

This article was downloaded by: [Center for Policy Studies in Russia], [Evgeny Petelin]
On: 15 December 2012, At: 12:12
Publisher: Routledge
Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office:
Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Security Index: A Russian Journal on International Security

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/rsec20>

MYANMAR IN ASEAN: REGIONAL PROBLEMS AND RUSSIAN INTEREST

Version of record first published: 22 Mar 2012.

To cite this article: (2012): MYANMAR IN ASEAN: REGIONAL PROBLEMS AND RUSSIAN INTEREST, Security Index: A Russian Journal on International Security, 18:2, 55-75

To link to this article: <http://dx.doi.org/10.1080/19934270.2012.650891>

PLEASE SCROLL DOWN FOR ARTICLE

Full terms and conditions of use: <http://www.tandfonline.com/page/terms-and-conditions>

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The accuracy of any instructions, formulae, and drug doses should be independently verified with primary sources. The publisher shall not be liable for any loss, actions, claims, proceedings, demand, or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.



MYANMAR IN ASEAN:
REGIONAL PROBLEMS AND RUSSIAN INTEREST

There have been significant new political developments in Myanmar over the past year. The opposition leader, Aung San Suu Kyi, has entered dialogue with the government and was released from house arrest in late 2010. Judging from recent steps by the top Myanmar leadership and President Thein Sein, other changes are in the offing as well. Some 200 political prisoners were released in September–October 2011. Censorship of the media has been relaxed. The National League for Democracy led by Aung San Suu Kyi boycotted the latest elections, but says it will take part in an additional poll, which will be held shortly, once changes have been made to the electoral legislation.

Myanmar's international situation has also improved. The U.S. Secretary of State paid an official visit in December 2011, the first such visit in five decades. It has also been announced that in 2014 Myanmar will take over the rotating chairmanship of ASEAN and host an East Asia Summit meeting. These and other developments indicate that this country of 60 million is opening a new chapter in its history.

We publish a round-table discussion on Myanmar's role in the region of ASEAN, challenges and opportunities of its balancing between India and China, and Russian interests in this strategically important country. The participants are: Associate Professor of the International Relations and Russian Foreign Policy Department at MGIMO University, Yury Dubinin; Associate Professor of the Oriental Department at MGIMO University, Kseniya Yefremova; Deputy Director of the Russian Research Center for APEC Studies and former Russian Ambassador to Myanmar (1997–2001), Gleb Ivashentsov; Associate Professor at the Asia and Africa Institute of Moscow State University, Alexey Kirichenko; Counselor of the Third Asian Department in the Russian Foreign Ministry, Alexander Kudryashov; Professor of the Oriental Department at MGIMO University, Nikolay Maletin; Vice-President of the Russian Society of Friendship with the Republic of the Union of Myanmar, Dmitry Malov; Director of the Southeast Asia, Australia and Oceania Center in the Institute of Oriental Studies (Russian Academy of Sciences, RAS), Dmitry Mosyakov; PIR Center President and Editor-in-Chief of Security Index, Vladimir Orlov; Senior Research Fellow of the Southeast Asia, Australia and Oceania Center in the Institute of Oriental Studies (RAS), Aida Simoniya; Director of MGIMO University's ASEAN Center, Victor Sumsky; and Senior Research Fellow of the Southeast Asia, Australia and Oceania Center in the Institute of Oriental Studies (RAS), Vyacheslav Urlyapov.¹

ORLOV (PIR CENTER): First of all, let us discuss Myanmar's potential and its role in international affairs in the near and medium time frame. We will also discuss the possible new role Myanmar could play in the world economy and regional economic affairs of the ASEAN bloc, as well as the geopolitical specifics of this country, which is situated at a crossroads of strategic routes between India and China. We need also to pay attention to the results of the elections in Myanmar in 2010. We will assess the country's stability, taking into account the privatization program now under way in Myanmar. Let us also discuss to what extent the country is capable of preserving its own integrity. By the way, Myanmar is now carefully studying the lessons of Yugoslavia in an effort to understand whether there is a risk of the Yugoslav scenario being repeated in their own country.



R
O
U
N
D
T
A
B
L
E

SUMSKY (MGIMO): Latest developments always necessitate adjustments to any plans. When we were planning this round table on Myanmar we spoke of such things as insufficient awareness among the general public of the events taking place in and around that very important country. We spoke of the pressure of old stereotypes; we said that those stereotypes were preventing people from correctly interpreting the situation before and after the November 2010 elections. We spoke of the shifts expected in the country itself and in the outside world's attitude to it. We also agreed that the United States was apparently beginning to review its longstanding policy on Myanmar.

It was impossible to imagine back then—or even as recently as one month ago—that we would be discussing all these things against the backdrop of the events in Libya.² Meanwhile, Myanmar has for many years been labeled as an outpost of tyranny. For a long time the country has been hounded in the same way as some other countries which had suffered similar treatment even before Libya. So speaking about the international context in which Myanmar is forced to exist, we cannot but ask the following question: what should Russia do if Myanmar one day finds itself at the epicenter of similar events? Of course, there is no point turning a seminar on Myanmar into a seminar on Libya. Nevertheless, we should keep this situation in mind when we discuss the foreign policy aspects of the Myanmar situation.

MYANMAR'S DOMESTIC PROBLEMS

KIRICHENKO (MOSCOW STATE UNIVERSITY): The Myanmar armed forces are very much at the center of the national development project which the country has pursued ever since independence. Until now that project has been quite successful at localizing civil wars and anti-systemic movements. At present the situation in Myanmar is the least tense in 50 years or even more. The country's armed forces are united from top to bottom.

For over two decades now the incumbent regime has managed to withstand external pressure and sanctions, doing so with relative ease. In the past several months it has followed the road map to democracy, a plan which includes the drafting and adoption of a new constitution; general elections; and the formation of parliament and of a new government. The new governing bodies will soon get down to the business of governing.

As for the challenges and problems, I would make a distinction between real problems and the virtual ones. The virtual problems are the problems which are most often discussed by outsiders, and which reflect the perceptions of the country in the outside world. As the Libyan situation has reminded us all, Myanmar cannot afford to ignore these virtual problems. And if external pressure on the country continues these virtual issues will be the main pretext for such pressure. But this pressure will inevitably strengthen if the lid blows on one of the real problems, as opposed to the virtual ones.

On the political side of things there are the virtual problems of the legitimacy and democratic credentials of the Myanmar regime. Speaking about the real and practical side of things, these problems boil down to the fact that the country needs some kind of model for an orderly transition of power.

Ever since independence none of the Myanmar leaders has left politics of their own volition. The incumbent leader is facing the same problem. His exit would pose a whole number of difficulties. For example, his close relatives will lose their positions of privilege. The patronage systems dependent on influential figures always collapse as soon as these people lose their positions of influence.

Myanmar needs to find some way of adapting itself to a political model based on elections. The general election has come and gone—but the main problem was not the fact that the election was allegedly unrepresentative or rigged, but that the country's population has turned out to be unprepared for elections in general. I was in Myanmar during the elections; I visited the far provinces, and the impression I got was that people there just don't understand why they should vote, or how. That includes people who are 40 or 50 years old. This suggests that neither did they take part in the elections held 20 years ago as real political actors. The latest election was essentially free of the influence of money, so the scope for what is now termed political technologies was not that great. In other words, the real scale of manipulation and election rigging was not large. And if the electoral process in Myanmar continues to develop according to the

usual scenario seen elsewhere, if candidates start to inject money into this process, then a large part of the population—especially those now voting for the incumbents—will just as easily vote for opposition candidates. The incumbents will then have to take some urgent (and probably ineffective) countermeasures.

That is why Myanmar needs to boost the prestige of elected office. Right now members of parliament who owe their position to being elected do not really have any influence. They merely follow the instructions handed down to them from above. So if the country wants to adopt the electoral model this problem needs to be tackled.

Another issue that needs to be resolved is that some political room must be found for the opposition. The international legitimacy of the regime will depend on it. This is also needed to minimize the risks of virtual politics. In addition, the country is facing a pressing problem of political leadership. This is especially important given that the regime is now trying to use a more open and public mechanism of recruiting supporters. At this time Myanmar lacks any prominent public leaders; that is true of both the pro-government and the opposition ends of the political spectrum.

Yet another real problem, which is virtually interpreted as ethnic conflict, is the problem of nation-building. Myanmar lacks any cogent national idea or narrative that could unite all the ethnic groups living in the country.

Myanmar's economic backwardness is also preventing its people from making a mental link between any government projects and positive expectations. The popularity of the authoritarian regimes in China, Vietnam, and many other countries is based on these countries' rapid development. Unfortunately, Myanmar has not yet found itself in a similar position. Its major difference from most other countries dominated by Socialist ideology is that never—not even in the 1960s–1980s—has it had any major programs to develop public infrastructure and improve everyone's living standards. There has always been a wide disparity in the living standards of the various social classes in Myanmar, and right now that gap is only increasing.

Another set of problems the country is facing now has to do with human capital rather than pure politics. Myanmar needs a more inclusive social model; in the existing model the channels for upward mobility are very limited. In essence, any possibility of advancement exists only within the armed forces, the government, and the commercial sector linked to the armed forces.

