, Myanmar government released Aung San Suu Kyi from house arrest. Since her release, Aung San Suu Kyi has been free to visit anywhere inside of Myanmar, including all of the development project sites such as dams, bridges and irrigation facilities. Moreover, the National League for Democracy (NLD)

is free to engage in political activities. Aung San Suu Kyi also visited to Irrawady Division, a major region both in terms of economy and population. In addition, she had met with relevant ministers of the government on thirteen occasions and with a liaison officer 107 times (MOFA, Japan 2002).

This move was welcomed by the Japanese government as well as the other major countries which are supporting a democratization process in Myanmar. Japan feels that this was a step forward to the democratization and nation building. This lifting of restriction on the movement of the NLD leader was shortlived due to the 'Depayin incident' on 30 May 2003. The move towards democratisation got a set back due to Depayin incident after which Aung San Suu Kyi was re-arrested. As a reaction, Japan called for the release of Aung San Suu Kyi and criticized the military junta for the incident. In the words of Ms Yoriko Kawaguchi, Minister for Foreign Affairs, "It is deeply regrettable that Aung San Suu Kyi and other leader of National League for Democracy (NLD) have been put into custody. Japan strongly calls on the Myanmar Government for rectifying the current situations, including an immediate assurance of the freedom of political activities by Aung San Suu Kyi and other members of NLD, and for disclosing relevant information to the international community." (MOFA, Japan 2003)

Through its continued engagement with Myanmar, Japan has been persistently calling on the Government to improve the situations. Japan also supports the initiative by the United Nations Secretary General Kofi Annan and Razali Ismail, Special Envoy of the United Nation Secretary-General. Japan expects the Myanmar Government to utilize the opportunity provided by the UN to take prompt steps toward a solution of the situations and to initiate its genuine efforts toward national reconciliation.

### **3.5 Human Rights issues in Myanmar: Role of Japan**

An assessment of human rights in Myanmar deals with the economic and social rights of the people of Myanmar, as well as their political and civil rights. As far as economic and social rights are concerned Myanmar is traditionally one of the most resource rich countries in Asia. Events in Myanmar since independence have resulted



in this potential remaining largely unrealized, thereby depriving the economic and social rights of the people of Myanmar especially those in the rural border areas. These regions continue to suffer as a result of a lack of economic development.

Myanmar's under-five mortality rate is unacceptably high at 150 for every thousand births. Literacy rates have fallen dramatically and there is a severe shortage of educational materials. Moreover, the Government of Myanmar closed the universities in December 1996 when violence occurred during pro-democracy protest by students and other democracy supporters. These universities were reopened gradually only from 27 June, 2000. By July 24, all universities in Myanmar were functional again. Japan has been telling the Government of Myanmar about the impact that the country would have by the closure of the universities on the younger generations of Myanmar. The Government of Japan hopes that the Government of Myanmar will further promote improvement of the educational environment in the reopened universities. The decision by the Government of Myanmar to reopen the universities in 2000 is regarded as a positive measure towards the human rights improvements. Japan also expects that more proactive measures will be taken for the democratization and improvement of the human rights situation in Myanmar.

The more important on human rights issue is the denial of the political and civil rights by the military regime (SLORC/SPDC) which came to power after a coup d' etat in 1988. Since its establishment, SLORC/SPDC has been suppressing the political rights of its citizens. This can be noticed by the detention of number of pro-democratic party (NLD) leaders and keeping of its leader Aung San Suu Kyi under house arrest. Those political activists were put into jail for demanding their political rights which the military junta has been denying since 1988. This action of the military junta is a gross violation of human rights according to the UN's Universal Declaration of Human Rights law. Political and civil rights are thus denied under the present military regime (SLORC/SPDC) in Myanmar.

Japan is deeply concerned about these human rights violations in Myanmar. Japan, being one of the leading countries that advocate human right issues in Myanmar, stands for achieving democracy in Myanmar so that human rights of the people of Myanmar can be protected. However, Japan believes in promoting democracy and protecting the human rights in Myanmar through dialogue and not

through sanctions as followed by the west. In the words of Yoshimori Yokabe, a foreign ministry official, “sanctions have only led to deteriorating conditions for the ordinary people living in that country rather than promote democracy”. He further points out that western sanctions against Burma, since 1988, have been a failure. He blamed economic sanctions for the high unemployment rates in Burma. Around 2,00,000 workers were jobless and more factories closed due to bankruptcies. Japan’s approach to Myanmar gives particular weight to the fundamental objectives of encouraging Myanmar to develop a more participative system of government and to observe internationally recognized standards of human rights.

In July 1996, Japan's Foreign Minister Yukihiko Ikeda met Myanmar's Foreign Minister Ohn Gyaw in Jakarta, Indonesia. In the meeting Mr. Ikeda made it clear that the Government of Japan believes that SLORC should seek for ways and means to initiate dialogue with Aung San Suu Kyi's NLD and should incorporate the NLD in the process of drafting a new state constitution (MOFA, Japan 1997). Moreover, Japan is giving pressure to the military junta through the Japanese ambassador and other channels for human rights improvements.

Japan also tried to bring in ASEAN’s role in Myanmar’ human rights issues by engaging with the isolated government of Myanmar. In January 1997, Prime Minister Ryutaro Hashimoto conveyed Japan's position to the leaders of ASEAN member states in words to the following effect: “Japan does not feel international isolation is the optimal way for the improvement of domestic situation in Myanmar. Rather, Japan thinks it important to give Myanmar incentives to behave in line with international norms by drawing it out as a member of the international community. From that point of view, Japan appreciates ASEAN's agreement to grant official membership to Myanmar sometime in the future. On the other hand, Japan also thinks that ASEAN membership should not provide a smokescreen for oppression in Myanmar. Accordingly, Japan hopes that ASEAN will handle the membership issue in such a manner as to contribute to the improvement of the domestic situation in Myanmar” (MOFA, Japan 1997).

Japan has also been supporting UN activities in the field of human rights undertaken by, for example, the Office of the High Commissioner for Human Rights (OHCHR). Japan has contributed around US\$ 8,00,000 in 1988 to the various funds

administered by the OHCHR. Since becoming a member of the UN Commission on Human Rights in 1982, Japan has actively participated in deliberations and considerations. Japan held the third symposium on human rights in the Asia-pacific region in Tokyo in January 1999, inviting United Nations high commissioner for human rights, Mary Robinson. The symposium reaffirmed the steady significance of the Universal Declaration on Human Rights.

In the absence of progress towards the human rights improvements, Japan had not provided major grant aid or yen loans for new projects apart from the small scale, grass roots assistance through non-governmental organizations. However, efforts to bring about improvement of human rights in Myanmar are still being carried on by the Government of Japan. On 23 and 24 November, 2001, workshop on Japan-Myanmar co-operation for structural adjustment of Myanmar economy was held in Yangon (MOFA, Japan 2001). This is the third workshop, following the first and second respectively held in Yangon and Tokyo. This workshop was co-sponsored by the Government of Japan and the Government of Myanmar. From the Myanmar's side, Government officials was headed by H.E. Brigadier-General D.O. Abel, Minister at the office of the Chairman of the SDPC and experts from various fields of academia and the economic sector. Japanese delegations was headed by Masashi Namekowa, Deputy Director-General, Economic Co-operation Bureau, Ministry of Finance, and Ministry of Economy, Trade and Industry and experts from various fields of academia and the economic sector. The participants in the workshop exchanged views on reforming the Myanmar economy, based on surveys conducted in four fields: Fiscal and Monetary Policy; Trade and Industrial Policy; Information Technology and Agricultural and Rural Development.

In a nutshell, political relations between Japan and Myanmar enjoyed a very special type of relationship, which is often termed as a *special relationship*. Many scholars attribute this *special relationship* particularly to a historical affinity between the two countries. However, the relationship has been far from being a smooth one, which is evident from the turbulences observed from time to time. An interesting aspect has been the role of domestic affairs in influencing the course of the bilateral relationship between the two countries. For instance, during the Cold War, Myanmar adopted a policy of Non-Alignment whereas Japan was a staunch ally of the USA,

indicating divergent foreign policies. This in turn proved to be a hindrance to cementing political ties between them in spite of the absence of any strong antagonism towards each other.

