



## DEMOCRATISATION OF MYANMAR AND ITS IMPLICATIONS FOR INDIA



Members of parliament, including those representing the military, attend the opening of the Lower House session in Naypyitaw July 4, 2012. Source REUTERS/Soe Zeya Tun

### Introduction

Many significant democratic reforms in Myanmar polity have taken place after President Thein Sein assumed power since March last year. Following the reforms, Myanmar is also opening up for businesses to the world. At the same time, the Western sanctions are progressively being relaxed. As a result of these, foreign investors are rushing into the country, hoping to take advantage of the economic opportunities that will surely now follow. Much of these changes are top-down, it has therefore lead the skeptics to believe that transition may be reversible especially as Thein Sein himself was the integral part of military earlier which is still opposed to reforms. Moreover, history bears this fact that military juntas do not give up power easily and when they do, it is almost always to those whom the generals believe can be trusted to protect their interests. Allaying fears of reversal Thein Sein speaking to BBC recently however, has confirmed his commitment to reform process.

Democratization process in Myanmar has domestic as well as regional implications for the neighbours including India. Being a largest democracy in the world India however, has an opportunity to develop synergistic relations with Myanmar which is reminiscent of the past closeness due to ancient cultural and civilization links. Some of the reforms which were

introduced by president Thein Sein in Myanmar in the preceding two years are tabulated below:-

#### (a) Political

- Release of political prisoners.
- Amendments to registration rules for political parties, enabling the National League for Democracy (NLD) to participate in the coming by-elections.
- Removal of restrictions on political campaigning.

#### (b) Ethnic conflict

- Ceasefire agreements with main nine armed ethnic groups, including the United Wa State Army (UWSA), the National Democratic Alliance Army (NDAA) and the Shan State Army-South (SSA-South).
- Peace talks with the Karen National Union (KNU) and the New Mon State Party (NMSP).
- Effort to arrive ceasefire with the Kachin Independence Army (KIA).

#### (c) Fundamental Rights

- Easing of censorship.
- Permission for peaceful assembly.
- Formation of trade union.

#### (d) Humanitarian

- Recognition of existence of internally displaced people.
- Granting access to UN agencies to assist the IDP's



The politico-democratic and economic reforms in Myanmar deeply impact India's security, growth and development of border areas; and our bilateral trade and help in taking forward our Look East Policy & economic and cultural links with prospects of better rail and road connectivity with Association of South Asian Nations (ASEAN) through Myanmar. Our Other regional integration initiatives like Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Mekong Ganga Cooperation (MGC) with South Asia too will have better prospects to achieve their objective with Myanmar's support. It is hoped that ensuing environment will also help in addressing the China Factor in our relations looking at the strategic & economic concern.

## Political

The political opening in Myanmar is still at the nascent stage. It is marked by the return of Aung San Suu Kyi and her party National League for Democracy (NLD) in the national politics after winning overwhelmingly in the recent by-elections. Thereafter, the release of many political prisoners and removal of restriction on political campaigning has opened up of considerable space for political discussion and activity. Although in the by-elections despite nearly a clean sweep, less than 7 percent of the seats in the country's parliament have been won by NLD, it is unquestionably a big step forward for a society that has experienced only manipulated or nullified elections for more than half a century. In an interview to the foreign media, President Thein Sein has not negated a possibility of Suu Kyi becoming president of the country if her party wins next parliamentary elections however, he clarified that this is possible only after amendment of the 2008 constitution which forbids holding of high constitutional appointments by persons with foreign relations. In fact, Myanmar abided with this bar recently on the issue of appointment of vice president after resignation of the incumbent on the ground of ill health. Army which holds 25% seats in the parliament first recommended retired general Myint Swe, but he failed to win approval because his son-in-law is an Australian citizen, which under the constitution disqualified him from the post. Moreover, General Myint Swe is a known hardliner and is close to former president, General Than Shwe. He was also one of the military leaders involved in a crackdown on the "Saffron Revolution" monk-led uprising in 2007. His appointment to the high post would have given wrong signal of the intent of the new government. Eventually, army nominated Admiral Nyan Tun, who has a reputation as a political moderate. With this background, it would not be possible for Suu Kyi to become President unless Myanmar's constitution is amended which almost appears impossible till Union solidarity and development party (USDP) the army backed dominant party is marginalised and Army's 25% reserved seats in the parliament are negated.