Finally, one other problem is the inferiority complex the country has on many levels. It stems from the fact that although Myanmar views itself as a country with great culture and a glorious past, economically it is lagging far behind its neighbors. On the one hand, this fuels pro-opposition sentiment. On the other, the country's government has a penchant for various grand projects which make it look better—primarily in its own eyes.

A case in point is the project to build the new national capital, Naypyidaw. There are various explanations for why the government has launched it. In my view, the most plausible one is that the authorities wanted to build an impressive new city so as to boost their own self-esteem. That city is an incredibly interesting manifestation of the psychology and mentality of the country's ruling elite, of its ideas of luxury and high-tech, and of its vision of what the country should ideally look like. Meanwhile, unhappiness with the government's politics is not limited to those people who are really destitute (they are not actually that many). What is worse, there is discontent even among those who ought to be the support base of the ruling regime. In the armed forces, for example, there are plenty of people who are not sure that building a new capital or the project to build a metro system in Naypyidaw, which is now being seriously discussed, should really be a priority for the country. So if Myanmar were to succeed at developing a more inclusive development model, with a focus on actual national development rather than prestige projects, that would be a very serious achievement.

Myanmar today is in some ways very similar to Indonesia as it was back in the 1960s and 1970s. The similarities include a political system dominated by the military and the bureaucratic class; generous government spending on defense; and a quota reserved for the military in central and provincial legislative bodies. Many senior officials in the executive branch are military officers, and large financial and industrial conglomerates depend on close ties with the top generals.

In other ways, however, Myanmar is very different from Indonesia as it was 30 years ago. The country is therefore unlikely to follow in Indonesia's footsteps. First, the top general,



Than Shwe, has been in power for a rather long time and is already quite old. There is simply no way he can stay at the helm of the country for as long as Suharto did after his regime came to power in the late 1960s. That is why Myanmar is unlikely to follow the policies pursued by Suharto towards the end of his reign—i.e. gradually distancing himself from the armed forces and intentionally weakening the positions of the generals.

Besides, the top brass in Indonesia chose to pursue greater cooperation with the West, whereas Myanmar generals tend to be rather xenophobic. They are inclined to tar all foreigners with the same brush, dismissing them as bloodsuckers bent on exploiting Myanmar. In the view of the generals, foreigners just cannot be trusted, no matter where they come from. The only way to deal with them is very cautiously, playing them off against each other for the benefit of Myanmar.

Myanmar is also very different from Indonesia in the late 1960s in terms of its social and economic indicators. All of this means that the country's future cannot be predicted with any degree of certainty. The main problem faced by the incumbent regime is not the domestic opposition or the international pressure. The far bigger problem is the ability and willingness of the regime itself to respond to the challenges facing the country and to resolve the problem of the transition of power.

For all the hostility to foreigners felt by many Myanmar generals, the country needs foreign partners and is dependent on them. This offers Russia fairly good chances in Myanmar—but we must consider carefully our objectives and our policies there. There are relatively few areas where our two countries can pursue economic and political cooperation; therefore Russia's strategy should be to help Myanmar remain an independent actor rather than becoming a satellite of another power. And if Myanmar is interested in advisory services, Russia can be of help.

SIMONIYA (INSTITUTE OF ORIENTAL STUDIES): First, let us recall that in the period between 1962, when the Ne Win military regime seized power in Burma, and 1974, when a civilian form of government was restored in the country, 64 military coups took place in the world, mainly in the Arab East and Tropical Africa, as well as Thailand, Greece, and Latin American countries. Only two of those military regimes survive to this day: the one in Libya, where the Gaddafi regime has been in power since 1969,³ and the one in Burma. Thanks to a well-orchestrated election last November the regime in Burma has laid a foundation for a relatively safe future for itself—especially since the Burmese road map for democracy incorporates almost all the demands of the international community. The elections have been held; Aung San Suu Kyi has been freed; a new constitution has been adopted; the generals have stepped down; power has been handed over to a civilian government—except, of course, the most senior leadership. International investors are lining up, as I see it, to invest in the country's economy, especially its natural resources industry.

Dr Sumsky has asked what our position will be if other countries try to deal with Myanmar in the same way they have dealt with Libya. Russia has already demonstrated its attitude to Burma when in 2007 it essentially saved the country from UN Security Council sanctions on which the United States insisted. That is when for the first time Russia and China used their veto, and did so together. So I don't think we need to worry about Myanmar or about Russia's position.

The incumbent regime is a military regime that has been in power for almost half a century. The current civilian form of government does not bring anything new to the political situation or the country's strategy. Something similar was done under Ne Win. In 1973 there was also a referendum, a new constitution was adopted, and in 1974 a new civilian government—made of retired generals—came to power. The post of president was first occupied by Ne Win himself; then he was replaced by his loyal ally, San Yu, and together they served until late 1988. All political decisions were made personally by Ne Win; he also led the Burma Socialist Program Party. In essence, and regardless of the offices he held, he was the country's sole and undisputed political leader. The same is happening now all over again.

Now let us move on to the economy. It is well known that the economic situation was part of the reason for the collapse of the Ne Win regime. In 1987 the United Nations put Burma on the list of the least developed countries in the world. The decision to launch a program of economic liberalization was made when Ne Win was still in power. The reforms began with the abolition of state monopoly on trade in the main types of agricultural produce—that happened in September 1987, a year before the coup. The new military regime needed money to strengthen its grip on power and its military capability. Since commercial production of natural gas was not expected to commence for another 10 years there was only one way to earn some quick foreign currency

revenue: make use of the country's existing natural riches. That is why the so-called economic reforms began with selling rights to the mining companies. The country adopted a law on foreign investment, allowing foreign capital to flow into the Burmese economy. Selling mining rights and then signing contracts for minerals production therefore became the core of the model of Burma's economic relations with other countries, i.e. a model based on exploitation of natural resources.

By the early 1990s reforms in the financial and banking sector, the manufacturing industry, trade, services, agriculture, and other sectors had yielded some obvious benefits. That series of reforms helped to remodel the national economy in line with market mechanisms.

But by late 1997 (by which time Than Shwe had spent five years in power, renamed the State Council for the Restoration of Law and Order as the State Council for Peace and Development, and replaced almost all its members) the government once again began to drift towards an administrative command system.

The new military regime inherited a country with an inefficient state sector, huge foreign debts, and almost no currency reserves. In an effort to turn the situation around the regime put the Ministry of Defense in charge of the key state-owned companies. These companies became the core of large conglomerates managed by the generals, both serving and retired.

Unlike the previous government, the new one made an effort to get along with the commercial sector. What is more, it made use of entrepreneurs by drawing them into political-economic alliances. It wanted the new class of entrepreneurs to be loyal to the ruling regime and to do its bidding. In return the regime gave the new rich the right to use the country's natural resources to feather their own nests. Cronyism became rife, giving rise to military-oligarchic capitalism.

Since 1988 the Myanmar economy has essentially consisted of two tiers. The upper tier is based in lucrative exports of natural resources, including hardwood timber, gems, and later natural gas. The bulk of the revenues from those exports are siphoned off by the ruling military elite and its client businessmen. The lower tier of the economy is based on agriculture, small and medium businesses, and services; these sectors are the country's main employers.

At the turn of the century Myanmar became a net energy exporter. The rapidly growing economies of its neighbors began to compete for access to its hydrocarbons. Thailand has been importing natural gas from Myanmar since 1998; China and India also want to secure gas supplies from the country.

But gas export revenues seem to have little effect on the country's official financial figures. Myanmar has two exchange rates. The official rate has not changed for 30 years; one dollar buys six kyat. The unofficial rate—previously called “the black market rate” but now termed “the real rate” touched 1,350 kyat to the dollar in some years. In January 2011 one dollar bought 815 kyat. Using the free exchange rate to calculate gas exports revenues, in the 2007/2008 financial year those revenues could account for about 57 percent of the country's budget proceeds. The IMF recommends that gas exports earnings be accounted for at free market exchange rates in order to stabilize national finances.

Even though gas exports to Thailand alone bring Myanmar about \$4 billion a year the country has still failed to get rid of the humiliating status of one of the poorest nations in the world. The UN still classes Myanmar as a country rich in various natural resources, but says its rural population is living in abject poverty and the government is maintaining stifling control of every area of public life.

In December 2009 a prominent American scientist and winner of the Nobel Prize in Economics, Joseph Stiglitz, visited Myanmar at the government's invitation. Speaking at a seminar in Naypyidaw he said that, if used wisely, revenues from oil and gas exports could usher in a new era for the country's economy. He added that Myanmar must learn lessons from the mistakes of other resource-rich countries. He cited the experience of some African countries, where quick revenues from exports of natural resources are being used by the ruling elite to keep its grip on power instead of being invested in development. Unless the country invests on the surface the riches it extracts from below, it will never achieve economic growth, Stiglitz said.

Unless Myanmar changes its policy on the distribution of state finances and its overall style of governance, it risks becoming one of the countries damned by the so-called curse of natural resources. It may be counterintuitive, but oil, natural gas, gems, gold, rare-earth and non-ferrous



metals are often bad for the overall national economy. Myanmar exports all of the above—except for oil, for the time being. Economic growth is being generated by natural gas exports, but the sector does not create a lot of new jobs. Exports of natural resources account for up to 80 percent of the country's income, but 70 percent of its population are employed in agriculture. That only serves to widen economic inequality.

