

The European Union and Burma – Briefing and Recommendations

Burma Campaign UK – March 2008

The current situation in Burma:

The human rights situation has deteriorated significantly in recent years. Following the suppression of the September 2007 democracy uprising, the regime has stepped up arrests and harassment of democracy activists, and increased its control over media and monitoring of communications. The number of political prisoners has risen by over 700 to more than 1,800. Leaders of the democracy movement are either in jail or in hiding. Aung San Suu Kyi remains isolated and under house arrest.

In Eastern Burma, out of sight of the media, attacks on ethnic people continue, forcing thousands of people from their homes. Villages are burned, villagers shot on sight, and thousands of people used as forced labour by the military. Rape is used as a weapon of war, even against girls as young as five.

The regime has rebuffed UN efforts to persuade them to enter into tri-partite dialogue, and instead will hold a rigged referendum in May that will approve a constitution that enshrines military rule. Burma's 400,000 monks, plus members of other religious orders, are banned from voting. Under the new constitution the military will have 25 percent of seats in Parliament, veto power over government decisions, and the head of state must have served in the military, thereby excluding Aung San Suu Kyi.

Overview of the EU's approach to Burma:

EU members are committed to a common foreign policy on Burma. In theory, this could be highly effective, with all 27 EU members working together to help bring democratic reform in Burma. In fact, we are left with the lowest common denominator, and a weak and ineffective response that has had no impact on the regime. As all 27 EU members have to agree on sanctions or any issue, it only takes one country to say no, and then nothing happens.

The EU has been divided on how to deal with Burma. A handful of countries, UK, Czech Republic, Netherlands, Ireland and Denmark, have consistently favoured increasing pressure to various degrees. In recent years a handful of countries have opposed increasing pressure, and some even favour reducing existing measures taken by the EU. These were; France, Germany, Austria, Italy, Spain and Poland. France's opposition was attributed to the fact that Total Oil, France's largest company, is a big investor in Burma. France has, however, supported stronger action on Burma in the past year, and supported proposals for a non-punitive resolution on Burma at the United Nations Security Council.

The division within the EU has meant that it is left without an effective strategy for dealing with the situation in Burma. A previous policy of gradually increasing pressure on the regime if there was no change, and relaxing pressure if there was positive change, is no longer being applied. The democracy uprising and subsequent crackdown in Burma in August/September 2007, highlighted the EU's lack of strategy.

Following the September 2007 crackdown the regime correctly calculated that there would be a condemnation by the international community, but very little action. The EU has consistently imposed sanctions that avoid the main revenue streams of the regime, and have implemented the sanctions they do have in a manner that has reduced their effectiveness. There has been a series of small one-off sanctions introduced over almost 20 years, thus giving the regime the time and opportunity to adapt and find coping mechanisms. Following the crackdown in 2007, the EU introduced the first targeted sanctions that will actually have an impact on the regime and its cronies, although these took almost six months to be implemented. Further EU sanctions that were proposed, such as an investment ban and financial and banking sanctions never materialised, despite the regime continuing to arrest democracy activists, defying the United Nations, and snubbing and insulting the UN envoy.

Current EU measures against Burma include:

An arms embargo

This is of course welcome, but there is no worldwide arms embargo and the regime buys most of its arms from China and Russia. The EU has not taken any steps to work for a global arms embargo.

A ban on non-humanitarian aid

Again welcome, but not a measure that has a serious impact on the regime.

An end to GSP trade privileges

Again, no significant economic impact on the regime.

A visa ban for senior regime officials and their families

Otherwise known as the shopping ban, as exemptions in the visa ban allow regime officials to attend many international meetings in Europe. As the British foreign office has admitted, regime officials rarely came to Europe anyway.

A freeze of assets held in Europe by people on the visa ban list

Less than €70,000 has been frozen in all 27 EU member states, again hardly a measure to bring the regime to its knees.