## Ethnic Reconciliation

Myanmar is one of the most ethnically diverse countries in the world (136 ethnic groups). Since its independence in 1948, these groups have sought greater autonomy from the Burman dominated government. (Nearly 60% of the population is of Bamar (Burman) ethnicity. They dominate in the Army and the government. Other major eight groups have less than 10% of population. e.g. Shan 9%, Karen 7%, Rakhine 3.5%, Mon 2.5% and other even have smaller population (Indian and Chinese constitute around 1.25% and 2.5% respectively of the population.) During the period of turmoil and uprisings after independence, Burma's ethnic minorities gathered with Burman leaders to amend the 1947 Constitution in an attempt to establish a genuine federation of states. However, after General Ne Win coup d'état on March 2, 1962, all such initiatives were disregarded. This campaign increased in severity over time. In contrast to the earlier governments, Thein Sein Government has achieved reconciliation with many ethnic groups except Kachins who too are being engaged in discussion by the government. The political future is still uncertain till all groups are integrated in the mainstream. This predicament has been admitted by Thein sein who says, "We can't yet say this is a stable and peaceful country till a deal could be reached with the Kachin Independence Army (KIA), the one remaining group which is resisting the government's ceasefire offer".

While Myanmar's new government moving towards democratic reforms and engaged in national reconciliation, could India with well established democracy play any positive role is the obvious question?

General Ang San, the father of Suu Kyi believed to have attempted in establishing a genuine federal government in independent Burma. In a first step towards integration of ethnic minorities in the mainstream, in 1947 he achieved "Panglong Agreement" with the ethnic Shan, Chin and Kachin peoples to seek their cooperation for the interim government of Burma. He was therefore, firmly convinced of the federal concept much like Indian federal structure with multiethnic, multi-religious and multi-cultural character with equality for all groups. After his untimely death U Nu took over. He however, was close to China. When General Ne Win launched a coup d'état on March 2, 1962, all such initiatives for reconciliation were reneged; instead he launched repressive counter-insurgency strategies which further alienated the minorities. Now with public opposition to the Chinese rule in Xinziang and Tibet, following repressive Chinese model to integrate the minorities in the mainstream is hardly suitable for Myanmar. Indian concept of federalism as enshrined in our constitution despite several avoidable aberrations is what is relevant for Myanmar. Former Ambassador Veena Sikri recounts that a group of Member of Parliament, researchers from think tanks,



social activists and civil society groups of Myanmar who were invited in Jan 12 in an international conference held in Jamia Millia university, were absolutely amazed to see how diverse ethnic groups are integrated in India. This is something they can never get from China whose political structure is out dated. Suu Kyi who as a world figure is strongest practitioners of non violence can play a major role like her a father. She must understand that role of ethnic groups is the key to peaceful and stable development of the country. If she is elected to power in 2015 as it happened in 1990 she will have to take all groups along and would have to take steps to integrate them as his father had visualised. Here adopting Indian concept of federalism would help.

The National reconciliation in Myanmar also has an impact on the neighbouring countries including India. The ethnic conflicts in Myanmar has lead to humanitarian issues in India which besides encouraging the insurgencies in India's North Eastern Region has lead to illegal migration of communities . There are an estimated 8,800 Myanmar refugees in New Delhi and a further 70,000 undocumented refugees in the north-eastern state of Mizoram. Already we have witnessed a discord between refugees and the local population of New Delhi due to differences in language and appearance. The most significant trans-national impact of the Myanmar ethnic conflict is the Rohingya Muslim issue. Chakma refugee problem is yet another humanitarian issue with linkage with Myanmar and Bangladesh. Predominantly a Buddhist tribe originally belong to the Arakan region in Myanmar had settled in Chittagong Hill Tract (CHT) region in Bangladesh in past. A large population of these have migrated Indian states of Tripura, Arunachal Pradesh and Mizoram after alleged excesses and forcible eviction by Army and radical Muslims from their home and hearth in CHT region and more than 65000 are forced to live as stateless in India. For their survival and security these people are potential prey to opt for an armed violence or cross border terrorism to resolve their problems.