Many experts from international organizations say that Myanmar should set up special funds to accumulate and redistribute revenues from exports of hydrocarbons. Of course, Myanmar cannot just copy the mechanism developed by Norway—but the one used by Azerbaijan could well work for it. Alas, the country's government has no such plans.

In February 2011 the government approved the national budget for Fiscal Year 2011/2012. It appears that the new military-civilian government is still treating defense as the top priority. The share of the MoD in national spending will be about 20 percent. Compare that to 4.5 percent spent on education, 1.31 percent on healthcare, and 0.26 percent on social safety nets. Of course, some say that things are not as bad compared with previous years, when military spending made up a whopping 40 percent of the total. But remember that the government has now set up a special extra-budgetary fund for military spending; decisions to disburse money from that fund will be made solely by the commander-in-chief of the army.

Myanmar now accounts for about 0.5 percent of the global output of natural gas, but in the next few years exports to Thailand and China are expected to rise sharply. South Korea has proposed to build a liquefied natural gas (LNG) plant in Myanmar so as to secure some of that gas for its own needs. The well-known Shwe project will be completed in 2012. Two parallel pipelines will be built: a gas pipeline to supply gas from the Bay of Bengal to China, and an oil pipeline to pump Middle Eastern and American oil to a deep-water sea port now being built by China, and then on to China itself by railway. They are also building a railway there to take goods made in China to the new seaport and then ship them to international destinations.

All of this will mean more revenue from gas exports and transit. There are also other major projects. One of them is to set up a special industrial zone on the coast of the Bay of Bengal. Another is to create a special economic zone, similar to China's Shenzhen, on the coast of the Andaman Sea. General Than Shwe visited Shenzhen last year and was very impressed by what he saw.

In conclusion let me say that the military regime in Myanmar has managed not only to retain its grip on power but also to secure the foundations of its dominance for many years to come. The government, which is still controlled by Gen Than Shwe, will have three pillars to support it: the army, the ruling party (the Union Party of Solidarity and Development) and the clan of tycoons, which is built on cronyism and which has essentially been allowed to privatize national assets and national resources.

URLYAPOV (INSTITUTE OF ORIENTAL STUDIES): The ruling regime is spending the revenues from natural gas exports to secure its own well-being. This money is being spent to support the army, the government bureaucracy, and the nascent class of tycoons consisting of retired military officers and their relatives. This is also where the money on building the new capital city is coming from. Who actually produces the gas on the continental shelf?

KIRICHENKO: Natural gas is produced by consortiums consisting mainly of Chinese, Korean, and Indian companies. As to how the gas export revenues are being spent, the first thing the government did with this money was to increase the size of the army and launch a rearmament program. That was hugely expensive. Second, they started to build a new capital city in the middle of nowhere. Third, they have launched some infrastructure projects which are now making rapid progress; that includes roads and telecommunications, hydroelectric energy, and the energy sector in general. Unfortunately, not all this money is being well spent. One Burmese comedian, who is now in jail, once quipped that “if you hold an official Burmese paper in your hands you might well get electrocuted, so full is it of reports about all the new power transmission lines being built—but if you grab an actual electric cable you will be all right because those power lines just don't work.” The infrastructure projects are plagued by various mistakes and design errors because the country's human capital and the ability to work with high technologies are not adequate to the challenge.

As for whether the government is spending export revenues to secure its own well-being, this is a difficult question. This is not just the government securing its own well-being. This is a national

development project, as Myanmar understands it. The idea behind the project is that the army is the leading force that can solve any problem in any area. The rest of the population is passive and unable to resolve such problems. That is why a redistribution project that would prioritize spending in favor of the general population is unrealistic. It contradicts the country's political goals, as the government sees them. It runs counter to the worldview of most of the influential people in Myanmar, who believe that a man gets rich because he deserved it during his previous lives. They believe that if a person is poor he is probably supposed to stay poor.

URLYAPOV: Indonesia has been mentioned in the context of Myanmar's future. Some differences have been mentioned, including the inclination to xenophobia, inability to embrace innovation, maybe even a limited worldview as defining features of the Myanmar regime. Does anyone else feel that until the latest elections the regime survived not thanks to any oppression or suppression of dissent, but thanks to the backwardness of the population, which was actively cultivated? The country itself remains unchanged; the elections, the constitution, the pretence of liberal reform—is it not like shiny new packaging someone is trying to put on a rusty old can?

KIRICHENKO: Trying to put on shiny new packaging is what Myanmar's critics say the country is doing. Of course, the elections resolve some external challenges, they are needed to make the regime more legitimate—but there are also more complex and serious problems. The process of preparing and holding the elections puts in place the necessary preconditions for a transfer of power to the successors of the current leadership, and vertical mobility within the regime no longer seems completely unimaginable. Meanwhile, the supreme leader has remained the same for the past 19 years. This man has been tarred with many brushes—but I think none of them is really deserved. He has been called a bloody tyrant, a master of psychological warfare, and many other things. In actual fact, however, Gen Than Shwe is not a charismatic leader. He is constantly preoccupied with the extremely complex task of maintaining his grip on power and maintaining unity among the Burmese generals. Elections are one of the instruments he is using to achieve that objective.

KUDRYASHOV (RUSSIAN MINISTRY OF FOREIGN AFFAIRS): Myanmar's armed forces present a united front to the outside world. But, in truth, they have internal tensions and contradictions. There are different groups within them. One group is the generals who profit from energy export revenues. Another group is the ordinary officers who just serve from day to day. These officers are the majority. So when Than Shwe gave the 25 percent of the seats reserved for the army in the legislative bodies (in the national parliament and provincial assemblies) mostly to majors and captains that defused some of the tensions within the army. There is only one general and two colonels in that quota, which is about 400 seats.

Second, it is true that there are some tensions between Than Shwe and his deputy in charge of state affairs and the armed forces, Vice-Senior General Maung Aye. But they have an agreement not to make these tensions public. The generals understand that if these tensions are made public, that would be a sign of weakness, a threat to themselves, to their own regime and their own future.

Third, it is clear that there is no complete unity among the generals. Suffice it to recall the arrest of Gen Khin Nyunt. In the West many saw him as a progressively thinking figure in the senior leadership of the country. But when he put himself and his interests apart from the rest of the ruling group, that move triggered a political conflict. A decision was made to remove him from the political arena. Since then he has been sitting quietly under house arrest, and no one ever mentions his name. But the government has not forgotten about the importance of dialogue with the ethnic minorities, which Khin Nyunt was in charge of. They are now trying to resume that dialogue and find a formula for reconciliation with the armed formations fighting for these ethnic minorities.

Finally, a few words about continuity of government. Myanmar does not have this tradition, but now it looks likely that they will try the Chinese model, whereby a successor is chosen from among the second-tier politicians loyal to the current senior leadership—people such as the former chief of the General Staff, Thura Shwe Mann. Meanwhile, the current generation of senior leaders will probably leave the political spotlight, but they will continue to exert their influence from behind the curtains. It appears that they are now trying to come up with these mechanisms for exerting influence.



MYANMAR'S ROLE IN THE REGION

YEFREMOVA (MGIMO): I share my colleagues' view that the main problems now facing the country are national development and continuity of power. These two problems define the situation around Myanmar in the region. Myanmar has been struggling with the problem of building itself as a nation ever since it became an independent country in 1948. That problem is one of the main irritants in Myanmar's relations with its neighbors, including Thailand, China, and India.

Other actors are not paying sufficient attention to Myanmar, despite its colossal importance for the whole region. Myanmar is not just the second-biggest country in Southeast Asia, with a large population and rich natural resources. The country serves as a kind of continental bridge between Southeast Asia, South Asia, and East Asia. Despite numerous problems, over the past 20 years the region has seen a big increase in cross-border trade. Large infrastructure projects are being implemented there in cooperation with China and India, including mountain roads, oil and gas pipelines, etc.

Myanmar is also very important from the geostrategic point of view. A presence in Myanmar enables China to secure its economic interests (including uninterrupted oil supplies from the Persian Gulf and North Africa). Close cooperation with Myanmar's armed forces (in areas such as radar) helps China to monitor the situation in the Bay of Bengal and is part of Beijing's "soft deterrence" strategy versus India—which is, of course, worrying for New Delhi. As a result, Myanmar is finding itself at the epicenter of the contradictions between the two largest Asian powers. And in some ways it will depend on Myanmar whether these contradictions are resolved via confrontation or in a spirit of compromise and cooperation.

In essence, Myanmar is a typical buffer state, hemmed in between the two giant nations and forced to maneuver between them. Both in Russia and abroad the belief has been that the closer ties Burma has been forging with China since the late 1980s were Burma's own choice. This is largely an illusion. In my view, the rapprochement between Burma and China has more to do with the tough stance adopted by India following the suppression of the August 8, 1988 uprising in Burma. It is known that Rajiv Gandhi and Aung San Suu Kyi were childhood friends; they were brought up together when Suu Kyi's mother was the Burmese ambassador to India. India's tough stance adopted after the suppression of the uprising to some degree forced the State Council, which came to power in September 1988, to react positively to Chinese overtures. Of course, the Burmese leadership is now very unhappy with its current dependence on China—hence their efforts to normalize relations with India. Those efforts have become especially obvious after the fall from grace of Khin Nyunt, who was pro-Chinese.