In September 1988, the overthrow of General Ne Win's government through a military coup by General Saw Maung and the subsequent establishment of SLORC had an important bearing on the bilateral relationship between Japan and Myanmar. This particular incident adversely affected their relationship, which was acerbated by an expression of concern by Japan in the international arena. Another factor, which influenced the functioning of political relations between Japan and Myanmar in the aftermath of the cancellation of democratic elections in 1991 in Myanmar, is the issue of Aung San Suu Kyi. The constant endorsement of human rights and democracy by Japan also proved to be a major irritant in the development of political relations.

Thus, an analysis of the political relations between Japan and Myanmar would bring out various complexities arising essentially out of a multi-layered nature of the aims and policies followed by each party. It may be maintained that the two enjoy a relationship that goes much beyond traditional, formalistic relationships between two sovereign nations. At the same time, it would not be appropriate to describe their political relations as "warm". Despite various differences in political stances and opinions, both Japan and Myanmar have felt a constant need to forge close relations with each other. Consequently, they have always maintained a *special relationship* in spite of the highs and lows, which have surfaced intermittently, especially after the usurping of power by the SLORC.

## ***CHAPTER FOUR***

## CHAPTER FOUR

### *Japan-Myanmar Relations: Economic Dimensions*

#### **Introduction**

In the contemporary world politics, relations between any two countries are deeply influenced by their economic relations. Japan and Myanmar are two unequal economic powers, which have maintained economic relations despite huge differences in their economic prowess and resources as well as in terms of political goals and interests. Whereas Japan is one of the economic superpowers of the world, Myanmar is the poorest country among the Southeast Asian countries. Therefore, this asymmetric economic relation between Japan and Myanmar provides an interesting area of study. This chapter examines the history, nature, complexities and challenges ahead of the Japan-Myanmar economic relations. The chapter is broadly divided into five sub-sections. The first section deals with a brief historical background of the Japan-Myanmar economic relations. Second section analyse Japan's Official Development Assistance (ODA) in Myanmar and the underlying policy Japan has been implementing while disposing its ODA. This section tries to answer some of important questions on ODA such as: What is the real purpose of ODA in Myanmar? Is it a political tool to encourage the military regime towards democracy? Does Myanmar need development? If so, what kind of development does it need? For the development, is it necessary for other countries to give ODA? Should ODA be given under the current military regime? Is ODA good for Myanmar? Does it only help the military regime consolidate itself without its benefits reaching the common masses? Is it possible to meet the objectives of ODA to Myanmar under the present regime?

The third section of this chapter focuses on Japanese Foreign Direct Investment (FDI) in Myanmar. Further, Japan's FDI to Myanmar is compared to the FDI to other Southeast Asian countries. This section deals with questions of the constituency of beneficiaries from the investment and its impacts on the local people and the environment of Myanmar. If ODA and investment lead to problems for people and the environment, how much of it is the responsibility of the military regime? The

first two sections also examine the role of the Japanese government, of private companies, and of individuals in development in Myanmar.

The fourth section focuses on the trade relations between the two countries. The Japanese products that are exported to Myanmar and the imports from Myanmar are discussed in this section. The volume and trend of trade between these two uneven states has also been examined in this section. And the last section deal with Japan's economic relations with Indonesia, Thailand, Malaysia and its comparison with Myanmar.

**Figure 1: Japan and Myanmar compared (2006)**

	Unit	Japan	Myanmar
GDP	US \$ million	4,367,459	13,002
GDP per capita	US \$ million	32,647	2,161
Foreign Exchange Reserves	US \$ million	915,620	932
Population	Person	127,463,611	47,382,633
Area	Square kilometer	377,835	678,500

Source: IMF World Economic Outlook Database, April 2007; The Penguin India Reference Yearbook 2007

It is evident from the above figure that Japan and Myanmar are two unequal economies. However, in the age of globalization, a developed country like Japan is in need of natural resources and Myanmar is one of the resource rich countries in the Southeast Asia. On the other hand, Myanmar is in need of the technology and capital from Japan. Thus, Japan and Myanmar need each other in the international economic atmospheres. They are trying to enhance their economic relations despite huge differences in terms of GDP, Foreign Exchange Reserves and technology.

#### **4.1 Historical background**

Since the end of Second World War, Japan has pursued the so-called "traders' diplomacy: a diplomacy of the economy, by the economy and for the economy" (Itoh 1995) in its relation with Myanmar. Therefore, economic aspects were among the

most significant factors in pursuing its foreign policy towards Myanmar. The relation between Japan and Myanmar is primarily seen as that of a donor and a recipient, with Japan taking the role of a donor and Myanmar as a receiver. In 1954, Myanmar became the first country in Asia to receive war compensation from Japan. From 1955 to 1965, the Japanese government paid 72 billion yen (which was then the equivalent of US \$ 200 million) in goods and services. A major portion of this was used for the construction of the Baluchaung Dam in Karenni State and four major industrialization projects: light vehicle production, heavy vehicle production, farming machinery production, and electrical machinery production (Nemoto 1995).

In 1965 when the compensation agreement expired, Japan discovered that Burma had received less in comparison to Indonesia and the Philippines. In order to make up for the difference, additional compensation was offered to Myanmar under the Economic and Technical Cooperation Treaty. By 1968, Japan also began to promote Official Development Aid (ODA) to Myanmar in the form of loans. In the beginning, ODA towards Myanmar was small as General Ne Win (who ousted U Nu in a military coup in 1962) was pursuing self-sufficiency for the country. During the 1970s, Burma was facing inflation, shortages of vital goods, social unrest and an attempted coup d'etat by young officers in July 1976. This brought the regime close to collapse. In order to overcome the above problems, from the latter half of the 1970s, General Ne Win's rigid socialist policies changed. From this point on, ODA from Japan rapidly increased. By 1988, the total amount of Japanese ODA to Myanmar reached 511.7 billion yen (Nemoto 1995). Japan has been the largest donor of development assistance to Myanmar till 1988.

The Japanese general trading companies (*Sogo Shosha*) also started operating in Burma in 1960s. The trading companies maintained offices in Yangon throughout the General Ne Win's socialist era. Two were operating during the initial period of nationalization in the 1960s and by the late 1980s, their number had grown to eleven. This proves that Japan's economic cooperation continue to exist even during the General Ne Win's socialist era.



## **Burma in Japan's economic strategies**

Japan's economic interest in the Southeast Asian countries started just after the Second World War. This is evident from Japan's economic policy towards the Southeast Asian region. As a Southeast Asian country, Burma fit unambiguously into the regional focus of Japan's economic cooperation programs. The loss of the market access in China after 1949 and the payment of reparation, not only to Burma but to Indonesia, Philippines, and South Vietnam, open the region to Japanese capital at a time when the United States was encouraging Japanese trade and investment there to promote stability (Seekins 1992: 256). During the prime-ministership of Fukuda Takeo, Japan began actively promoting a cooperative relationship with ASEAN (founded in 1967). Japan also committed to doubling the amount of money allocated to aid programs. Burma and other Southeast Asian countries benefited from Japan's aid policy. Japanese have traditionally viewed Burma as a country with great economic potential. It has a small population in relation to land area. Prior to Second World War, Myanmar was the world's largest exporter of rice and a major exporter of petroleum. In fact, Burma was one of the wealthiest countries in Southeast Asia. Apart from huge agricultural potential and promising oil and natural gas reserves, it has significant deposit of minerals such as gemstone, jade, tin, silver and tungsten. It has also the world's largest (though diminishing) teak forests and other tropical woods and also offshore fisheries (Seekins 1992: 256). The literacy rate is high and labour is also extremely cheap. Burma's strategic location at the juncture of South, Southeast and East Asia makes it potentially an ideal location for the export of cheap manufactured goods to those regions.

### **4.2 Japan's ODA to Myanmar**

#### **The characteristic of Japanese ODA**

Official Development Assistance (ODA) is a package of economic assistance provided by the developed countries to the developing ones. ODA should benefit the people in the country receiving it. It is usually given through the governments so the governments in the receiving countries must be open to the opinions and concerns from their citizens about ODA and development (Mekong watch 2001). There are different kinds of ODA. It is divided into two main groups - bilateral assistance and

multilateral assistance. ODA, which is given directly from one country to another, is called bilateral assistance. And the ODA, which goes indirectly from the donor country to the receiving country through international organizations (World Bank and UN agencies), is known as multilateral assistance.