Over the past decades, the seven states in the North Eastern Region that border Myanmar have witnessed the development of armed movements for usurping of their resources by illegal migration from Myanmar and Bangladesh. The other demands of these groups i.e. Independence, autonomy, tribal rights are similar to those of the ethnic nationalities in Myanmar. India's ethnic armed groups have sought sanctuary and support from government forces or agencies across the border in Myanmar. Moreover, the ethnic insurgent groups on both sides of the India-Myanmar border have reinforced each other's positions through such activities as smuggling and the distribution of small arms and light weapons. Recent report indicating agreement between NSCN (IM) with Myanmar within their constitution should be welcomed in India. Arriving a similar agreement with the faction by the Indian government looks therefore, a possibility. NSCN (IM) seems amenable to reach

agreement after assurance of a special status for Naga areas in four north-eastern states (Nagaland, Assam, Manipur and Arunachal Pradesh) with autonomy under the Indian constitution. This agreement has potential to usher peace and development of the Northeast. The ceasefire between the Myanmar government and the ethnic nationalities could also help reduce the factors that contribute to the insurgency in India's North Eastern Region.

## Economic Reforms

Myanmar's economic priorities are a financially viable government, resources to build much-needed infrastructure, especially ports and rural roads; allow increased space for economic activity by private entrepreneurs that is free from state or military patronage; develop Myanmar's natural resources especially natural gas, hydropower, timber, and gems; and work with the international community in clearing debts in arrears owed to the Asian Development Bank and World Bank. These economic priorities should be the foundation of a new business and economic relationship between India and Myanmar.

During late 1980s, India had supported the democracy movement represented by Aung San Suu Kyi. This created a strain in Indo-Myanmar relationship that allowed China to develop closer ties with Myanmar. India has not benefited despite a policy change after India adopted Look East policy in 1992-1993 and had stopped criticism of the junta. Our bilateral trade is still less than a billion compared to the USD 2.6 billion China-Myanmar trade. The researchers identify the cause of this detachment in seventies and eighties due to India's preoccupation with security issues in South Asia but this too was also due to lack understanding Geo- strategic importance of Myanmar.

Assured that Myanmar's new government is moving towards democratic reforms and integrating the country's ethnic nationalities in the national main stream, U.S and European Union has initiated a process to ease sanctions. Still there are concerns about the lack of transparency in Myanmar's investment climate and the military's role in the economy. The President's Thein Sein recently claimed in an interview with Singapore's Straits Times newspaper that after ceding powers to the civilian government, military is no longer wielding power in Myanmar is however, hard to believe. Ongoing reforms however, have already encouraged companies including Coca Cola, Unilever and General Electric to invest in Myanmar. In time to come more companies will enter Myanmar to source in energy and core natural resources. India could then expect more competition as more business players will enter Myanmar.

In past, China was usually viewed as a protector of the Myanmar military government as it joined Russia to veto a draft UN Security Council resolution which had called for



democratisation and the end of military attacks on the country's ethnic nationalities. China however, have extracted its price for its support. It has maintained a exploitative economic relationship with Myanmar and has greatly benefited by winning important infrastructure contracts and carrying out extensive investments in Myanmar despite strong protests by local communities and non-governmental organisations (NGOs). However, recent developments signal a shift in relations and policy priorities. Thein Sein suspended the Myitsone hydropower project on Irawaddy river (one of the fifteenth largest dam in the world) due to public pressure. The cause of opposition to Chinese interests was that after building this dam China would have held the operational rights over the dam. It guaranteed no local jobs or economic prosperity for the people while 80% of the electricity generated from the dam was to be used by China. Similarly, The public opposition to the Chinese to the construction of its oil and gas pipeline from Sitwe in Bay of Bengal to Yunnan region is so strong that China may have to progress the construction under its own security cover. The relationship between Myanmar's army generals and China was also complex. While the army generals took advantage of economic relationship, but never really trusted the Chinese. The current reversal in relationship is a kind of a big blow to the China and a kind of its strategic defeat. The blame lies on Chinese pattern of exploitative economic relationship.