These issues need to be taken into account as we discuss Burma's rapprochement with ASEAN and its eventual membership. The ASEAN countries advocate the principles of neutrality and regional resistance [*sic*], i.e. they try to find a balance between the interests of the outside great powers, as each of these powers is much stronger than the individual ASEAN nations. Thanks to such a position the ASEAN bloc has had some success at maintaining a balance of power in the region. From ASEAN's point of view the task of engaging Burma was necessitated by the overall policy of maintaining regional balance, especially between India and China.

Now let me say a few words about the Libyan scenario. In my view a repeat of such a scenario in Myanmar is unlikely, although one is of course tempted to draw parallels between the two countries. After all, Myanmar is not a country in which a starving population suffering from 20 years of sanctions would be ready to use help from abroad to overthrow its own government at the first opportunity. I don't think this is the situation in Myanmar at all. China, with its geostrategic interests in the country, will simply not allow such a scenario. Too much money has been invested in Myanmar, and too much depends on it in terms of China's national security interests, including energy interests. Another consideration is that waging war in a jungle with a well-trained army, one of the strongest in the region, with 20 years of experience in cross-border conflicts under its belt, would not be an easy task. It is not even about the Vietnam syndrome—more importantly, the potential aggressors will be wary of fuelling tensions in a situation which could have global repercussions.

URLYAPOV: Let us recall how Myanmar was granted ASEAN membership. That happened in 1997, the year of the Asian financial crisis. Shortly before the crisis Myanmar was granted ASEAN membership at a festive ceremony in the Malaysian administrative capital Putrajaya, with the

participation of the then Malaysian prime minister, Mahathir Mohamad. Myanmar became part of the organization quite smoothly, without any particular problems. Only the Philippines had some doubts over the violations of democratic rights and freedoms in the country. But all the other ASEAN members backed Myanmar's membership, including such a democratic country as Singapore. By the way, Singapore at one time supplied anti-personnel mines to the military regime in Myanmar. But the main proponent of the country's ASEAN membership was Malaysia. Its motives were twofold. First, the idea was to create a bloc that would include all the countries in the region, a single family of Southeast Asian nations, thereby implementing the ideas ordained by the founding fathers of the region's independent nations. Second, there was also the intention to use the expansion of ASEAN for purely pragmatic and utilitarian purposes. Kuala Lumpur and Singapore viewed the four Indochina countries as a promising new market. They thought they should forge iron while it's hot, ignoring the fact that these regimes were either communist or, in the case of Myanmar, neutral. The overriding goal was to secure a foothold in the north of Indochina, in the strategically important area that borders both China and India.

Of course, the decision to grant membership to Burma has brought many headaches which still have not gone away. Many solutions have been tried to cure that affliction. There have been various proposals based on the idea of constructive intervention. But the proponents of these ideas were not active or consistent enough. What is more, new ASEAN members, including Vietnam, are categorically opposed to such a solution, which has been reflected in the new ASEAN charter. Another solution that has been tried is gradually to make the regime less oppressive by engaging it in close cooperation—but that has not really worked, either, even though Myanmar's military regime formally agreed to pursue liberal reforms. Much as Myanmar's ASEAN partners want to speed up these reforms, they know full well the nature of the regime and the Asian specifics, so they want no radical steps—especially since it is not in ASEAN's tradition to encourage any aspirations for radical reforms.

Many countries in the region hoped to forge close ties with Myanmar, especially Malaysia under Mahathir. He has visited the Myanmar generals on several occasions; he has tried to persuade them, he has even tried to meet Suu Kyi. But he was denied. He took offense at that and even said Myanmar could be ousted from ASEAN. But that was just a one-off outburst in public. He never made any such remarks after that.

An interesting experiment was conducted in the Malaysian parliament. After Mahathir said that the generals should be ousted from ASEAN a special parliamentary group was set up, including members of the governing coalition and the opposition, to discuss the human rights situation in Myanmar. The group made a lot of noise at first but then quickly went quiet. Something similar was done in the Filipino parliament as well. All of this was needed to demonstrate to the West—especially to the United States and the EU, the most fervent proponents of sanctions against Myanmar—that ASEAN countries, including Malaysia, are aware of the problem, that they are trying to solve it, and that they are not preventing members of their legislatures and the public in general from expressing their stance on it.

On the other hand, during their discussions of the Myanmar situation with the Americans, ASEAN representatives insisted that any haste with reforms in the country would be counterproductive. They tried to explain to the West that by adopting a tough stance on Myanmar it is pushing the country into China's embrace. So, the argument went, if Washington is unhappy with the growth of China's military, political, and economic might in Asia Pacific it would do well to adjust its policy on Myanmar. It appears that the Obama administration has taken heed of the warnings from its ASEAN partners. An under-secretary of state for Asia and the Pacific recently visited Myanmar and met the top generals, including That Shwe.

On November 7, 2010 Myanmar held an election. As you probably know, Barak Obama and Hillary Clinton reacted by describing the election as a farce. They said the generals had deceived their own people. But a representative of Vietnam, which held the rotating chairmanship of ASEAN in 2010, welcomed the election as a new step to implement Myanmar's road map to democracy.

In other words, the West and ASEAN failed to demonstrate a united front. Time will tell how events will unfold. But I believe that in the near time frame ASEAN's stance on the Myanmar problem will not undergo any significant changes. ASEAN countries will carry on with their current policies, especially since we are now seeing a certain transformation of the ruling military elite into a class of financial and economic tycoons. The generals have taken off their uniforms and donned the



suits of bankers and entrepreneurs. That is exactly the path ASEAN countries have always encouraged Myanmar to follow. The question is, how long will these transformations take?

MALETIN (MGIMO): The Myanmar issue is at the same time an internal ASEAN issue and an issue on the agenda of ASEAN's relations with the West and with China, as well as the agenda of Chinese–Western relations. In other words, this is a very multi-faceted issue. The focus is constantly shifting from one facet to another. Speaking about Myanmar's admission to ASEAN, Indonesia and Malaysia both played a very important role. Their leaders said that by the end of the twentieth century all Southeast Asian countries must be members of ASEAN. For them it was a question of prestige, a question of implementing their program. And quite naturally, on this they chose to ignore the opinion of the United States and the West as a whole.

On the other hand, what were the ASEAN countries supposed to do in the summer of 1997, when the admission of Cambodia had to be postponed because of the internal political crisis in that country? Had ASEAN leaders refused to accept Myanmar as well, who else was left to accept? Only Laos. Given all these circumstances, the decision to admit Myanmar was a compromise. Even the Americans, in the person of Madeleine Albright, eventually gave the go-ahead for the admission of Myanmar, based on the notion that as soon as the country became an ASEAN member the other members of the bloc would get down to reforming it. Those other members, for their part, promised to work in that direction, knowing full well that they were unlikely to succeed. Any energetic interference in the internal affairs of one of its members was against the principles of ASEAN and could actually exacerbate bilateral tensions between other members of the bloc.

The ASEAN countries did of course hope that Western pressure would eventually diminish. But things turned out very differently. The Myanmar problem is a source of constant frictions between the United States and the ASEAN countries. One could say that they have failed in their task of reforming Myanmar. But I think they never set such grand objectives for themselves in the first place. Myanmar itself, meanwhile, can resist any attempts at reforming itself from the outside thanks to Chinese support. That creates a problem in Myanmar's relations with the other ASEAN nations; the country is the most obvious Chinese foothold in the entire Southeast Asia. As for whether ASEAN countries themselves can step up their pressure on Myanmar (in the same way some Arab and African countries stepped up pressure on Libya), this is probably unrealistic. Any threats of Myanmar's expulsion from ASEAN are primarily an instrument of propaganda pressure on the country.

DUBININ (MGIMO): At the Council for Security Cooperation in the Asia Pacific (CSCAP) our Filipino colleagues have lately been advocating the need to include on our agenda the concept of responsibility to protect—i.e. the obligation to protect the humanitarian rights of the population. We are now witnessing the application of that concept in Libya. So, on the one hand we have ASEAN with its principles of non-interference, but on the other we have the CSCAP, which is discussing such concepts. How can all that affect the situation in ASEAN itself and the situation with Myanmar?

YEFREMOVA: Dr Maletin has said that ASEAN has not been successful at reforming Myanmar, and that the bloc has not actually tried all that hard. ASEAN merely paid lip-service to the idea for the sake of the United States and EU, its two largest trading partners. It has never had any genuine convictions in that regard.

But this very idea of reforming Myanmar from the outside, the idea of a humanitarian intervention, all the talk of national reconciliation that has been discussed at ASEAN for 15 years now, all the attempts to persuade the generals to launch dialogue with the opposition represented by Aung San Suu Kyi and with all the different ethnic groups—all of these things have important internal reasons. The projects we have already mentioned, including the gas projects, the new electric power plants, etc.—many of them are being implemented in the problem areas populated by ethnic minorities which have waged an armed struggle for many years. And those who are investing money in these projects want the Myanmar government to ensure political stability in those districts. They don't want the rebels to blow up pipelines, and they don't want there to be any pretext for intervention by third-party countries which feel they have not received their fair share of the pie.