Japan's ODA is divided into three categories: Yen Loans, Grant Aid and Technical Cooperation. The Japan Bank for International Cooperation (JBIC) implements Yen Loans. Ministry of Foreign Affairs (MOFA) carries out Grant Aid. And the Japan International Cooperation Agency (JICA) conducts Grant Aid and Technical Cooperation. The procedure for implementing the Yen Loan Projects is that the developing countries that intend to receive Yen loans must submit an "Official Request" to the Government of Japan to apply for Yen loans. The Official Request must specify the project to be financed by the Yen loans. When Government of Japan approves the request, the recipient countries become eligible to receive the Yen loans. Recipient countries carry out the projects in accordance with JBIC guidelines for "procurement of goods and services" and "the employment of consultants".

The purpose of Japanese ODA is often linked to decreasing poverty and improving the economies of the developing countries. Therefore, the basic philosophy of Japan's ODA to Myanmar is to provide assistance to the people of Myanmar who are still suffering from famine and poverty and to build a society where freedom, human rights, democracy and other values are ensured. The assistance is expected to further promote the existing friendly relations between Japan and Myanmar.

According to Japan's ODA charter, ODA will be provided in accordance with the principles of the United Nations charter, especially those of sovereign equality and non-intervention in domestic matters and its four main principles. The four main principles of the Japanese ODA charter (MOFA, Japan 2003) are:

1. Environmental conservation and development should be pursued in tandem.
2. Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
3. Full attention should be paid to trends in recipient countries' military expenditures, their development and production of mass destruction weapons

and missiles, their export and import of arms, etc., so as to maintain and strengthen international peace and stability, and from the viewpoint that developing countries should place appropriate priorities in the allocation of their resources in their own economic and social development.

4. Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country.

As far as providing ODA to Myanmar is concerned, there are two schools of thought. One school contends that Japan should reduce or stop any kind of aid to Myanmar. They think that it is wrong to provide ODA because it sends a wrong message to the military regime. If the regime is given ODA, it is implicit that they are being treated as a legitimate government since ODA is a government-to-government process. Another point they make is that it is possible for the military regime to use the money it gets from ODA to consolidate power. The other school counters by saying that stopping all ODA hurts the people of Myanmar even more than it hurts the military regime. While asserting that it is important to provide humanitarian assistance, this school claims that due to severe poverty and poor health situation in Myanmar, there is an urgent need for giving aid. Japanese government has proved to be in favour of the second school of thought by providing ODA to Myanmar.

### **Role of ODA in Japan-Myanmar relations**

ODA played an important role in the bilateral relations between Japan and Myanmar. Japan's ODA relations with Myanmar began in 1955 when Japan started giving war reparation after the Second World War. Within a period of few years this reparation was converted to a form of ODA. Since its inception in 1955, Japan continues to provide aid till this day either in one form or the other. As mentioned in the earlier section, the total amount of Japanese ODA to Burma (loan aid, grant aid and technical cooperation) from the time Japan began funding until 1988 amount to 511.7 billion yen. This figure is extraordinarily high compared with Japanese ODA to other countries, with Burma ranking seventh in line of aid recipients during this period (Nemoto 1995: 2). Then in September 1988 Japan's ODA policy towards Myanmar changed drastically due to the military coup by a group of military general and the

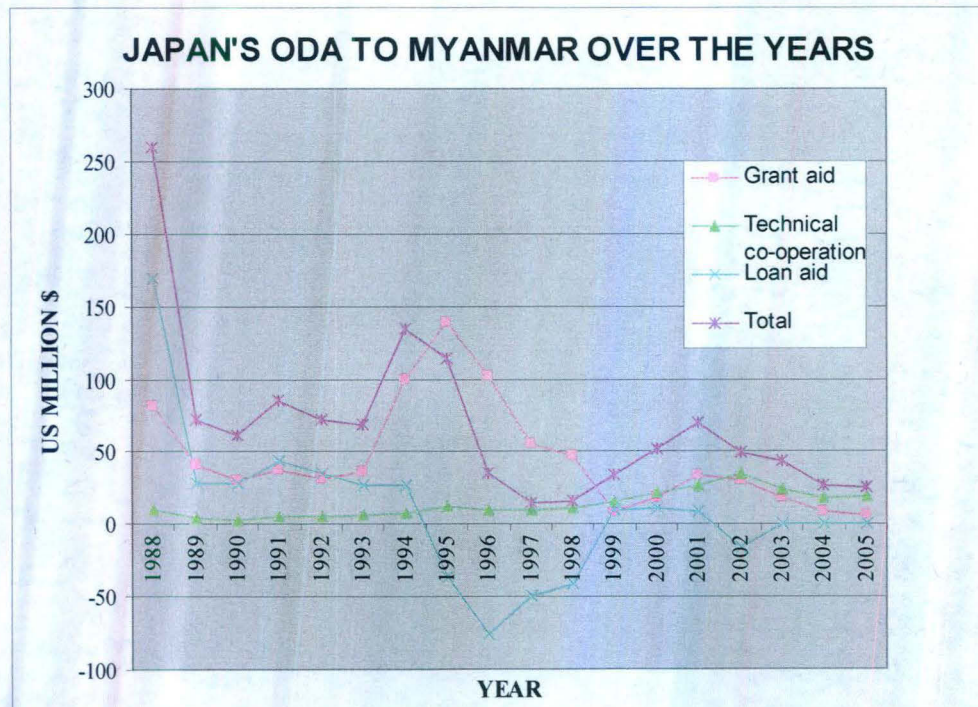
subsequent establishment of SLORC. In 1988, Japan provided a total amount of US \$ 259.55 million and the following year Japanese ODA had dropped to US \$ 71.41 million. From 1988 to 2005, Japan has provided total grant aid of US \$ 824.62 million. In technical cooperation, Japan has given a total amount of US \$ 243.38 million and the loan aid provided by Japan amounts to US \$ 163.98 million. Overall, Japan had provided a total ODA of US \$ 1231.98 million to Myanmar during period between 1988 and 2005. The table below shows Japan's ODA disbursement to Myanmar during the period.

**Figure 2: Japan's ODA disbursements to Myanmar (Unit: US \$ million)**

Year	Grant aid	Technical co-operation	Loan aid	Total
1988	81.69	9.56	168.29	259.55
1989	40.36	3.52	27.53	71.41
1990	30.18	3.16	27.98	61.32
1991	37.17	4.54	42.81	84.52
1992	31.58	4.98	35.51	72.06
1993	35.98	5.77	26.86	68.61
1994	99.95	7.37	26.49	133.82
1995	139.27	12.16	-37.19	114.23
1996	101.98	9.87	-76.65	35.19
1997	55.15	9.28	-49.59	14.83
1998	47.01	11.01	-41.94	16.09
1999	9.08	15.47	9.36	34.18
2000	17.97	22.38	11.43	51.7
2001	33.64	27.10	9.12	69.86
2002	30.03	35.21	-15.84	49.39
2003	18.52	24.56	-	43.08
2004	8.41	18.41	-	26.81
2005	6.65	19.03	-0.19	25.49
<b>Total</b>	<b>824.62</b>	<b>243.38</b>	<b>163.98</b>	<b>1231.98</b>

Source: S.Javed Maswood (ed.) (2001), *Japan and East Asian regionalism* London: Routledge, p. 79; Japan's ODA White Paper, 2002-06 and Own Calculation.

Figure 3: Trends in Japan's ODA to Myanmar



From the above two figures, we can observe that there has been an inconsistent trend in the level of Japan's ODA to Myanmar. The explanation can be divided into grant aid, loan aid and technical assistance. The grant aid by Japan to Myanmar has declined overall from the level of 1988. There was resurgence in grant aid to Myanmar from 1993 reaching a peak in 1995. However, since then there has been sharp decline stabilizing only after 1999 and has more or less remained so at that level. Between 1988 and 2005 Japan has provided a total grant of US \$ 824.62 million. Most of these grants to Myanmar have actually been in the form of what is called debt relief. Myanmar has a large debt to Japan, and due to the economic situation, the military regime has not been able to pay back its loans. Grant aid is also given to Myanmar for important projects such as the eradication of drugs, reduction of maternal and infant mortality rates, the Baluchaung Hydropower Plant, etc.