What should India do under the circumstances? While India has civilisation relationship with Myanmar and people of Myanmar essentially trust India but, they don't feel that India can replace China. A lot of this feeling is due to India's poor record of implementation of economic cooperation projects in Myanmar.

After initiation of economic reforms, it is of common knowledge that foreign businesses are eyeing opportunities to source Myanmar's natural resources particularly in mining; forestry and energy sectors which they feel are being harvested by the Myanmar's neighbours. Anticipating the focus of foreign businesses, President Thein Seine has expressed concern during the recent ASEAN business meet in Cambodia, and has sought investment in areas which assist in country's development. Suu kyi too spoke against it at Thailand on her first foreign visit after winning the election.

## Economic Approach for India

Instead of merely sourcing the natural resources India needs to adopt an approach similar to Afghanistan and Africa where India has committed itself to various people-to-people initiatives in healthcare, education and skill development which positively impact the people and earn goodwill. An innovative scheme focusing on small and community based development projects in fields such as agriculture, rural development, solar energy; vocational training etc has a direct

impact on community life. India has met with a fair degree of success by following this model in Afghanistan and Africa. It could explore the use of such models in its engagement with Myanmar too. Recently, during the PM Manmohan Singh's visit to Myanmar, India offered a concessional facility of US \$ 500 million credit to Myanmar for specific projects, including irrigation projects. In the health sector, we are undertaking the up gradation of the Yangon Children's Hospital and the Sittwe General Hospital and are working on establishing tele-medicine connections between the Yangon General Hospital and leading Indian service providers. In the agriculture sector, we have assisted in setting up of disaster proof rice warehouses in disaster prone areas and have supplied agricultural machinery under a US \$ 10 million grant. We are also working on establishing an Advanced Centre for Agricultural Research and Education focusing on Myanmar's key crops, namely rice, pulses and oilseeds. A rice Bio-park is also to be set up. India is also considering ways of collaborating in science and technology, biotechnology, ICT, electronics and renewable energy. In the future, there is need to expand and strengthen all such efforts.

**Private Sector Participation.** India's private sector can play positive role in both the North East part of India and Myanmar. They are deterred by local insurgency. The government should offer insurance cover packages that will reduce the political and economic risks involved in doing business here. Potential for hydrocarbons and mineral resources is large in Myanmar. Refining and even setting petrochemicals plants is another area in which India can collaborate with Myanmar. Indian Government has also given US\$ 20 million credit line for TATA Motors to set up a heavy truck assembly plant in Myanmar. Similar ventures would benefit both India and Myanmar.

**Education.** In the field of education, in order to enhance capacity building among the Myanmar youth, India has set up the Myanmar-India Centre for English Language Training, Yangon, Myanmar-India Entrepreneurship Development Centre, Yangon, India-Myanmar Centre for Enhancement of IT Skills, Yangon and the Industrial Training Centre in Pakokku. Another Industrial Training Centre is being set up at Myingyan. We are also working on setting up an IT institute in Mandalay. All these institutes have been conceptualized keeping the needs of the Myanmar student and industrial community in mind. We have also offered over 250 scholarships for short term and long term courses in Indian training institutions under the ITEC, TCS and ICCR scholarship programmes. India's flagship National Skill Development Corporation (NSDC) could also reach out to Myanmar to extend help in skill development and vocational training.