Unocal, Total, and many other Western companies have had to pull out since the emigrant Myanmar lobby in the United States and Europe started to put pressure on these countries' governments and calling for sanctions not just on the generals but also on the corporations

working with them. By the way, all the projects abandoned by the Westerners have now been taken over by companies from Thailand, Malaysia, India, Korea, China, and other countries, which previously did not have any presence in Myanmar.

Meanwhile, without always saying it out loud, ASEAN is well aware of the need to stabilize the situation, achieve a national reconciliation, and guarantee the security of investments in Myanmar. That is the context in which we need to view the calls for national reconciliation and respect for human rights.

We have already discussed the problem of imbalances in how Myanmar is spending the revenues from exports of national resources. On the one hand, the country is potentially a fairly large market. On the other, it can be used as a manufacturing hub with cheap labor, just as Japan used to outsource manufacturing to the ASEAN countries. Right now ASEAN countries themselves would probably welcome an opportunity to use Myanmar and Indochina countries as manufacturing hubs for reasons of cheap labor there and other factors. But that requires a more developed domestic market; the country needs to tackle poverty, it needs to give something to the people. China has understood that need very well, Vietnam too—but in Myanmar it seems that the generals like things as they are now. They lack the motivation to change anything. So in order to somehow get things moving ASEAN has to take certain steps.

As for Dr Maletin's view that ASEAN has not managed to achieve anything, I don't think I agree. In actual fact they have already achieved quite a lot. The very idea of a road map proposed in August 2003 by Khin Nyunt was essentially in response to soft but unceasing pressure by ASEAN over the previous five or six years. Let us recall that the national convention set up in 1993 and disbanded in 1996 did not actually propose any constitution. Since 1996 the government had been entirely happy to live without a constitution, and showed no inclination whatsoever to convene the assembly for a second time. We should give credit to ASEAN for the progress made by Myanmar, for the new government which is at least outwardly civilian and based on the constitution, for the parliament, and for various other democratic trappings. It cannot be ruled out that ASEAN will eventually achieve even more; the bloc has the necessary motivation.

MOSYAKOV (INSTITUTE OF ORIENTAL STUDIES): Allow me to say a few words about the Chinese factor, which must not be ignored.

Myanmar is a truly unique poly-ethnic state. The question is, to what extent is the central government able to control everything that is happening on the 648,000 km² of the country's territory? That is a very important question, especially with regard to the situation on the border with China. Judging from eyewitness accounts the central command of the Myanmar armed forces has essentially lost control of that situation. There is a huge amount of smuggling across the border with China. The local population uses the Chinese currency rather than Myanmar's own; the Chinese have huge influence there. After the weakening of the pro-China group in the Myanmar leadership, a massive military campaign was launched in an attempt to re-establish control of the border. In response the deputy chief of the Chinese General Staff arrived at the border with Myanmar and demanded an immediate end to all military operations on the pretext that they are causing large numbers of refugees to cross into China.

Another important question is the revenue Myanmar is earning from natural gas exports. We have already discussed that—but we have not discussed the role and influence of Chinese loans on which Myanmar often depends at times of crises. It is these loans that have enabled China to reach an agreement with Than Shwe on gas fields, gas pipelines, and oil pipelines, despite all the bilateral tensions. The pipelines that will soon start pumping hydrocarbons across Myanmar are being built mostly by the Chinese. So when the country's leadership realized what kind of benefits China is getting in terms of access to the Bay of Bengal, and in terms of pumping oil and gas to Yunnan bypassing the Strait of Malacca, they became very worried. The changes made within the Myanmar leadership were largely explained by the Chinese factor—especially since lessons of the past still hold true, and people in Myanmar still remember what happened to the country when the Mongols practically conquered it.

Right now the Chinese expansion in Myanmar is not an enterprise at a national level, it's a different level. In essence we are talking about an expansion of the field of geopolitical influence. ASEAN, which is already facing Chinese territorial claims in the South China Sea (if not along the entire border between China and Southeast Asia), perceives this as a real threat. From that point of view Myanmar is not merely a buffer. The country is key to the entire Chinese expansion in the southward direction. That is why India is changing its stance and abandoning formalism when



looking at the political situation. India is beginning to understand the real role of the army [in Myanmar] as a social organization, the role of the military as people who come from a poor rural background. These are people who are united by their social background, people who share their loyalty to the military and who share combat experience. This is not simply an army that took power by coup, then adopted a constitution and handed over power to civilians. This is a special social institution in a country that is now being challenged by powerful external forces.

Once all these things are taken into account it becomes clear why the ASEAN countries are standing up for the regime in Myanmar and saying that it is a member of their family—and that every family has good children and difficult children. They offer all kinds of support to the forces within Myanmar which advocate integration with ASEAN, which want greater independence for their country, and which want to contain China's expansion on Myanmar's borders.

RUSSIAN INTERESTS IN MYANMAR

IVASHENTSOV (RUSSIAN CENTER OF APEC STUDIES): We have already discussed Myanmar's natural riches and its geostrategic significance. But the country also has two other advantages that can help it become one of the leaders of ASEAN once the sanctions have been lifted. First, the level of literacy in Myanmar is one of the highest in ASEAN. According to UN figures it is close to 90 percent; the country's own statistics put it at 96 percent. Second, a lot more people speak English in Myanmar than in Thailand, Vietnam, or even Indonesia. With its natural riches and human potential Myanmar could make a giant leap forward.

Now let me say a few words about the opinions already voiced here. I would like to subscribe to the previous speaker's opinion regarding the Chinese factor. This is an extremely important factor, and we must give it constant attention. What was the reason for the rapprochement between Myanmar and China in the late 1980s? After all, people in Myanmar actually dislike the Chinese; to be frank, they can't stand them; they have always lived in China's shadow. In commercial affairs during the colonial era the Chinese were the small retail traders who exploited the Burmese. So there is ill feeling even on this grassroots level.

So why the rapprochement between the two countries? It happened because Myanmar had its uprising in 1988, and China had its Tiananmen Square protests in 1989. Both countries suddenly became pariahs, so they had a reason to stick together.

Why did the West have such a negative reaction to the events in Myanmar in 1988, even before the 1990 elections and the arrest of Suu Kyi? By the way, that election was a big mistake by the military regime; they really shot themselves in the foot on this. But this is not what the issue is about now. In 1988 there was a change of generations in the army. The generals were swept away by a wave of popular anger because they had brought the country to bankruptcy: for all its natural riches even soap had to be rationed. The generals were replaced by lieutenant colonels and majors, by a new generation of the military. That new generation was patriotic and anti-Socialist, because Ne Win's party was a socialist party. And those lieutenant colonels attracted a lot of interest from the Americans in 1988 because back in those years the Americans planned a withdrawal from Thailand and the Philippines, so they needed a new foothold in Southeast Asia. They hoped to find such a foothold in Myanmar, but the majors and lieutenant colonels said no. In retaliation Washington began to put pressure on the regime, and the election was used later on as a pretext for new campaigns of pressure.

It is important for us to remember how and why the military regime in Burma came to power in 1962. Between 1948 and 1958 Burma was a democracy. The problem was its ethnic minorities. The British left the issue unresolved when they pulled out of Burma in 1948. They said to the Kayin, Shan, and Chin groups: "Wait for a little while; we are going to be back in 10 years' time." And exactly 10 years later, in 1958, all that ethnic unrest and uprisings broke out. Many of them were encouraged from abroad. Let us recall the story of the Kuomintang divisions who came from China and dug themselves in, mostly in the north, in Kachin State. Back then the democrat U Nu had to ask his defense minister, Ne Win, for help in suppressing these uprisings. Ne Win spent four years doing just that, and then he said, "Why should I pick chestnuts for the civilians when I can rule myself?"

In 1988 there was a generation change in the Burmese armed forces. A similar generation change is under way right now. The recent elections have brought a serious reshaping of the previous

regime. It does not matter whether it is military officers or civilians who have come to power. What matters is that it's a new generation of people. We can draw parallels with Indonesia, but why not also draw parallels with South Korea? In that country the military also took power at some point, but then they launched economic reforms and achieved rapid economic progress. What is important now is that new people have come to power, and these people know how their neighbors in other countries live. They want to have the same standards of living.

Some here have accused the Myanmar government of not sharing with the people the proceeds from exports of hydrocarbons. But apart from Kazakhstan and Azerbaijan there is one other country where the population, the social program, and the domestic economy in general have not really benefited from huge oil and gas revenues. At least the Myanmar government is building something. They are building a new capital city and roads. They are sending young people abroad to study. I will have a few words to say later on about the students from Myanmar who have studied in Russia. The Myanmar government paid \$2,000 to \$5,000 a year for each student. They also send students to universities in Japan, Australia, and Singapore, and they pay cash for every single one.

Although Tan Shwe was educated at a sergeants' school he is a wise man. Look at the mechanism he devised for gradually removing the army from directly governing the country. The new civilian government is made of the oldest (and hence the most senior, according to Myanmar social convention) representatives of the old government. The new president is Thein Sein (who was Prime Minister under the State Council for Peace and Development). One of the vice-presidents is Tin Aung Myint Oo (former Secretary of the State Council). The speaker of the lower chamber of parliament is Thura Shwe Mann (member of the State Council and Chief of the General Staff). Thein Soe, a former member of the State Council, is Chairman of the electoral committee.