There is less fluctuation in Japan's technical co-operation with Myanmar. However, it had remained low exhibiting only a slight increase since 1988. From 1988 to 2005, the total amount of Japan's technical co-operation with Myanmar is

about US \$ 243.38 million. According to the Japanese Ministry of Foreign Affairs' ODA White paper, technical assistance focuses on Basic Human Needs, democratization, and liberalization of the economy. Experts were sent from Japan to assist with a crop substitution project to grow buckwheat instead of poppies to reduce people's dependence on opium. Other important technical assistance projects include polio vaccination and equipment for maternal and child health care.

Loan aid to Myanmar has sharply declined over the years even indicating negative figures from 1995 to 1999 and also in 2002. Since 1988, Japan has stopped most of the loan aid to Myanmar except for repairing the Yangon international airport. There are two main reasons for Japan's reluctance to give loans to Myanmar. One reason is that the military regime has not been able to pay back the amount borrowed before 1988. When a country cannot repay loans, the Japanese government usually does not give new loans. The other reason is the political situation and the human rights violation in Myanmar.

The total ODA have shown a decline over the years from the peak of 259.55 in 1988 to 25.49 in 2005. The major reason for the decline of the total ODA since 1988 was the change in Japan's policy towards the military regime of Myanmar which came into power in September 1988. Human rights violation by the military regime and the suppression of the democratic movements in the country changed Japan's ODA policy towards Myanmar. In 1991, Japan increased its ODA marginally after the military regime indicated signs of releasing some political leaders. In 1994 and 1995, the Japanese ODA reached US \$ 133.82 million and US \$ 114.23 million respectively. The reason for the increase in the Japanese ODA can be attributed to NLD leader Aung San Suu Kyi's release from house arrest in 1995. Thereafter, a significant dip in ODA to Myanmar by Japan could be observed in the consecutive three years. However, Japan continued to provide ODA to Myanmar even though there was not much improvement in the process of democratization and human rights. The reason behind this is because of China's influence in Myanmar and its rich natural resources including gas. China and Myanmar signed a construction co-operation Memorandum of Understanding (MOU) on 18 December, 1994 to provide for training programmes, engineering constructions, construction materials and



mechanical equipment etc (Ahmed 1997: 142). Thus, Japan wanted to remain engaged with the military regime through its ODA policy.

Japan's effort is to make an effective use of aid in diplomacy. It has shown willingness to expand its assistance if there is any positive move, mainly in the field of Basic Human Needs (BHN). Japan hopes that, through dialogue, the two parties can come up with specific projects, which the people of Myanmar really need. Japan is prepared to actively support such projects. Mr. Shigeru Tsumori, Japanese Ambassador to Myanmar, and H.E. U Soe Tha, Minister for National Planning and Economic Development of Myanmar exchanged notes on May 10, 2002 in Yangon for the project of Baluchaung No. 2 Hydro Power Plant.<sup>3</sup> The plant was partly renovated with a loan extended by Japan in 1986, enabling the plant to sustain its operation. If the plant were left in its present condition, however, it would run into a complete halt by damaged water turbines or by fires caused by insulation failure, affecting enormously the daily life of the people of Myanmar (MOFA, Japan 2002).

### **The role of aid in the future relationship**

Japan's ODA will play an important role in the future relationship with Myanmar since ODA is one of the important medium through which Japan maintain its relationship with Myanmar. During the past decade Japan has shown interest to remain engaged with the military regime through ODA. And with the increasing interaction of Myanmar with other major countries like China and India in the recent times, Japan has tried to have a closer relationship by overlooking some of its foreign policy principles. Thus, Japan's ODA will remain one of the significant relationship maintaining factors unless Myanmar become a democratic state. Japan's ODA contribute to the economic development of Myanmar. This economic development brings improvement to their relationship. However, one of the stumbling blocks that come in the way of ODA relations is the issue of the Aung San Suu Kyi. This issue has been used to influence the ODA policy by both the countries. For example, Japan

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<sup>3</sup> The Baluchaung No. 2 Hydro Power Plant is the power plant of a largest scale in Myanmar with an installed capacity of 168 MW, accounting for about 24 percent of the total annual electricity production in the country. The overall power plant and three generators out of six were installed in 1960 with postwar reparations from Japan, and the remaining three were installed by Myanmar in 1974.

increases the amount of ODA to Myanmar whenever the military regime released the NLD leader, Aung San Suu Kyi from house arrest. On the other hand, Myanmar is also using the Aung San Suu Kyi factor as card to get ODA from Japan. When they wanted to get attention from Japan and other major countries of the world for assistance they play the politics of releasing Aung San Suu Kyi from house detention. Aung San Suu Kyi's release however, happens to be short-lived each time as she was arrested again. Influenced largely by the Aung San Suu Kyi factor and other international factors, Japan's ODA will continue to play a vital role in their bilateral relations.

#### **4.3 Japan's Foreign Direct Investment to Myanmar**

Foreign direct investment is when a company from abroad decided to do some kind of business inside a particular country (especially the poor ones). The companies of the developed countries bring its resources such as people and money to the poor countries and do business there. Foreign Direct Investments are expected to bring developments in the poor countries.

Myanmar's policy on the issue of Foreign Direct Investment (FDI) has been, historically, marked by ambiguity. While Myanmar's experience with FDI goes back to its relations with China and India and later with the European powers, a definite shift may be said to have occurred about 1941 when one quarter of Myanmar's capital stock was owned by foreign investors (McCarthy 2000: 234). Foreign companies were permitted to operate uptill the early 1960s and even received official encouragement through the *Investment Policy Statement*, 1955 of the government and *Union of Burma investment Act*, 1959. However, the military coup of 1962 marked a watershed as following it, General Ne Win adopted a policy of international isolation in his bid to pursue '*The Burmese Way to Socialism*'. This period was characterized by nationalization and curtailment of FDIs. In 1988, the new military junta which took over the power from the Ne Win government embarked upon a policy of economic liberalization. The question of Japanese FDI has to be analyzed in such a historical background.



On 30 November 1988, the military junta passed Foreign Investment Law (FIL) in order to reform the economy (McCarthy 2000: 235). The basic principles set out in the FIL are as follows:

1. Promotion and expansion of exports [hard currency];
2. Exploitation of natural resources which require heavy investment [hard currency];
3. Acquisition of high technology;
4. Supporting and assisting production and services involving large capital [hard currency];
5. Opening up of employment opportunities;
6. Development of works which would save energy consumption [and earn export income];
7. Regional development.

However, pure economic logic would have it that foreign companies should be unwilling to invest in Myanmar due to its political instability, lack of transparency under the military regime and the question of human rights violations. And in the case of Japanese FDI, it should have been a case of double revulsion as the stated policy declaration of the Japanese government goes against the continued human rights violations by the military junta. It may also be argued that companies do not necessarily operate in a vacuum. They are governed only by profit motives. Japanese companies worked completely unaffected by the larger opinion of its civil society and government, which have traditionally been in favour of promoting democracy in Myanmar.

During the first few years of the new policy, investors came from all around the world. For example, Pepsico gained a national monopoly for its soft drinks, while nine international oil companies leased parcels of land on which to explore for oil (Taylor 2001: 132). All the investors were required to pay large 'signature' money which provides a windfall of international currency and thus, helping the rulers to gain needed foreign exchange. However, doing business in Myanmar has proved very difficult and quickly became unattractive to investors with other opportunities, especially if they lacked the backing of their governments, guarantees and access to international lending agencies. Thus, the initial interest in doing business in Myanmar

did not last. Many foreign investors abrogated their commitments in areas other than the exploration and extraction of oil and natural gas which has the potential of being the most successful, while the over building of hotels has produced a surplus and the construction of shopping centres and office complexes exceeds demand, transport has been increased to accommodate the expected growth in tourism.

The SLORC also faced other problems, in Myanmar, opposition political leaders asked foreign investors to hold off making investments until democracy, freedom and the *Rule of Law* were re-established, while foreign scholars, writers and newspapers raised their voices and their pens to keep the world aware of the despicable behaviour of the Myanmar government towards its own people. Non-government organizations documented the violations, named the Burmese officials responsible, and the dates and places where the violations occurred. Individuals, especially in Japan and the United States became 'their brothers' keepers' by pressuring their local and state governments not to buy from companies which manufactured or had their products assembled and finished there (Taylor 2001: 133).

