

US seeks “engagement” with Burmese junta after Suu Kyi's release

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Following the release of the Burmese opposition leader Aung San Suu Kyi, Washington has indicated its readiness for “engagement” with the military junta in Burma (or Myanmar). For all its claims to be seeking to promote democracy and human rights, the Obama administration has quickly mooted talks with the regime and welcomed conciliatory comments by Suu Kyi toward the military generals.

Immediately after her release, Suu Kyi expressed her willingness to talk with the junta and its leader General Than Shwe about “national reconciliation”. She reiterated this message in an interview on Monday with the BBC, saying she sought “a non-violent revolution” and to work with the generals. “I don't want to see the military falling. I want to see the military rising to dignified heights of professionalism and true patriotism,” she said.

Suu Kyi has hinted that negotiations could include a call for the lifting of Western economic sanctions. She declared last weekend: “If the [Burmese] people really want sanctions to be lifted, I will consider it. This is the time Burma needs help.” In an interview published by the Democratic Voice of Burma, when asked about the future of the sanctions, she replied: “We would also like to discuss this with the countries that have imposed sanctions.”

The long-detained opposition leader has previously insisted that sanctions remain in force as a means of pressuring the junta for concessions. If she is now considering calling for their lifting, it has nothing to do with concerns for the well-being of Burmese people. Suu Kyi, a pro-Western bourgeois politician, recognises that the US and its allies have shifted policy and are seeking to end sanctions that have only enabled China to consolidate its influence in Burma.

Suu Kyi's release took place less than two weeks after the junta's State Peace and Development Council (SPDC) staged completely rigged national elections that the US and European Union denounced as a “sham”. Under intense pressure from the West, the junta has made plain its determination not to loosen its grip. Yet, by conducting the elections and releasing Suu Kyi,

the generals have also indicated their willingness to explore mutually profitable relations with the US and its allies.

On Monday, US State Department spokesman P. J. Crowley told a daily press briefing: “We will have meetings in the coming weeks [with the junta]”. He pointed to a more conciliatory policy, adding, “to have an effective conversation, you need to have engagement from both sides of the equation. So we have had meetings with Burma. We're interested in having more meetings.”

Officially, the US and its allies are not yet changing their policy, only monitoring Burma's political developments. Asked whether there was a “foreign policy shift,” Crowley said: “We have a strategy with respect to Burma. It involves engagement, and we will continue to engage Burma. But it also involves sanctions.” He indicated that the Obama administration was seeking further concessions from the junta, saying: “It will take more than one action to change our policy.”

At present, the US and Canada have broad economic embargos on Burma, while the EU and Australia have “targeted” sanctions directed against junta members. According to yesterday's *Australian* newspaper, Australian Foreign Minister Kevin Rudd has spoken to Suu Kyi and made it clear Canberra could be flexible on the issue. “Australia's targeted sanctions, travel bans and ban on defence exports currently remain in place to maintain pressure on the Burmese authorities to address human rights concerns,” Rudd's spokeswoman said. “Australia will be watching very closely what emerges from the Burmese political process, and will be engaging with Aung San Suu Kyi and other key players in the international community to determine the next steps to support reform and democracy in Burma.”

An editorial in the London-based *Financial Times* on Tuesday pointed to the economic and strategic calculations being made. While calling for sanctions to be maintained for now, it said: “Sanctions are never the desired outcome of international relations; at best they are a lever. And while the

west hopes to prod the generals into action by withholding investment, China and India rush to trade with their neighbour. Beijing has pumped more than \$8bn into the country this year, according to Burma's official statistics."

After Obama took office, his administration undertook a policy review toward Burma and adopted a "carrots and sticks" approach—to increase pressure on the regime while seeking to improve relations with it—in order to head off China's growing influence. US Assistant Secretary of State, Kurt Campbell visited Burma in November 2009—the most senior US official to do so in 15 years. This month's tours of Asia by Obama and Secretary of State Hillary Clinton reinforced the message that the US was "back in Asia" and would seek to cement or forge alliances to counter China's rising economic and military clout.

Sections of the US political establishment have insisted that more must be done to engage in dialogue with the Burmese junta. Democrat senator Jim Webb, chairman of the Senate's Foreign Relations Subcommittee on East Asian and Pacific Affairs, warned last month that if the US did not push for "some sort of constructive engagement, Burma is going to basically become a province of China."

The Burmese regime has close ties with Beijing. Through Burma, China is effectively acquiring an Indian Ocean port. In a project due to be completed in 2013, China is building pipelines to transport oil and gas from Burma to southern China. By transporting supplies from the Middle East and Africa through Burma to Yunnan province, China can avoid the Malacca Strait, which is vulnerable to US naval power.

China is reported to be developing naval bases and electronic surveillance facilities in Burma, including SIGINT intelligence gathering station on Great Coco Island, in the Indian Ocean close to the Indian Andaman islands. From there, China can monitor the movement of other navies and ships throughout the eastern Indian Ocean.

Beijing accounts for two-thirds of Burma's total investment over the past two decades. Other countries are also exploiting the vacuum created by the sanctions. India and the ASEAN countries, especially Thailand, have developed lucrative businesses in Burma. With proven reserves of 570 billion cubic metres, natural gas has become Burma's main exporter, which accounts for more than 38 percent of the total export revenue. India is dominant in oil exploration. Thailand is investing in natural gas and infrastructure.

Earlier this month, the Economist Intelligence Unit (EIU), a think tank linked to the *Economist* magazine, reported that "significant approvals of Foreign Direct Investment (FDI)" were "in line to bolster the Burmese economy in years to

come". In the first quarter of this fiscal year, almost \$US10.5 billion was approved, a qualitative jump from the \$2.2 billion approved in the previous four years combined. The figure for the 2010-2011 fiscal year did not include an \$8 billion deal recently struck with a Thai company to build a deep-sea port for the proposed Tavoy (Dawei) Special Economic Zone.

According to Irrawady, a Burmese dissident newsagency, FDI sharply fell in 2009-10 to \$315 million. But in 2010-11, the junta expected foreign investors to commit to projects worth about \$16 billion (mostly in oil and gas, and electricity generation). China and Thailand continued to be the biggest investors, followed by the UK (about \$2 billion) and Singapore. More than 30 companies from Australia, China, France, India, Japan, Malaysia, Singapore, South Korea and Thailand were engaged in oil and gas exploration and production. Mining, manufacturing and tourism were also attracting investment. During the past five years, Burma's economy grew by an annual average of 6.5 to 7 percent.

Over the past year, 300 state-owned businesses and properties have reportedly been sold to private companies, indicating that the generals are moving to cash in as they open sectors of the economy to foreign investment. At the same time, an estimated three quarters of the population depends on subsistence farming, and Burma's people rank as the poorest in South East Asia, with average incomes of less than \$450 a year.

However, this economic expansion continues to be hampered by Western sanctions, which the Burmese junta is seeking to ease by releasing Suu Kyi and "engaging" with the US. As far as Washington is concerned, it is indicating that sanctions could be eased or removed as part of closer economic and strategic collaboration between the two countries. Burma, like all the countries in the region, is being swept up in the intensifying rivalry between the US and China for dominance in Asia.



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