Japan makes overtures to the military junta in Burma

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Japan appears to have broken ranks with the United States and the European Union over the policy of isolating Burma (Myanmar) and has begun to develop economic and political relations with the country's longstanding military junta.

Japanese Prime Minister Obuchi Keizo met with junta chairman General Than Shwe at the November 29-30 ASEAN summit in Manila. It was the first top-level contact between a major power and Burma since the military crackdown on opposition protests in 1988. The last time a Japanese prime minister met his Burmese counterpart was 15 years ago.

Obuchi told General Than Shwe: "If your country tackles economic reforms seriously, we are ready to support your country's economic reform with our experience". Tokyo has partially lifted the freeze on its yen-denominated loans and has promised to give Burma an official development assistance (ODA) package, amounting to $US23.8 million, to help rebuild Yangon (Rangoon) airport. Japan offered to pay higher prices for buckwheat from Burma as part of an opium crop-substitution program.

Two days after the ASEAN summit, former Japanese prime minister Ryutaro Hashimoto flew to Burma at the head of a 48-member private business delegation organised by the Nippon Foundation, which included representatives of Keidanren or the Federation of Economic Organisations, Japan's largest big-business group, together with former diplomats, civil servants and economists.

Although the visit was termed unofficial, Hashimoto acts as a senior foreign-policy adviser to Obuchi and clearly went with the Japanese government's blessing. He met with Than Shwe and was feted to a banquet by the Burmese leadership. According to a report in *AsiaWeek*, Hashimoto urged the junta to accelerate moves to open up the economy to international investment and privatise state-owned enterprises.

According to an article in the *Financial Times* on December 15: "The Keidanren, and a Japan-Myanmar Association of big corporations, is strongly supported by pro-business members of the ruling Liberal Democratic Party who are moving closer to Burma's powerful military intelligence establishment."

Thailand's *Nation* newspaper reported that Hashimoto criticised the stance of the US and Europe for isolating the military junta. He said the policy had only served to "drive the Burmese leadership into a corner and makes it more and more obstinate". Prior to the trip, a Japanese Foreign Ministry spokesman said Japan had a "slightly different" approach than the West. "We share the same concerns about human rights and democracy, but don't shun dialogue," he said.

For the last 18 months the European Union and the US have insisted that any relaxation of Burma's international isolation be connected to political reforms aimed at ending the military dictatorship and the restrictions on the opposition National League for Democracy led by Aung San Suu Kyi.

In April 1997, the Clinton administration joined the EU in imposing sanctions against Burma and banned all new American investments to the country. Last October 11, the EU extended its sanctions, which include a ban on entry visas for Burmese leaders and the suspension of high-level visits, for another six months. As a result, a meeting scheduled in Berlin between EU and ASEAN foreign ministers had to be canceled.

According to an *AsiaWeek* report, a group of nations met in Britain in late 1998 and offered Burma $1 billion in aid if it carried out democratic reforms. Burmese Foreign Minister Win Aung told *AsiaWeek*:

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"This is like offering a banana to a monkey and asking it to dance. We are not monkeys. We won't dance". Last October the World Bank issued a damning report on the Burmese economy and reiterated that there would have to be political reforms before any aid package.

Japan's latest moves on Burma indicate its growing preparedness to assert its interests and challenge the US and the EU. According to Toshiro Kudo, a researcher at Japan's semi-government think-tank, the Institute of Developing Economics: "Burma has grown in Japan's strategic consciousness since it joined the Association of South East Asian Nations (ASEAN) in 1997."

Japan has now effectively adopted the position of ASEAN, which argues that a "constructive engagement" including investments, will pave the way for political change in Burma. The shift has been prompted in part by complaints from Japanese business that opportunities are being lost to exploit Burma's natural resources and cheap labour. The country has petroleum, precious stones, timber and minerals such as lead, zinc, tin and tungsten as well as some of the lowest wage levels in Asia.

Singapore is Burma's leading investor with over $1 billion invested over the past five years. It is also the largest trading partner, accounting for 25 percent of Burma's total annual foreign trade. At present Japan is among Burma's 10 leading foreign investors but is lagging behind both India and Thailand.

China, which has been the Burmese junta's major backer, is also increasing trade and other ties. A group of entrepreneurs from Hong Kong was in Burma during December to seek new investment opportunities in timber and real estate. It was led by businessman Tsui Sze-Man, a member of the Standing Committee of the Chinese People's Political and Cultural Conference.

For its part the Burmese military junta has indicated its willingness to embrace pro-market reforms. The country's powerful chief of the Directorate of Defense Services Intelligence, General Khin Nyunt, told an *AsiaWeek* journalist recently: “Look, we transformed the economic system of Myanmar from a centrally-planned socialist system to a market-oriented one... And don't forget we also led Myanmar out of isolation and into becoming a meaningful member of ASEAN."

The Burmese military dictatorship never had anything to do with socialism. The “Burmese road to socialism” was simply the ideological cover for the junta's policies of national economic regulation and its control over a network of state-owned enterprises. The development of globally integrated production in the 1980s and 1990s completely undermined the junta's attempt to maintain an isolated and increasingly stagnant Burmese economy.

Until now, the US, Europe and Japan have backed Aung San Suu Kyi and her National League for Democracy as the best instrument for opening up the Burmese economy to foreign investment and at the same time controlling the widespread pent-up hostility to the military dictatorship. But the shift in the orientation of the military junta towards encouraging investment has produced a reassessment by the major powers, most notably Japan, and alarm in the Burmese opposition.

Referring to Japan, Suu Kyi stated in her New Year address: "As the richest Asian country and as a democracy Japan has a duty to try to promote human rights and democracy in other parts of Asia". In an interview last year, she had denounced the admittance of Burma to ASEAN, declaring that it had made the regime “much more repressive”. She demanded that sanctions on Burma continue and praised the role of the US and the EU.

But there is now speculation that the EU and the US, fearing they will lose out to Japan, may also shift their positions. As the *AsiaWeek* article of January 14 concluded: “Even among diehard anti-regime Western nations, there is a growing receptivity to new approaches. Recently, the envoys of several European and North American nations privately conceded that sanctions and ostracism are not working.”

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