In this new government system the commander of the armed forces, the minister of defense, and other senior military officials are formally subordinated to the formally civilian leaders, so they are not supposed to be in charge. And what of the future of Than Shwe and Maung Aye? It is possible that their position will be similar to that of Deng Xiaoping in China after his official retirement from government and Communist Party posts.

A transition to a civilian form of government will facilitate a move towards an open market economy. The Myanmar government is pursuing a strategy of privatizing state-owned companies (600 assets were privatized throughout the country in 2010–2011, including 250 petrol stations). This is a significant step. The small business sector is growing. In January 2011 the country's parliament passed a law on special economic zones.

What do all these changes in Myanmar mean for Russia? For us the country is an important and promising partner. We have maintained bilateral relations for five and a half decades. These are good relations. We have never had any conflicts or arguments with Myanmar. In the past 20 years our country has become Myanmar's second most important foreign policy partner after China.

I came to Yangon as the Russian Ambassador in 1997. It was difficult at first. Back then there was an opinion in some government corridors in Russia that since Myanmar does not respect human rights we should not be very active there. I discussed the human rights situation in Myanmar with Western colleagues. Did our Western partners demonstrate any reluctance in dealing with Myanmar? They did, in some ways. Nevertheless, it was Total who began developing gas fields in the country; it was Unocal who built the gas pipeline to Thailand; and Halliburton, the company for which Dick Cheney, the future vice-president of the United States worked at the time, took part in that project. So Western companies did work in Myanmar after all, and worked very well.

In 1999 we sold a batch of MiG fighter jets to Myanmar, and there was also talk of building a nuclear research center as well. That's when the French ambassador came to visit—we had very good relations with him. He said to me, "You know, it doesn't look very good—after all, they are going to pay you for all that." And I said to him, "Of course, we are not going to give them any loans." And he said to that, "Yes, but you see, their money comes from gas exports, and the gas is produced by Total, so French public opinion will not be happy." To which I said, "Naturally, French public opinion would not be unhappy if the Myanmar government bought Mirage fighters instead of MiGs, and if it discussed the construction of a nuclear reactor with a French company rather than Rosatom."

The Germans and the Italians worked in Myanmar as well—let alone the Japanese and the South Koreans, who are still working there. The size of the Western diplomatic missions in the



country also tells us quite a lot. We are Myanmar's second most important partner after China, but in terms of the size of our diplomatic mission we are sixth or seventh. In 1997 the Americans had 46 diplomatic passport holders in Myanmar; we only had 10. The U.S. embassy did not have an ambassador, they only had a charge d'affaires. In the British embassy the situation was different: they had only 5 diplomats, but they also employed 36 local staff who had spent 20 or more years working for the embassy. They were tasked with what we in the Foreign Ministry called "information and reference work," i.e. writing press reviews, analysis, etc.

Now let me say a few words about human rights violations, including the people in prison. This topic was raised during our discussions with the French ambassador and with the U.S. charge d'affaires. The population of the country is 51 million. How many people are in prison? How many of them are actual criminals, and how many are political prisoners? Back then it was said that there were no more than 800 political prisoners, out of the population of 51 million. The overall prison population was 51,000 people, which is 0.1 percent of the country's population. I asked, what is the prison population in the United States? I was told that prisoners make up more than 1.5 percent of the American population. Does that mean human rights are being violated in the United States as well? That cannot be ruled out, given how many people are in prison there.

All of these things are not as clear as they seem. All these violations committed by the armed forces in parts of the country populated by ethnic minorities were reported by the *Democratic Voice of Burma*, which broadcast from Norway. Then those reports were re-printed in Thailand, in the *Bangkok Post*, and then picked up by the Reuters news agency, by the Voice of America, etc.

As for our own relations with Myanmar, the most developed area of our cooperation is military and technical cooperation. Starting from 1999 Russia has supplied aircraft, including MiG-29 jets, helicopters, and other weaponry. I cannot give you the exact figures, but these are valuable contracts for our MiG Corporation. Our aircraft have earned themselves a good reputation there. All the payments are being made in cash; this is not financed by loans. We have actual cash being paid to actual companies, helping us to support our industry.

But there is an even more important fact which I would like to draw your attention to. Starting from 1999 we have been training students from Myanmar. The situation with education in that country is very interesting. Decades ago Nikita Khrushchev founded the Yangon Polytechnic, which was essentially a branch of the Moscow State Technical University. But the struggle for human rights constantly created problems there, and it stood empty for six months out of every year or even more. Then the military set up a kind of network of military technical schools. The young people who take the military oath are enrolled on three-year courses at these schools to receive basic education. Then they are sent to study abroad, and defecting is not an option for them because in that case they will be court-martialed.

Now then, more than a thousand such students came over here to study. At one point we had more students from Myanmar studying in Russia than from Vietnam. And they did not study at the Economics faculty of the People's Friendship University, like foreign students usually do. They studied at the Moscow Engineering Physics Institute (currently National Research Nuclear University), Moscow Energy University, Moscow Aviation Institute (currently State University of Aerospace Technology), the Mining Institute, the Institute of Steel and Alloys, and the Moscow State Technology University. Essentially, in the past 10 years we have made a notable contribution to educating a new generation of Myanmar science-and-technical intelligentsia. These young specialists are very familiar with Russian technical and research standards, and, which is also very important, they speak Russian. These engineers, the Russian-speaking graduates of the most prestigious Russian universities, can really help Russia to strengthen its positions in Myanmar.

Unfortunately, things are not as bright in the area of trade and economic cooperation. In 2010 bilateral trade (not counting special equipment) was barely above \$50 million.

The main achievement of recent years is the signing in December 2010 of a framework agreement under which a company from Moscow will build the first metro line in Naypyidaw. We have already signed a contract for technical assistance in conducting a geological survey. Now everything depends on the tactic chosen by the Russian side. There has been a change of management at the Moscow Metro Building Company; new people will have to deal with this issue, but this is a promising proposal. This is real money and real jobs.

Other Russian companies are also interested in the Myanmar market, including Nobel Oil, VI Holding, KAMAZ, Chelyabinsk Tractor Plant, and others. But apart from Nobel, not a single company has made any practical achievements in this area.

In October 2010 we received from Myanmar a long list of proposals for Russian investors. But for now, the approaches demonstrated by Russian government agencies give little cause for optimism.

Russian business in Myanmar looks especially anemic compared with the Chinese, Thai, and Indian companies. They don't wait for any special invitations. Instead they make proactive efforts to study the opportunities and requirements of the local market. They launch large projects in areas such as hydroelectric energy, infrastructure development, oil and gas drilling, and mining. Despite the sanctions imposed on Myanmar, Western companies are keeping a close watch on the situation in the country and they are ready to rush into that market if the sanctions are eased even a little bit.

Meanwhile, there are also some disappointments in our bilateral relations. The launch of an iron smelting plant being built by Russia's Tyazhpromexport in Myanmar's Shan national district is four years behind schedule. Some other Russian contractors are also failing to fulfill their obligations. This is bad for our reputation.

There has not been much progress on the body of agreements and treaties between our two countries. Some important documents have yet to be signed, including an agreement on mutual recognition and equivalency of education degrees and diplomas (which would be very important for us), and an intergovernmental memorandum of mutual recognition on cooperation in fighting terrorism. The same is true of a whole number of trade agreements in areas including investment, avoidance of double taxation, etc.

After the recent change of regime the Russian government should make some kind of gesture. We need to arrange visits to Myanmar. The last time the country's foreign minister came to Moscow was back in 2000. Our own ministers have never been to Myanmar at all. Since the country has a parliament now it would be very important for the Russian State Duma to send a delegation there. After such a visit the Russian MPs could discuss the key priorities of cooperation with Myanmar with our ministers and agencies in charge of the economy and trade.

KUDRYASHOV: It is difficult to add anything after Ambassador Ivashentsov's emotional and informative remarks. He has already highlighted the key problems and milestones of our cooperation. Nevertheless, I would like to draw your attention to some issues and problems in our bilateral relations with Myanmar.

Let us recall that Russia and Myanmar established diplomatic relations in February 1948. It will be 60 years later this year since we opened embassies (three years after establishing diplomatic relations). We have proposed a number of events to mark the occasion, and Myanmar's Foreign Ministry has welcomed them with enthusiasm.

Nevertheless, our bilateral contacts have never been especially active, except for a period in the 1950s and 1960s. Relations have picked up since the mid-1990s. We have signed some important agreements, which is helping us to make progress. It has been mentioned that the body of agreements and treaties between our two countries is not developing as fast as we would have liked. But let me assure you that we are working on this. Some agreements are being negotiated even now, and they will be signed very soon.

There are mechanisms aimed at facilitating individual areas of our cooperation. First of all, there is an established practice of consultations between our foreign ministries at the level of deputy ministers. We hold a round of talks practically every year. Last year we missed a round for reasons beyond our control. This year a fifth round is scheduled in Naypyidaw.

There is also the mechanism of the Russian–Myanmar commission on military and technical cooperation. It has already demonstrated its effectiveness, and work in this format will continue. As we have already mentioned, military and technical cooperation is a central element of our relations.