**Trade and Investment.** Myanmar possesses abundant unexploited natural resources, including oil, natural gas, hydropower, gemstones and some minerals as well as its location advantage, low labour costs, ports and access to Bay of Bengal, expanding overland transport routes offer a big opportunity to the foreign investors including India to invest in Myanmar. The current state of Indo-Myanmar commercial relations is healthy, but below its full potential. Annual bilateral trade amounts to US\$ 1.4 billion at present and we have mutually agreed to set a target of doubling bilateral trade to \$ 3 billion by 2015. The balance of trade has always been in favour of Myanmar. Linking Myanmar's agro potential with the Indian market could be a way of the future. China is now Myanmar's largest trade partner, accounting for about US\$ 4.7 billion, of which the border trade amounts to about 50 per cent. Total bilateral trade with India was US\$ 1.4 billion, out of which border trade accounted for only US\$ 2.9 million. According to a study conducted by the Indian Institute of Foreign Trade, informal trade at Tamu-Moreh sector alone has a potential of US\$ 500 million trade against a paltry US\$ 2.9 million of formal trade. Similarly, India's investment of just US\$ 189 million in Myanmar is quite low. It does not include the US\$ 1.33 billion investment by ONGC and GAIL in energy sector. Another US\$ 120 million is invested by India in the Kaladan Multi-Modal Project, involving the development of the Kaladan river as a bilateral highway and the Sittwe Port in Rakhine. The prospects for trade are good, especially as India has an FTA with the ASEAN.

**Infrastructure Projects.** India has taken up several development projects in Myanmar. The projects are supported through line of credits and/or grants. Besides, India has also offered to cooperate on a number of road projects like up gradation of Tamu-Kalay and Rhi-Tiddim Roads, India-Myanmar-Thailand Trilateral Highway Project. Other projects include supply of railway equipments, remote sensing, supply of design and equipment for transmission projects etc. Despite India's involvement in wide ranging projects, the poor execution of the promised projects is the sore point. If the promised projects don't complete in time instead of earning goodwill it generates negative feeling against the sponsor. Key issues in execution of projects such as the Kaladan multi modal transit transport project, the Tamanthi and Shwezaye Hydro-electric power projects, the India-Myanmar-Thailand trilateral highway etc include inadequate project preparation, coordination and administrative delays as well as inadequate addressal of issues raised by local ethnic groups and the civil society. An independent and effective institution or authority can be created to simplify administrative procedures and for coordination and exchange of information among governments, Private sector participation in funding,

implementation and operations could be explored, with adequate under-writing of risks by Government of India, to bring in efficiencies and ensuring service delivery after creation of infrastructure assets.

Proposed Trilateral rail link from Delhi to Hanoi(Vietnam) via Thailand through Northeast, Triateral highway linking Northeast with Myanmar and Thailand as component of Asian Highway project which is scheduled to complete by 2016 and additional rail link from Assam/Mizoram to Sitwe will mitigate the disadvantages of landlocked Northeast and unlock its growth potential with increased connectivity. All these projects should be viewed as strategic investments and completed expeditiously. Taking leaf from the Chinese plan of developing Industrial Zone at Kyaukpyu (Shwe) Myanmar's western coast, India too should plan to develop SEZ at Sitwe to realise the full trade potential of the region.

**Transnational Crimes.** The instability in Myanmar had created insecurity in the region as well; therefore, national reconciliation matters not only domestically but also to Myanmar's immediate neighbours. The protracted ethnic conflict and struggle for democracy have forced over a million people to flee, with the majority going to Thailand, and significant numbers in China, India and Bangladesh. The drug and arms trafficking and insurgency are other non-traditional security (NTS) challenges. Maoist are known to have developing links with the insurgents in the Northeast for training from PLA cadre, weapons and supply of their home grown opium to the international drug market through Northeast/ Myanmar route to finance their movement. This connection may seriously impinge the national security in future. Anticipating this, Home Minister P. Chidambaram has urged his Burmese counterpart not to allow Indian insurgencies to use Burmese territory for training and anti-India purposes, and has additionally asked to hand over their leaders if the government of Myanmar has arrested them.