An alternative group of states such as the ASEAN states and China offered the SLORC more promises. These states were among the few which defended the military rulers, and their businessmen and corporations became the largest investors in Myanmar. They, together with Hong Kong, Taiwan and South Korea, offered investment and know-how in exchange for business opportunities. They helped to build the infrastructure to support tourism and opened clothing and other low-tech factories where they took advantage of Myanmar's low wages and abundance of labour. These developments in Myanmar have worried the Japanese government and its business companies. Japan did not want to be left out from these economic activities in Myanmar even though Japan is trying to promote human rights and democracy against the military regime. Therefore, Japan has been providing FDI to Myanmar from time to time. The table below shows the Japanese FDI towards Myanmar from 1988 to 2005 and its comparison with Japanese FDI to other Southeast Asian countries.

**Figure 3: Japanese FDI to Myanmar and other Southeast Asian countries**  
(Unit: US \$ million)

	Myan- mar	Brune i	Cambo- dia	Lao s	Viet- nam	Singa- pore	Thai- land	Philipp- ines	Indonesi a	Malay -sia
1988	-	0	-	-	-	747	859	134	586	387
1989	-	0	-	-	0	1,902	1,276	202	631	673
1990	1	-	-	-	0	840	1,154	258	1,105	725
1991	0	0	-	-	0	613	807	203	1,193	880
1992	-	-	0	-	10	670	657	160	1,676	704
1993	-	-	0	0	46	644	578	207	813	800
1994	1	15	-	-	176	1,054	719	668	1,759	742
1995	23	15	-	-	200	1,185	1,240	717	1,605	575
1996	10	-	-	-	319	1,115	1,403	559	2,414	572
1997	4	-	-	-	311	1,824	1,867	524	2,514	791
1998	2	-	-	-	51	655	1,405	381	1,116	521
1999	10	2	-	-	99	1,038	837	637	959	527
2000	10	-	-	-	21	457	932	465	420	232
2001	-	-	-	-	78	1,147	884	791	627	257
2002	-	-	-	-	60	752	504	410	529	80
2003	-	-	-	-	70	322	629	196	648	463
2004	-	-	-	-	109	715	1,184	317	311	125
2005	*	*	*	*	*	*	*	*	*	*
<b>Total</b>	61	32	0	0	1550	17230	16935	6829	18906	9054

Source: Japan External Trade Organisation (JETRO).

Note: "0" indicates an amount of less than one million US \$

"-" indicates no investment record during the corresponding period

"\*" indicates not available

The above figure illustrates that Japan's FDI to Myanmar has been marginally low since the political change in 1988. During the first two years of SLORC, Myanmar did not receive any FDI from Japan. Then in 1990, with the little progress in the bilateral relations between the two countries, Myanmar received FDI from Japan of about US \$ one million. The following year Japan reduced the FDI to Myanmar below US \$ one million. Then in the next two years, there was no record of FDI from Japan. In 1994, the political situation in Myanmar slightly improved with the military regime making some moves to solve the political problems. In view of the progress, Japan again started providing FDI to Myanmar. In 1995, Myanmar received FDI of amount US \$ 23 million. The following year, it was again reduced to US \$ 10 million. The next two years, it was further reduced to US \$ 4 and US \$ 2 million respectively. In 1999 and 2000, Japan again increased the FDI to US \$ 10 million in both the years. With the lack of progress in the political situation, Japan stopped giving FDI to Myanmar from 2001. Till 2005, there was no FDI to Myanmar from Japan.

Highly fluctuating Japanese FDI to Myanmar is because two of main reasons. Like in the case of ODA loans, one of the main reasons for Japan's reluctance to give FDI to Myanmar is the political situation and the human rights violation in Myanmar by the military regime. Therefore, whenever there is an improvement in the political situation in Myanmar, Japan tried to increase its FDI and other FDI related activities. For example, when Aung San Suu Kyi was release from her house arrest in 1995, Japan gave an FDI of US \$ 23 million to Myanmar. This amount of FDI was the highest since the military regime came to power in 1988. The other reason is the rigid FDI laws made by the military regime. Military regime's Foreign Investment Law which was passed just after it came to power in 1988, had given a set of principles which restrict the foreign investors in their functioning. Moreover, there is a lack of transparency in the military regime's political and administrative systems. This was further marked by underdevelopment in the infrastructural sectors.

In comparison with some of the Southeast Asian countries, Japan's FDI to Myanmar is minimal and remains insignificant. For example, Japan's FDI to Thailand, Malaysia and Indonesia in 1988 are US \$ 859, US \$ 387 and US \$ 586 million respectively. From the above table, Japan's FDI to Thailand, Malaysia and Indonesia since 1988 remain consistent till 2005. On the other hand, Japan's FDI to

Myanmar has not been as consistent as that of the above mentioned countries. However, there are also some of the Southeast Asian countries which received lesser FDI than Myanmar. The countries include Cambodia, Laos and Brunei.

#### 4.4 Bilateral trade

Present international relations cannot ignore the imperative of the trade while analyzing the bilateral relations. Japan is one of the countries which do not possess rich natural resources of its own. Being a resource poor country, Japan always looks for raw materials from the outside for its technologically advanced economy. Trade between Japan and Myanmar can be traced back to mid twentieth century when Japan started its conquest of Southeast Asian countries. During this time Myanmar was one of the rich economies of the Southeast Asian countries. Myanmar was one of the leading exporters of rice. Rich in natural resources, marine products and forest resources, Myanmar's external trade flourished during the 1940s and the early 1950s. Import commodities from Myanmar to Japan include agricultural products, marine products and forest products. In addition, Japan also imported pearls and gems from Myanmar. Japan's exports to Myanmar include agricultural machinery, electronic goods, scientific and medical apparatus, motor vehicles and their parts and other consumer goods.

In the changing international economic structure, there is an interdependence of trade between Japan and Myanmar. Japan needs the raw material from Myanmar for its industries while Myanmar needs the consumer goods and other finished products from Japan. Moreover, Myanmar requires the technology from Japan for industrialization and development of its economy. The table below shows Japan's trade with Myanmar during the period 1988 to 2005.

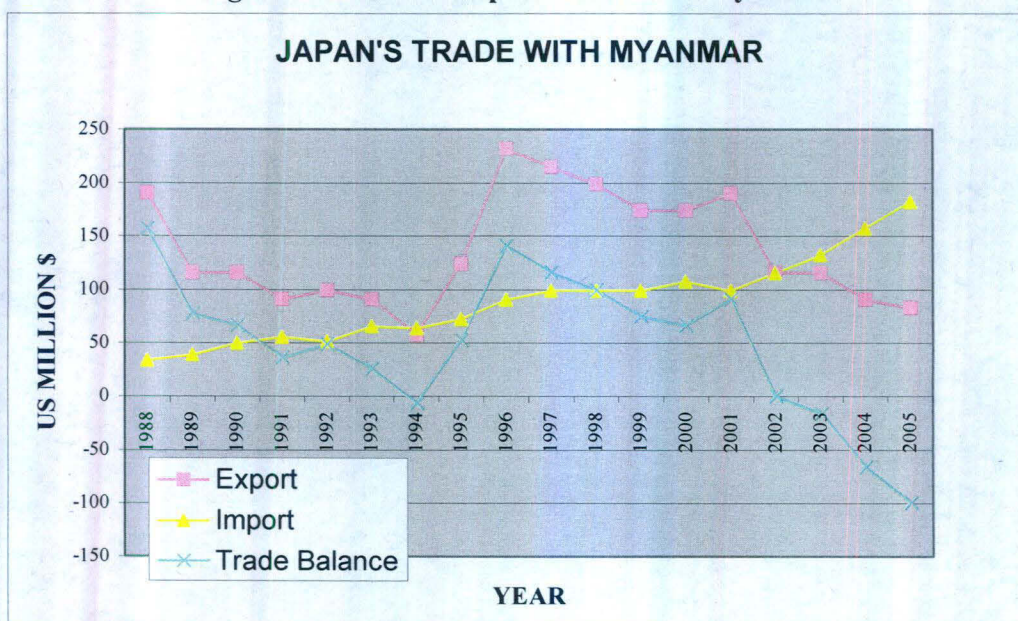
**Figure 4: Japan's Trade with Myanmar (Unit: US \$ million)**

Year	Export	Import	Trade Balance
1988	190.40	33.94	156.46
1989	115.89	38.91	76.98
1990	115.89	49.57	66.32

1991	91.06	55.46	35.6
1992	99.34	51.32	48.02
1993	91.06	65.40	25.66
1994	57.12	63.74	-6.62
1995	124.17	72.02	52.15
1996	231.79	91.06	140.73
1997	215.23	99.34	115.89
1998	198.67	99.34	99.33
1999	173.84	99.34	74.5
2000	173.84	107.61	66.23
2001	190.40	99.34	91.06
2002	115.89	115.89	0
2003	115.89	132.45	-16.56
2004	91.06	157.28	-66.22
2005	82.78	182.12	-99.34

Source: Statistics Bureau and Statistical Research and Training Institute, Ministry of Internal Affairs and Communications, Government of Japan.