A distinctive feature of Russian–Myanmar relations is that they are not burdened by any contradictions, old conflicts, or problems. This makes Myanmar different, in a good way, from other countries in the region. For example, with Laos and Cambodia we have a problem because



of the unpaid debts they owe Russia. There is also a problem with Thailand (although in this particular case it is us who owe money, i.e. the so-called Rice Debt).

The government of Myanmar has always had a very responsible attitude on the issue of paying its foreign debts. It has always abided by its contractual commitments, regardless of the size of the contract.

A notable recent event was a visit to Moscow in 2006 by Vice-Senior General Maung Aye. He discussed quite a few issues here and acquainted himself with our achievements. After that, by the way, the idea of building a metro was proposed, but I will return to this later.

Now, as before, the development of our bilateral relations is facilitated by the fact that our approaches coincide on all the key international issues. The government of Myanmar views Russia as a close and reliable partner. It advocates greater Russian involvement in Asia Pacific affairs, and a stronger Russian role in the international arena as a whole.

One of the reasons for the continued Western pressure on Myanmar is that the country can receive high-tech produce and services from Russia to augment its defense capability and modernize its economy. Naypyidaw appreciates our impartial and consistent approach to the Myanmar situation. In essence, the country views such an approach by Russia as an important guarantee of its ability to pursue an independent foreign policy. Dr Simoniya has already mentioned that Russia used its right of veto at the UN Security Council. Such an attitude by our partners helps Russian diplomacy not only in Myanmar itself but also in the wider region. It allows us to view Myanmar as an important foothold for our presence in Southeast Asia.

Russia's membership in the Asia-Europe Meeting (ASEM) and East Asian Summit (EAS) opens up new opportunities for deeper contacts with Myanmar and for new joint initiatives. We will work with Myanmar as a coordinator of Russian-ASEAN dialogue to implement the agreements reached during the recent second Russia-ASEAN summit. We will also discuss events scheduled for later this year to mark 15 years of our partnership with ASEAN.

This year will bring a lot of interesting political events in and around Myanmar. The country will need to implement a systemic remodeling of its political and government setup. We will keep a close watch on the nature of these changes, taking into account our national interests. We will try to identify the potential issues that can have an adverse impact on our bilateral relations.

Speaking of the domestic political situation in Myanmar I have to say that there is a certain potential for problems, especially in the area of ethnic relations. Another important task is to foster constructive dialogue between the government and the opposition. Late last year our ambassador met Suu Kyi. During the meeting it turned out that the opposition leader does not actually have any clear idea about how her nation should develop. What is more, Suu Kyi does not believe Russia has any role to play in the region or in Myanmar itself. That is regrettable, of course. And naturally, our contacts with the opposition have been taken note of. But they have also taken note of our explanations to the effect that Russian diplomacy is working and meeting with the legitimate opposition.

I cannot rule out the possibility of new tensions arising during the transformations that have begun in Myanmar—for example, tensions between the civilian and military administrations in the provinces. Previously the commanders of military districts were also the highest executive authority in their respective territories. Now these commanders are in charge of only military affairs; the local executive authority is being passed on to civilian ministers. That could give rise to certain tensions as the civilian and military officials learn to rub along—that will take some time.

Clearly, the leaders who are leaving the active political scene (first and foremost, Than Shwe and Maung Aye) are interested in retaining some influence and some authority. But the rising stars, such as Thura Shwe Mann and others, will be led by their own interests. Senior leadership at all the key government agencies and ministries has been completely reshuffled. The Defense Ministry still remains the key ministry in many areas, including the national economy. We will continue to watch all these developments very closely.

I must say that despite the lack of direct communication between the top leaders of our two countries relations between Russia and Myanmar benefit from a high level of mutual trust between the senior leaders; all the necessary information is being passed on via diplomatic channels. There was a situation quite recently when the Myanmar leadership decided to establish relations with North Korea bypassing UN Security Council Resolution 1874 of June 12, 2009. But thanks to

our efforts and our persuasions we have managed to avert a situation whereby the international community's attitude to Myanmar could have taken a radical turn for the worse.

Now let me say a few words about the key areas of our bilateral cooperation. The most successful area is military and technical cooperation. Over the past two or three years we have made several breakthroughs in this area, including important agreements on the value and specifications of the military hardware to be supplied to Myanmar.

On the whole trade and economic cooperation between our two countries is growing, but it is clearly lagging behind the level of political cooperation we have achieved. We do not always make use of the special nature of our relations. The Myanmar government has repeatedly spoken in favor of giving Russian companies preferential treatment in the country's market. Unfortunately, this has not yet translated into any specific achievements. According to the Russian customs office trade between Russia and Myanmar stood at just \$114 million in 2010, including \$99.4 million worth of Russian exports to Myanmar and \$14.5 million worth of imports.

Clearly, Russia is interested in implementing large-scale projects in Myanmar. The list of companies and projects cited by Ambassador Ivashentsov may not be entirely in line with what our ministries and government agencies believe we should focus on—hence the fairly cool reaction to some of these proposals. But this way or another, we continue our efforts. For example, Tyazhpromexport continues to build an iron smelting plant in Myanmar, which will become the foundation of the country's steel industry.

Another potential area for cooperation is Metrostroy's participation in building a metro system in Myanmar's new capital. If this proposal is given the green light it will be a high-tech, multi-billion-dollar investment project.

Maybe we should pay more attention to capitalizing on the positive experience accumulated in the area of military and technical cooperation and spreading it to other areas of our trade and economic relations. This could be a topic of discussion among the experts from relevant ministries.

Allow me to say a few words about cooperation in education, science, and information and technology. The overall number of students from Myanmar now studying in Russia is over 3,000 people. The government of Myanmar has praised the quality of their training. We are now preparing a student exchange agreement between ISAA and the Yangon University of Foreign Languages. We are also preparing an agreement to exchange language teachers. Some work is also under way as part of the Roscooperation program; this has to do with Russian language training.

For the foreseeable future the Russian vector will remain one of the priorities for Myanmar's diplomacy. Such an approach is fully in line with Russia's expectations and our country's economic and political interests. For our part we need to demonstrate some initiative and adopt a comprehensive approach to developing bilateral relations. I hope that the outlines of such an approach have become clearer during today's discussion.

MALOV (RUSSIAN-MYANMAR FRIENDSHIP SOCIETY): There is little left to be said about our trade and economic relations with the country after the previous speakers. Nevertheless, looking back, let us recall that Russia used to receive lots of gems from Burma back under Tsar Nicholas II. One of the richest collections of Faberge works of art is in the Geology Museum in Yangon. I saw it, and I was pleasantly surprised.

In the 1960s Burma received significant Soviet economic assistance. Its volume was comparable to our assistance to Indonesia. And although later these ties became weaker Burma has paid us for that assistance in full.

Mutual interest picked up once again by the mid-1990s. The first contracts were for civilian equipment, including the Mi-8 helicopters which were widely used in 2007 during relief efforts after Cyclone Nargis.

After Myanmar was hit by that natural disaster our delegation arrived there to discuss aid. We offered fairly large loans, and also said we were ready to deploy our field hospitals. The Russian Emergencies Ministry offered a lot of assistance, and did so very expeditiously. That impressed the Myanmar leadership, including Senior General Than Shwe. It gave a new impetus



to our bilateral cooperation and helped us to prepare two important contracts for the delivery of helicopters and other hardware.

In the 1960s about 15,000 students from Burma were trained in the Soviet Union. That had a very positive effect on our relations. Right now we are witnessing something similar. There is a growing number of students from Myanmar who speak Russian and who have friendly feelings towards Russia. We already have the Russian–Myanmar Friendship Society; last year we set up a similar organization. I believe this will facilitate trade between our two countries and help us to set up more joint ventures working in Russia and Myanmar.

The problems that continue to hamper bilateral trade include the lack of a proper banking system in Myanmar. It is being formed rather chaotically; individual elements of it spring up, then disappear, then spring up again. A number of commercial banks have recently resumed their operations in the country. The government has allowed two foreign banks, from Singapore and Vietnam, to enter the Myanmar market. There is now hope that the movement of financial flows which facilitate trade and economic cooperation will now speed up.

On the whole, our private and state-owned companies have a lot of opportunities to do business in Myanmar. But these companies need to occupy the existing niches before they are occupied by the Chinese, who are very active in Myanmar.

KIRICHENKO: Thank you for the information on how Russia views itself in Myanmar and what prospects we have there. But the achievements we have made there are no reason to rest on our laurels. It is true that in the area of military and technical cooperation things are looking good. But as for the section of science and technical intelligentsia who have links to Russia, look at how many graduates of Chinese universities are now teaching various subjects in Myanmar's technology universities. They outnumber our own graduates 10 to 1. Also, the proportion of people who are actually working in the field they have been trained in after returning to Myanmar from Russia is not as high as we would have liked. Many of these people resume their service in combat units of the army, or retire from the armed forces altogether.

Some of them are trained in specialties which simply aren't in great demand in Myanmar. Maybe the situation will change in 10 years' time, but by then their training will have become somewhat obsolete.

There is also another worrying issue. I have heard that the Myanmar leadership believes that the number of specialists who have received their training in Russia is sufficient for the country's needs, and that these graduates can now be used to teach students in Myanmar itself.