## Strategic Importance

Myanmar has three strategic concerns for India. **First**, Myanmar has been under the Chinese influence since junta took rein of the country in eighties and maintains extensive strategic and defence cooperation with Myanmar. It is also the most important supplier of military aid to Myanmar and has supplied Jet fighters, armoured vehicles and naval vessels as well as trained its armed forces. Access to Myanmar's ports and naval installations can provide China with strategic influence in the Bay of Bengal, Andaman Nicobar islands, Indian Ocean Region and in Southeast Asia. China is known to be constructing a strategically important deep water port at Shwe in the Bay of Bengal which it could access through proposed rail link from Yunnan providing shortest route to the Indian Ocean



circumventing Sea straits. **Second**, relates to the protection of India's territorial integrity in the northeastern parts of the country. Four India's sensitive north eastern states viz; Arunachal Pradesh, Manipur, Mizoram and Nagaland have borders with China, Bangladesh and Myanmar. They share a highly porous 1,463-kilometre border with Myanmar. Except for Arunachal Pradesh, all the states have seen protracted insurgencies, some of which have the support of neighbouring countries. The elimination of long running insurgencies in the northeastern states is not possible without the proactive cooperation of Bangladesh and Myanmar. **Third**, given Myanmar's geographical location, its domestic and foreign policies have a high potential to directly impact India. The recent interstate migration of people of Northeast origin and law and order problem several Indian states was related to the Myanmar domestic policy on Rohingya Muslims.

With Myanmar looking outward it would be possible to further our security cooperation with Myanmar. In the changed scenario, even U.S. is trying to engage Myanmar possibly to further its Asia Pacific policy which is now the pivot of U.S. Security policy. It is even reported that Myanmar may be invited for annual U.S. Thailand defence exercise. India and Myanmar too can mutually benefit in joint exercises. Indian army can gain from considerable experience from Myanmar army in fighting insurgency. We could also explore an export market for Indian weapons and maintain army to army relations for better understanding of each other and nullify adverse influences.

## Conclusion

It could be seen, then, that the success of the reforms in Myanmar has important ramifications not just for the country, but also for stability and development in the region. National reconciliation contributes to the strengthening of the control and administration of border areas, and could help ameliorate the non-traditional insecurities originating from Myanmar. The signs of change may even prompt the voluntary repatriation of Myanmar refugees now in neighbouring countries thus eliminating a point of discontent between Myanmar and its

neighbours.

Nevertheless, although the recent changes in Myanmar are encouraging, the reform process is still at a preliminary stage. The national reconciliation process has a long way to go, and there is a need for the Myanmar government to implement further reforms in a firmer and more consistent way. President Thein Sein's commitment to reform seems genuine. But, will reform continue if he is no longer around?

Another fear is that Military juntas do not give up power easily, and when they do, it is almost always to those whom the generals believe can be trusted to protect their interests. Should the military decide that its interests are under threat, political and economic developments could take a very different turn, with serious consequences for the investors who are flooding into the country.

India's Northeastern region depends on the long and expensive, transport of goods from other parts of India some of which it can easily procure if Indo-Myanmar border trade grows. These states and northern Myanmar can constitute a natural economic zone; this win-win situation needs to be established.

In the contemporary world, economic relations are increasingly shaping the contours of political relations and laying the foundations for strategic congruence. China's footprint in Myanmar is the largest among all of India's Asian neighbors. Now world too is fast taking note of Myanmar, hence the window of opportunity for India could be relatively smaller and of limited duration within which India has to stamp its own footprint and one which has to be much larger than the current projects and vision in Myanmar suggest. Our neighbourly relations have been further strengthened in recent times through political exchanges including bilateral visits. This needs to be taken forward by moving on promised infrastructural projects fast as well pursue development strategy similar to Afghanistan/Africa. It is certainly in India's interests to see that the reforms in Myanmar succeed. The embracing of democracy and freedom by Myanmar's new government matches mainstream political ideas in India, and this provides a platform for further bilateral communications and deepening our ties at all levels.

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