Figure 5: Trends in Japan's trade with Myanmar





The above two figures shows an interesting trend of Japan's trade with Myanmar over the years. It can be observed that there has been a steady increase in the import of commodities and trade items from Myanmar by Japan. The value of Japan's import from Myanmar in the financial year 1988 was US \$ 33.94 million. By 2005, Japan's import value stood at US \$ 182.78 million. Japan's imports from Myanmar are dominated by agricultural and forest based products. However, the level of trade imports has been overshadowed by the export of trade goods and commodities from Japan to Myanmar. The exports in trade show a fluctuating pattern from steady decline since 1988 with a sharp increase in 1995. Japan's export to Myanmar declined from US \$ 190.40 million (1988) to US \$ 91.06 million (1991). The following year, there was a slight increase reaching a level of US \$ 99.34 million. In 1993, the exports fall by nearly US \$ 10 million. It was further decline to US \$ 57.12 million in 1994. There was a sharp increase in 1995 but after 1995, there has been a downward momentum in the level of exports by Japan. During the year 2005 Japan's export to Myanmar stood at US \$ 82.78 million.

From the year 1988 to 2001, trade balance was in favour of Japan except for the year 1994 which stood at US \$ -6.62 million. In 2002, trade balance was zero which means that trade balance was neither in favour of Japan nor Myanmar. Then, from 2003 to 2005, trade balance was in favour of Myanmar. The trend in the last three years of the period shows that trade balance is going in favour of Myanmar. However, if we look at the overall trade balance from 1988 to 2005, it is in favour of Japan as 13 years out of the 18, trade balance goes in favour of Japan.

Myanmar has a strong strategic advantage by virtue of its physical location and could serve as a Japan's gateway to South Asian countries for their products. In the wake of the recent improvement in the economic relations between India and Southeast Asian countries, there is a high probability of a corresponding development in Japan's trade relations with Myanmar in the twenty-first century. In such a possible scenario, South Asian countries like India, Bangladesh will provide a big market for the Japanese goods and products.

#### **4.5 Japan's economic relations with Indonesia, Thailand, Malaysia and its comparison with Myanmar**

##### **(1) Japan-Indonesia relations**

Japan's main interest in the Southeast Asian region lays in trade, its concern about piracy and as a passageway to South Asian countries and beyond. Japan's relations with Indonesia are probably the closest, with regards to relationship with members of ASEAN. Indonesia is the largest of the ASEAN states in terms of geographical extent and size of population. It is the also a source of strategic raw materials, not only oil, and it straddles the sea routes to Australia, the Indian Ocean, the Middle East, Europe and Africa.

Over the years, Japan and Indonesia have established a close economic relationship in a wide range of areas. In the field of trade in goods, Japan is the largest trade partner in both export and import for Indonesia. According to the Indonesian trade statistics issued by the BPS statistics Indonesia, its trade with Japan accounts for 19.06% of export and 13.07% of import in 2004. Correspondingly, Japan's trade with Indonesia accounts for 1.60% of export and 4.11% of import in 2004 according to the trade statistics issued by the Ministry of Finance, Japan. It is also observed that Indonesia is an important energy supplier to Japan. In the field of investment, Japan has always been one of the top investors for Indonesia. According to the Indonesian statistics, from 1967 to 2004, cumulative Foreign Direct Investment from Japan to Indonesia accounts for 19.47 % of the total Foreign Direct Investment to the country, which makes Japan the largest investor for Indonesia. It is also noted that the number of Japanese enterprises operating in Indonesia is approximately 1,000 and that of Indonesian workers employed by those Japanese enterprises is over 200,000. In addition, Japan is the largest provider of Official Development Assistance (ODA) to Indonesia (MOFA, Japan 2005).

##### **(2) Japan-Thailand Relations**

Japan and Thailand have historically maintained strong and friendly relations, as symbolized by many years of close relations between the Imperial Family of Japan and the Royal Family of Thailand. The two countries also share close economic relations. In terms of trade, Japan has been Thailand's top source of imports and



second largest destination for exports in 2004. For Japan, Thailand ranked tenth as a source of imports and sixth as an export destination in the same year. In terms of investment on a cumulative basis, Japan is Thailand's top source of Foreign Direct Investment (FDI), and in 2004, about 40% of all FDI to Thailand came from Japan (MOFA, Japan 2006). Japanese investment has played a significant role as a driving force in the economic development of Thailand. More importantly, it has played a larger role in the revitalization of the economic exchanges within the Southeast Asian region.

Japan has been the largest donor country for Thailand to date, and Japan's Official Development Assistance (ODA) has significantly contributed to the economic and social development in the country through various means such as establishment of infrastructure, development of human resources and transferring of technology. Japan's assistance has been highly appreciated by Thailand. For example, Yen Loan has assisted in facilitating many public services and building institution, such as the Eastern Coastal Regional Development and the Bangkok underground, therefore significantly contributing to Thai socio-economic development. At the time of the economic crisis, Japan implemented a comprehensive package of assistance, mobilizing a variety of assistance methods that not only supported the recovery of the Thai economy, but also contributed significantly to a firmer friendship between Japan and Thailand.

The economic relation is expected to be further strengthened in future as the summit on Japan-Thailand Economic Partnership Agreement (JTEPA) was held on 1 September 2005 (MOFA, Japan 2005). This agreement aims to be a broad-ranging comprehensive economic cooperation beyond the conventional FTA, the objective of which is to liberalize the trade in goods and services, and encompass comprehensive economic partnership, including investment, movement of natural persons, intellectual property rights, competition policy, government procurement, and other various sectors.

### (3) Japan-Malaysia relations

Like Indonesia and Thailand, Japan's interest in Malaysia is also dominated by economic factors. Japan has a close trade relationship with Malaysia and also has been one of its major sources of ODA and FDI. Malaysia has looked up to Japan and South Korea as their ideal models of economic and social development in the last two decades. The '*Look East Policy*' advocated by Malaysia's Prime Minister Dr. Mahathir Mohamad in 1981 reaffirmed their conviction in emulating the economies of the two countries.

To further strengthen the economic ties between the two countries, a meeting was held on 25 May 2005 which was attended by Mr Junichiro Koizumi and Dato' Seri Abdullah bin Haji Ahmad Badawi, the Prime Ministers of Japan and Malaysia respectively. It was confirmed at the conclusion of the meeting that an agreement in principle has been reached on major elements of the Japan-Malaysia Economic Partnership Agreement (JMEPA) (MOFA, Japan 2005).

The JMEPA hopes to usher in a new era for Japan-Malaysia strategic partnership, by forging closer economic relations through cooperation, liberalization and facilitation in trade and investment between the two countries. The JMEPA will also cover a wide range of economic activities including intellectual property, competition policy, enhancement of business environment, and bilateral cooperation in the fields of agriculture, forestry, fisheries and commodities, education and human resource development, information and communications technology, science and technology, small and medium enterprises, tourism and environment.