If Russia truly wants to forge closer ties with Myanmar it needs to make the utmost effort to make sure that even those achievements which now seem obvious can be made to actually work for our benefit.

ORLOV: As far as I can tell from my visits to various parts of Myanmar, the country really needs close ties with the Chinese—but, on the other hand, it has many serious apprehensions about China. That is why they would like to see Russia as a kind of counterbalance to growing Chinese influence. We really need large-scale joint projects in Myanmar; we need to show initiative in making use of the opportunities that we now seem to have. I think there are at least three partially overlapping areas in which we can work: humanitarian, economic, and strategic.

The phrase “to send someone to Moscow” means “to send someone to jail” in Myanmar's political jargon. But people do not actually have any fears about our country, and there is no denying the presence of the Russian language in the country. The role Russia has played in educating the country's technical intelligentsia is also truly important. All these things are parts of our bridge to Myanmar.

Of course, it would be interesting to find out what Rosstrudnichestvo [the Russian Federal Agency responsible for international humanitarian cooperation and relations with Russian compatriots living abroad—Ed.] is doing in Myanmar. I believe the Russkiy Mir (Russian World) foundation is already working to open an office in the country, or at least to start offering Russian language training classes. For its part PIR Center is prepared to offer its help in implementing these important initiatives and restoring our humanitarian positions in Myanmar. After all, the French, the British, and even the Americans already have their cultural and humanitarian centers in Myanmar. And, naturally, the exchange of students is very helpful in this regard.

As for Russia's economic presence in Myanmar, we have not even mentioned tourism today, which is a pity. As some other tourism markets collapse, the opportunities for developing tourism in Myanmar are colossal. The sector is now attracting a lot of investment from Thailand. I think Russian companies too could launch serious projects there, using Russia's good contacts with Myanmar's leadership.

Speaking of other untapped opportunities let us also mention telecommunications, the natural gas sector, and the prospect for resuming our nuclear cooperation. If we can work in these areas with Bangladesh, why can't we work with Myanmar?

As for our strategic relations, we have to promote and to strengthen them because Myanmar's geopolitical and infrastructure significance is growing. We should be fostering those relations not to thwart China or India but because it is in Russia's own long-term interests. Business and politics must go hand in hand. Otherwise the new Myanmar leadership which has taken over from the old generation of generals will prefer to deal not with us but with the French, Italians, Japanese, South Koreans, and eventually even with the Americans.

SUMSKY: It has been mentioned more than once today that there are too many stereotypes about Myanmar. In essence, over the past 15 or 20 years the country has been a victim of an information war, and it is not just stereotypes this war is producing. Fortunately, our own discussion has not been blighted by propaganda cliches.

One of the topics I would like to raise once again is Myanmar's relations with its ASEAN partners. Let us recall what Dr Uryapov told us about Mahathir Mohamad's role in forging ties between Myanmar and ASEAN—especially since Dr Mahathir recently visited MGIMO and gave a lecture here. He did not say anything about Myanmar, but he left us a copy of a book he wrote, which contains "extracts from correspondence with friends," including George W. Bush, Tony Blair, Jacques Chirac, and others.

Some of the correspondence between Blair and Mahathir dating back to early 2000s is about Myanmar. The British Prime Minister was polite but insistent in trying to persuade Mahathir to use his political prestige in order to speed up the democratization process in Myanmar. He promised that such a move would be welcomed by the EU, that investments would be forthcoming, etc. To which Mahathir replied that democracy is an excellent thing, but its hasty introduction can lead to dangerous consequences. He cited the example of Indonesia (which Myanmar has been compared with today); he recalled that a rapid democratization following the collapse of the Suharto regime had plunged 40 million people into poverty, and huge numbers of people became victims of the ensuing ethnic conflicts. "I cannot and will not bear responsibility for something similar happening in Myanmar," the Malaysian prime minister wrote. Compare that with what Dr Uryapov said about Mahathir's stance on the issue. It turns out that, on the one hand, he encouraged Myanmar to heed the calls made by the Western countries—but on the other he was trying to defend Myanmar from hard external pressure in his conversations with Western leaders.

The five founding nations of ASEAN have always had a lot of second thoughts as to what stance they should take on Myanmar in order to prevent the West from putting too much pressure on them. But siding completely with the West, joining in with the sanctions, and essentially interfering in that country's internal affairs was never on their agenda. Why? I believe the reason is simple, and Dr Mahathir explained it very well: ASEAN does not need a source of major instability which Myanmar would inevitably become in the event of a forceful democratization. Neither should we forget about the diversity of that country, about its history of insurgencies and counter-insurgencies, about the fact that all its ethnic minorities carry weapons, and that there is a long history of drug production and drug trafficking there. If all of these problems erupt as a result of democratization, no one will escape unscathed, least of all Myanmar's neighbors.

It has been argued today that the city of Naypyidaw has been built to satisfy the patriotic feelings of the military elite. I believe that they had started to build the new capital largely due to the events in Iraq. After all, Yangon, which is a coastal city, would be very vulnerable to Tomahawk cruise missiles launched from the sea. Now that the capital has been moved 320 km to the north, where it sits in forested and mountainous terrain, the key government facilities are much less vulnerable to attack.

I think the opinion that Myanmar should be a stable, well-governed, and rapidly developing country is shared not only by ASEAN but by India too. After all, India's northeastern provinces border the parts of Myanmar populated by ethnic minorities. Unless Myanmar is a stable, well-



governed, and steadily developing country contagion from those territories could spread to India itself.

Like everyone else here I found the remarks by Dr Mosyakov very interesting. But I do not entirely agree with the rather one-sided portrayal of China's interests in these remarks. Does China truly want to see Myanmar as a weak puppet state? I think the Chinese are wise enough to realize that there can be no stability in puppet states, and that such states cannot be reliable allies in the long run. Then again, China itself has a serious problem that can be resolved with Myanmar's help. China as it is now is a country of regional imbalances. Its social and economic progress is much more rapid in the coastal southeastern regions than in the landlocked southwestern provinces. Neighboring Myanmar, which can offer access to the sea, is needed to unlock the trade and economic potential of China's southwest. I don't think there is anything wrong with such a motivation.


Speaking about America's strategic interests with regard to Myanmar, I have the following question to ask: is it not a stretch to argue that one of the poorest countries in the world is a threat to America? Why would the Americans pretend that it is? One of the answers to that question is contained in the very cliché "an outpost of tyranny." An outpost is a small fortification on the approaches to the main fortress. What, then, is the main "fortress" which the "outpost" called Myanmar is protecting? Clearly, that "fortress" is China. Similarly, it is clear what fortress the "outpost" of Belarus is allegedly protecting.

There is no doubt that the reasons why Myanmar is being given so much attention include its oil and gas riches, as well as its geostrategic situation, which we have mentioned on several occasions today. If Myanmar can be turned into a foothold for what the Americans call projection of power, that power can then be projected against China, India, or the rest of Southeast Asia as and when required. Is this not what America truly wants? It has to be said, however, that with the arrival of Barak Obama the Americans are also beginning to understand that there are other ways of achieving the same goal.

Speaking of the international reaction to the elections in Myanmar, I recently came across a speech by Stanley Weiss, Head of the Business Executives for National Security organization. This individual has repeatedly shown himself to be a participant in the information war being waged on Myanmar by the United States. All the more interesting then that he is now saying this: the recent elections in Myanmar were not entirely a show staged for the benefit of the international community. Weiss is looking at the composition of the new ruling party, and he notes a large number of people who are being promoted because they have real potential. These are people who can really be relied upon to deliver. There are other interesting things in his speech as well. It is possible that someone in or near President Obama's administration has realized that the strategy of trying to bring Suu Kyi to power, let alone creating an actual government led by her, is a dead end.

But Washington is still a long way off from adopting a radically new policy on Myanmar. During the recent visit to Naypyidaw by Under Secretary of State Kurt Campbell the American proposal seems to have been as follows: "If you do this and this we will think about lifting the sanctions." It was emphasized that America was looking for new approaches on the Myanmar issue within the boundaries of its previous course, i.e. the course of sanctions.

In the foreseeable future the situation with Myanmar will be determined by the overall state of U.S.–China relations. If the degree of rivalry between the two continues to grow then we can expect new complications with the Myanmar situation. Otherwise the situation will remain more or less as it is now.

As for Russia's interests we should proceed from the notion that ASEAN is becoming a key international partner for us, and stabilization of Myanmar is an important precondition for a stronger ASEAN. By using the resources and opportunities that we now have to help that country find an optimum path of development for itself we would make an important and long-term contribution to strengthening Russia's own positions in Southeast Asia and East Asia as a whole. 

NOTES

¹ The text of the round table is based on the materials of the PIR Center Advisory Board's enlarged meeting "Myanmar in ASEAN: Regional Problems and Russian Interests," held by PIR Center and the ASEAN Center of the Russian Foreign Ministry's MGIMO University on March 23, 2011. The meeting was co-chaired by Vladimir Orlov and Victor Sumsky. All positions are accurate as of the time of the meeting.

² The round table was held a few days after the establishment of a no-fly zone over Libya.

³ The round table was held prior to the ousting and death of Col. Gaddafi.