A limited investment ban

This measure was introduced in 2004. The point of an investment ban is to stop revenue going to the regime, much of which will be spent on the military. The sensible options available were a ban on all new investment – as the USA has done – or to target investment in key sectors of the economy that earn the regime money, such as oil, gas, gems, timber and mining. The EU did neither. European companies are banned from investing in a small number of named state-owned enterprises. The state-owned companies named are largely insignificant. Most of the companies listed are in no way involved in the economic areas that earn the regime most of its export revenue. The timber, mining, oil and gas sectors were not included. However, European companies were banned from investing in a pineapple juice factory and a tailor shop. In addition, it is already illegal to invest in state-owned enterprises under Burmese law, so the EU banned something that couldn't happen anyway.

A ban on imports of, and investment in timber, gems and metals

Agreed in October 2007, and introduced in March 2008, these are the first sanctions that the EU has introduced that will have a significant impact on the regime and the business cronies supporting the regime. Gems and timber are significant revenue earners for the regime, and the regime gives concessions in these industries as rewards to the business cronies who support them. However, there does not appear to be any enforcement mechanism whereby importers have to provide proof of origin certificates.

The need for a political strategy

The European Union has repeatedly failed to understand the true nature of the regime ruling Burma. Polite political engagement of the kind that UN envoys have engaged in since 1990 have not produced a single democratic political reform. The regime is not interested in the wellbeing of the people of Burma, and has no interest in democratisation. The generals are not politicians or diplomats. As soldiers they respect strength, but their experience of the international community is one of weakness, that words are not followed by action.

The regime will have to be forced to the negotiating table through a combination of political and economic pressure. Weak and badly targeted sanctions have meant that to date they have not seen their interests threatened enough to persuade them that they need to change. Only when the regime and business cronies start to feel real economic pain and strong political pressure will they enter into genuine talks. The EU must, therefore, implement the strongest possible targeted economic sanctions.

These sanctions must be accompanied by a positive alternative such as the economic development package proposed by the British government, that would be implemented only in the event of genuine reform. Sanctions targeting the business cronies supporting the regime will be highly effective at undermining the narrow support base of the regime. However, the sanctions must be accompanied by a positive alternative, or the business elite will have nowhere else to go but the regime.

Sanctions, political pressure and humanitarian assistance must be integrated in a common strategy. New targeted EU sanctions, on banking, finance, key imports, insurance, and investment should be introduced on a rolling basis – not occasional one-offs over several years - so that the regime and its business cronies get the message unless they enter into genuine tri-partite dialogue, the economic pressure will systematically increase. This should be coordinated with other countries that are prepared to apply economic pressure, such as the USA, Canada, and Australia. The EU should use this economic pressure as leverage to ensure that the regime finally engages with the UN in entering into genuine talks.

The European Union, one of the most powerful political and economic blocs in the world, has so far failed to use its influence in an effective and productive way to help promote democracy and human rights in Burma. The following are practical steps the EU could take to change this.

- 1) The EU should introduce financial and banking sanctions against Burma, targeting the regime and its business cronies.
- 2) The EU should take the lead in diplomatic efforts to secure a global arms embargo against Burma.
- 3) Appointing an EU envoy to discuss the situation in Burma is a positive step. However, the EU should step up high level Foreign Minister and head of state level engagement with Asian governments, including China, India, Thailand and other ASEAN members, to persuade them to increase pressure on Burma to reform.
- 4) The EU, having accepted that banning investment is an effective tool to pressure the regime, should make its ban effective by banning all new investment in Burma.
- 5) The EU should reverse the decline in support for projects promoting human rights and democracy in Burma, and instead significantly increase such financial support.
- 6) The EU should immediately implement its ban on imports of metals, timber and gems. The ban must apply to imports via third countries if it is to be effective
- 7) The EU should provide cross-border aid to Internally Displaced People who cannot be reached by aid from inside the country.
- 8) Freeze the assets of the regime in Europe – at the moment the asset freeze only applies to individuals on the visa ban list
- 9) Bring the EU into line with general assembly resolutions by including support for tri-partite dialogue in the common position.
- 10) The EU should also be more pro-active in supporting measures within the ILO to refer Burma to the ICJ.
- 11) The EU should endorse efforts to persuade United Nations Security Council members to pass a binding resolution on Burma, and the Commission and EU members should actively lobby for such a resolution.
- 12) The EU should support efforts by the British government to secure an economic development package that would be implemented once there is genuine reform in Burma.

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