**Figure 6: Japan's ODA, FDI to Indonesia, Thailand, Malaysia and Myanmar and TRADE with each of them during the period 1996 to 2005 (Units: US \$ million)**

	ODA	FDI	Trade	
			Export	Import
Indonesia	8311.53	9538	69109.2	144487.8
Thailand	2266.51	9645	140478.3	102708.0
Malaysia	-14.97	3568	114704.1	114663.6
Myanmar	366.62	36	2474.3	1614.1

Source: JETRO, MOFA and Statistics Bureau, Japan and Own Calculations.

The comparison of economic assistance and trade relations between Japan and the countries of Indonesia, Thailand, Malaysia and Myanmar sheds light on certain interesting facts. The economic relations between Japan and Myanmar are still insignificant as compared to the Japan's relations with the other countries. ODA by Japan in the last ten years is higher than Malaysia but is still far behind that of Indonesia and Thailand. In the case of FDI, Thailand is the highest beneficiary of Japanese Foreign Direct Investment closely followed by Indonesia. Myanmar on the other hand, received a paltry amount of FDI from Japan during this period. Japan's trade with Myanmar is also far behind, both in terms of exports and imports. In the last ten years of bilateral trade with Indonesia, Japan's imports have been more than its exports. But in the case of Thailand, Japan's exports surpassed the imports. Japan's trade with Malaysia has been a more balanced one as exports and imports are nearly equal in terms of value. Japan's trade with each of the above mentioned three countries is much more than its trade with Myanmar. However, Japan still managed to engage the military regime economically even though the volume of trade between them remained insignificant.

Thus, Japan has pursued the so-called "traders' diplomacy: a diplomacy of the economy, by the economy and for the economy" in its relation with Myanmar since the end of Second World War. Economic factors played a major role while pursuing their foreign policy towards Myanmar. Japan is economically engaging itself with Myanmar's military junta by disbursing ODA despite lack of progress in the democratization process and human rights issues in Myanmar. This proves that Japan's economic interests in Myanmar stays ahead of Japan's foreign policy goal of supporting democratization and human rights issues. As far as providing ODA to Myanmar is concerned, there are two schools of thought. One school says Japan should reduce or stop any kind of aid to Myanmar. They think that if the military regime is given ODA, they might feel that they are being treated as a legitimate government since ODA is a government-to-government process. The other school counters that stopping all ODA hurts the people of Burma even more than it hurts the military regime. They say it is important to give humanitarian assistance considering the severe poverty and poor health situation in Burma. It is my personal judgement that the second school of thought is more appropriate considering from the academic and humanitarian points of view. The need for ODA and other financial assistance has

not yet diminished over the years. However, caution should be exercised that the benefits of such packages percolates down to the masses and the needy.

The real purpose of ODA to Myanmar is to bring development both economically and politically in the country. However, Japan's ODA policy has not been able to achieve its basic goal of bringing political and economic development in Myanmar. It has also been argued that ODA is used as a political tool to encourage the military regime towards democracy. But there has not been much success in their policy as Myanmar has been continuously receiving the ODA from Japan without hardly any changes in their political system and human rights issues. Myanmar indeed needs development both the economic and political developments. There are two views in this regard, one is that the economic development will consequently bring the political change. The present military regime is in favour of this view. On the other hand, Aung San Suu Kyi and the democratic parties are of the view that economic development can be achieved only when there is a stable political system. Now it is up to the Japanese policy maker to decide whether the ODA should be given under the present military regime or not. Since Japan has been providing ODA to Myanmar consistently (though the amount was reduced) it has proved that Japan does not want to disengage its bilateral relations with Myanmar. In a way, it is supporting the military regime's view of economic development bringing the political change. It is difficult to meet the objectives of the ODA under the present regime. It is also clear that Japan has been sidelining Aung San Suu Kyi and the democratic movements. Hence, Japan's policy of supporting the democratization process has been invalidated.

Japan's FDI to Myanmar however, has been minimal as compared to the FDI given to the other countries of Southeast Asia. In the last five years, Japan has even stopped providing FDI to Myanmar. Similarly, Japan has not enjoyed a voluminous trade relationship with Myanmar. Japan's limited FDI to and its trivial trade with Myanmar were mainly because of Myanmar's underdevelopment and poor infrastructure. More importantly, it is because of the rigid policies of the military regime which lay down various restrictions to the foreign investors. The military regime in the mean time was unable to accelerate the economy of the country. This prevented further inflow of FDIs from Japan and other developed countries. Likewise, its trade relation has remained small and highly fluctuating.

## ***CHAPTER FIVE***

## CHAPTER FIVE

### *Conclusion*

The unique relationship between Japan and Myanmar is guided by many factors. Major factors include historical affinity between the two countries, the rise of China and its threat to the existing balance of power in the region and Japan's economic interests. The bilateral relation between the two is characterized by a complex nature of relations. Even though there is no strong antagonism towards each other, huge differences between these two countries are visible. Japan is one of the economic superpowers while Myanmar is one of the poorest countries in the world. However, in the age of globalization, both Japan and Myanmar need each other to push their economy forward. Japan can lend their capital and technology in exchange with the natural resources including natural gas of Myanmar. Therefore, Japan and Myanmar are trying to maintain their friendly relations in the changing post Cold War international environment. On the other hand, Japan is against the military regime of Myanmar and its subsequent suppression of human rights. Human rights violations by the military regime and the issue of Aung San Suu Kyi are some of the hindrances which continue to stand in the way of their bilateral relations. Japan's proximity with the United States and Myanmar's close ties with the rising China further prove an obstacle in the way of their relationship. The findings of the study can be summed up in the following ways:

An analysis of the impact of the post Cold War international environment on Japan-Myanmar relations has been attempted in the second chapter. The end of Cold War brought a change in the structure of international politics. In this changing structure, Japan and Myanmar maintained a complex nature of bilateral relations. Several factors can be attributed to Japan's growing interest in Myanmar. One of the important factors is China's rise and its impact on the world politics as well as the regional politics. Rise of China has brought about a reassessment of Japan's policy towards Myanmar. Furthermore, the policy of the US towards Myanmar is different from the one followed by Japan. Japan followed a policy of constructive engagement, whereas the US followed an isolationist policy towards Myanmar. The UN has also tried to play a vital role in Myanmar to bring about democracy and improvement of

human rights. However, the role of the UN and the US seems to lack sincerity in their endeavour to bring about a change and development in Myanmar. Another big neighbour and a rising Asian power, India has also shown interest in Myanmar and other Southeast Asian countries, particularly after the declaration of the '*Look East Policy*' in 1991. Two major factors for India's interest in Myanmar are economic considerations and the question of security in the Northeastern region.

The impact of Japan-Myanmar relations comes largely from the influence of China in Myanmar, both politically and economically. Since the establishment of the SLORC, the relationship between China and Myanmar has become stronger. The US and other Western countries have continued to isolate Myanmar in condemnation of human rights violations. As a result of this, Myanmar decided to move closer to China for diplomatic and other kinds of support. These are some of the reasons for Myanmar to have established a close proximity to China. Myanmar's close relationship with China has been a cause of great concern for Japan.

The key findings of the third chapter are as follows: Political relations between Japan and Myanmar have enjoyed a very unique kind of relationship, which is often termed as a '*special relationship*'. Many scholars attribute this '*special relationship*' particularly to a historical affinity between the two countries. However, the relationship has been far from being smooth, which is evident from the obstacles observed from time to time. An interesting aspect has been the role of domestic affairs in influencing the course of the bilateral relationship between the two countries. For instance, during the Cold War, Myanmar adopted a policy of Non-Alignment whereas Japan was a staunch ally of the USA, indicating divergent foreign policies. This in turn proved to be a hindrance to cementing political ties between them despite the absence of any strong antagonism towards each other.

In other words, an analysis of the political relations between Japan and Myanmar brings out various complexities arising essentially out of a multi-layered nature of the aims and policies followed by each party. It may be maintained that the two enjoy a relationship that goes much beyond traditional, formalistic relationships between two sovereign nations. At the same time, it would not be appropriate to describe their political relations as "warm". Despite various differences in political

stances and opinions, both Japan and Myanmar have felt a constant need to forge close relations with each other. Consequently, they have always maintained a '*special relationship*' in spite of the highs and lows, which have surfaced intermittently, especially after the usurping of power by the SLORC.

The investigation in the fourth chapter reveals that Japan has pursued the so-called "traders' diplomacy: a diplomacy of the economy, by the economy and for the economy" in its relation with Myanmar since the end of World War II. Economic factors have also played a major role in their practice of foreign policy towards Myanmar. Japan is economically engaging itself with Myanmar's military regime by disbursing ODA and FDI despite lack of progress in the democratization process and human rights issues in Myanmar. This proves that Japan's economic interests in Myanmar run ahead of its foreign policy goal of supporting democratization and promotion of human rights. As far as providing ODA to Myanmar is concerned, there are two schools of thought. One school contends that Japan should reduce or stop any kind of aid to Myanmar. They think that it is wrong to provide ODA because it sends a wrong message to the military regime. If the regime is given ODA, they might feel that they are being treated as a legitimate government since ODA is a government-to-government process. Another point they make is that it is possible for the military regime to use the money it gets from ODA to consolidate power. The other school counters by saying that stopping all ODA hurts the people of Myanmar even more than it hurts the military regime. While asserting that it is important to provide humanitarian assistance, this school claims that due to severe poverty and poor health situation in Myanmar, there is an urgent need for giving aid. In my assessment, ODA is still necessary for the poor people of Myanmar. However, it must be given in such a way that it guarantees to help the people.

The real purpose of ODA to Myanmar is to bring development both economically and politically in the country. However, Japan's ODA policy has not been able to achieve its basic goal of bringing political and economic development in Myanmar. It has also been argued that ODA is used as a political tool to encourage the military regime towards democracy. But there has not been much success in their policy as Myanmar has been continuously receiving the ODA from Japan with hardly any changes in their political system and human rights issues. Myanmar indeed needs



both the economic and political developments. There are two views in this regard, one is that the economic development will consequently bring the political change. The present military regime is in favour of this view. On the other hand, Aung San Suu Kyi and the democratic parties are of the view that economic development can be achieved only when there is a stable political system. Now it is up to the Japanese policy makers to decide whether the ODA should be given under the present military regime or not. Since Japan has been providing ODA to Myanmar consistently (though the amount was reduced) it has proved that Japan does not want to disengage its bilateral relations with Myanmar. In a way, it is supporting the military regime's view of economic development bringing the political change. It is difficult to meet the objectives of the ODA under the present regime. It is also clear that Japan has been sidelining Aung San Suu Kyi and the democratic movements.

Japan's FDI to Myanmar however, has been minimal as compared to the FDI given to the other countries of Southeast Asia. In the last five years, Japan has even stopped providing FDI to Myanmar. In the same way, Japan has not enjoyed a voluminous trade relationship with Myanmar. Japan's limited FDI and its trivial trade with Myanmar were because of Myanmar's underdevelopment and poor infrastructure. More importantly, it is because of the rigid policy of the military regime which lays down various restrictions to the foreign investors. In the mean time, the military regime was unable to develop the economy of the country. This further prevented the Foreign Direct Investment from Japan and other developed countries. Likewise, its trade relation has also remained small and highly fluctuating.

The investigation and reflections in the present study have falsified the first hypothesis that Japan supports the process of democratization and human rights in Myanmar while validating the second hypothesis that China's expansionist policies towards Myanmar strengthen the Japan-Myanmar relations. In the case of the first, analysis shows that the idea or project of promoting democracy in Myanmar is not the singular reason that drives Japan's foreign policy towards Myanmar. The fact that Myanmar's sovereignty continues to be exercised by a military junta with continued human rights violation, ever since the eventful year of 1988, cannot be missed by Japan if its sole commitment were to promoting democracy. It may be argued (by

some analysts) that Japan's continued engagement with Myanmar does not mean that Japan no longer supports the movement for democracy, and that Japanese support for democracy in Myanmar always exists. The argument may continue that Japan probably feels it unrealistic to expect the military junta to hand over power to the people all of a sudden. It may, hence, be contended that Japan prefers a gradual policy of engagement.

However, deeper analysis reveals the flaws in that position since it does not take into account the larger picture of Japan's foreign policy. In fact, such a position suffers from seeing Japan's foreign policy vis-à-vis only Myanmar. It fails to appreciate the larger regional perspective. The question to be asked is, rather, what are the other factors that have shaped Japan's foreign policy towards Myanmar. That is where the second hypothesis of my research comes in. The research has led me to conclude that the China factor cannot be ignored in any analysis of Japan's Myanmar policy. In fact, the second of my hypotheses in a way nullifies the first. As the analyses in the previous chapters show, the rise of China and its attendant expansionist policies in Myanmar pose a challenge for Japan strategically, politically as well as economically. Hence, Japan-Myanmar relations are strengthened by the expansionist policy of China towards Myanmar.

And finally, the findings of the study expose the policy of expansionism of an emerging power in the Asian region, namely Japan. The practice of Japanese foreign policy in Myanmar is driven more by a policy of regional domination and the containment of Chinese threat in Myanmar rather than by the liberal goals of democratization and promotion of human rights. This is one of the main reasons why in the period since 1988 when the military junta usurped power, there has been little progress in the democratic process in Myanmar. In other words, we can find very little change in its political system. Myanmar has become an important country in the Southeast Asian region because of its geo-strategic location and more so because of the vast regions of unexplored natural gas and resources. This makes Myanmar one of the resource rich states in the region which draws attention of the other major powers. It is possible to contend that Japan and Myanmar do not enjoy a close relationship. The relations between these two countries are uneven or asymmetric though it does not necessarily mean that the countries should be on par to have close relations. There

is hardly any balance (for instance, trade volume, diplomatic visits) in their bilateral relations. Japan's policy is not different from China or India's policy towards Myanmar, whose aim is to have a say in Myanmar's market and to have an access to its natural resources. Hence, in the name of promoting democracy and human rights, major powers, particularly Japan continue to engage with the military regime which in some ways lends legitimacy to the military regime.

Though the international system is characterized by conflicting interests, there is still room for cooperation among nation states. With the end of the Cold War, economics and trade have taken primacy over other issues in the relations among states. Even in the case of Japan-Myanmar bilateral relations, economics and trade are the important defining characteristics. The existence of military regime in Myanmar makes the case more interesting and also a problem for other nations which are concerned with the questions of human rights and regime change. Japan definitely seems to lack serious interest in promoting or bringing about regime change in Myanmar. Hence, Japan should act towards bringing a change in this area as well. Japan should look beyond its policy of providing ODA and other economic assistance. It can also do more by influencing the major powers to change their attitude while dealing with Myanmar. Besides, the US, the sole superpower in the world and China, arguably the most dominant power in the region should play a constructive role and follow a balanced approach in their interactions with Myanmar.

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## CHRONOLOGY OF OFFICIAL VISITS

### From Japan to Myanmar (Since 1988)

September 1990	Member of the House of Representatives, Michio Watanabe
May 1991	Member of the House of Councilor, Tatsuo Ozawa (President of the Japan-Myanmar Parliamentarians' Friendship Union)
July 1992	Parliamentary Vice-Minister for Foreign Relation, Koji Kakizawa
October 1997	State Secretary for Foreign Affairs, Masahiko Koumura
October 2002	Minister for Foreign Affairs, Yoriko Kawaguchi
June 2003	Senior Vice-Minister for Foreign Affairs, Tetsuro Yano

### From Myanmar to Japan (Since 1988)

October 1991	Minister for Foreign Affairs, U Ohn Gyaw
October 1992	Minister for Foreign Affairs, U Ohn Gyaw
October 1992	Minister for Energy, U Khin Maung Thein
October 1992	Minister for no. 1 industry, Sein Aung
October 1995	Vice-Chairman of the State Law and Order Restoration Council, General Maung Aye

November 1995	Minister for Foreign Affairs, U Ohn Gyaw
May 1996	Minister for Foreign Affairs, U Ohn Gyaw
June 1998	Deputy Prime Minister, Vice Admiral Maung Maung Khin
June 1999	Minister for Foreign Affairs, U Win Aung
June 2000	Secretary 1 of the State Peace and Development Council, General Khin Nyunt
July 2003	Deputy Minister for Foreign Affairs, U Khin Maung Win
December 2003	Prime Minister, General Khin Nyunt
December 2003	Minister for Foreign Affairs, U Win Aung
May 2005	Minister for Foreign Affairs, U Nyan Win