

Myanmar's Reform and its Impact on Myanmar-China Relations

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Abstract

Myanmar embarked on domestic reform measures with the inception of new democratic government in 2011. New democratic government initiated three phases of reform measures: political reform, socio-economic reform and administrative reform under democratization process. Political and economic liberalization were ambitious reforms agendas to integrate in global community. Internally, the political change in Myanmar was the outcome to Tatmataw (military) government's designated political agenda that was configured by Seven Step of Road Map. Externally, it can be seen that reform measures were carried out in line with the leaders desired to acquire the reputational cause in its external relations. With the initial success of democratic reform in Myanmar, it rendered a series of uncertainties for China's relations with Myanmar. In addition, undertaking democratic reforms diversify Myanmar's foreign relations and mitigate its dependence on China. In this context, China has adjusted its posture and policy towards Myanmar. Based on this background, this research attempts to explore how and what reform measures were undertaken by President U Thein Sein's government and what are the impacts on Myanmar-China relations.

Keywords: election, military, reform, road map, transition

1. Introduction

Myanmar embarked on unprecedented reform measures with the inception of new democratic government in 2011 and it was a critical year and a new era of developing democracy in Myanmar. Historically, Myanmar endured more than four decades of military rule and it has been directly or indirectly involved in control of the state's power. Since the inauguration of President U Thein Sein in March 2011, Myanmar opened up to the outside world by liberalizing economically with the relaxation of many centralized controls. After taking the office of the government in March 2011, President announced overall reform strategies by prioritizing political unity and poverty reduction. New government initiated three phases of reforms measures: political reform, social economic reform and administrative reform under democratic transitional process.

Changing domestic political landscape of Myanmar was the outcome to military government's designated political agenda by configuring seven-step of road map. Setting for reform agendas were launched for acquiring the reputational cause in Myanmar's external relations. With the initial success of democratic reform in Myanmar, it rendered a series of uncertainties for China's relations with Myanmar. In addition, undertaking democratic reforms diversify Myanmar's foreign relations and mitigate its dependence on China. In this context, China has adjusted its posture and policy towards Myanmar. This study seeks to identify the degree and the impacts of Myanmar's changing domestic political situation on Myanmar. It is to explore how and what reform measures President U Thein Sein's government undertook and what are the impacts on Myanmar-China relations. In this context, this research will be composed of three parts. Firstly, this research will examine the brief background of the political development of Myanmar and describe the performances of new civilian government. Secondly, it will find out the underlying causes to embark on the domestic reform measures by pointing out the internal and external influencing factors. The

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third portion will discuss China's vital interests in Myanmar by highlighting economic driven factors and China's strategic considerations on Myanmar. The final part will identify the consequences of Myanmar's reform measures on China in terms of political, economic and strategic impacts.

2. Political Development of Myanmar

The year 2011 was a critical year and a new era of developing democracy in Myanmar. Myanmar is a unique case in the longest military administration in the history of modern states. After decades of direct military rule, Myanmar opened up to the outside world by liberalizing economically and politically. In order to realize the brief history of Myanmar domestic politics, the following table summarizes the political and economic system of Myanmar since 1948.

Table 1. Overview of Myanmar's political and economic system since 1948

Period	Political system	Economic system
- 1948-62 - (1958-60)	-Parliamentary Democracy System -Military caretaker government	-A mix of nationalism, socialism market - Same as above
- March 1962 (1964-74) - (1974-88)	-Socialist military, revolutionary council of the Military -Burmese way to socialism under military rule one party system (BSPP)	-Nationalization and Burmese Way, Command Economy, Self-reliance isolation -Same as above except for re-acceptance of ODA loans and partial reforms
-(Sept 1988 to 2011)	-Military rule (SLORC/SPDC)	-Transition toward a market-oriented economy in the first half of the 1990s.
- (2011-present)	-Parliamentary democracy system Presidential Republic with a bicameral legislature	-A market-oriented economy

Source: Authors' own work.

According to this Table, it is found that Myanmar endured more than four decades of military rule and domination since General Ne Win's military coup of 1962. In 1974, he introduced a socialist ideology and single-party parliament, albeit one dominated by the military by practicing the Burmese Way to Socialism. In 1988, military government in the name of State Law and Order Restoration Council (SLORC)* came to power and changed the country's economic system as "market oriented economy. Although multiparty election was held in 1990, the SLORC did not recognize the victory of NLD in election. Because of this

* SLORC was renamed as State Peace and Development Council (SPDC) in 1997.

¹ Priscilla Clapp, *Myanmar Anatomy of a Political Transition*, Special Report 369, the United States Institute of Peace April 2015, p.2 (Hereafter this work will be referred to as Priscilla: *Myanmar Political Transition*)

situation, Western nations imposed sanction and isolated Myanmar from international community.

In order to resolve the long and deep-rooted internal problem of the country, Tatmadaw government announced the seven-step road map with the aim to embark on national reconciliation in August 2003 as follow:

1. Reconvening the National Convention
2. After successful holding of convention, step by step implementation of the process necessary for the emergence of a genuine and disciplined democratic state
3. Drafting a new constitution in accordance with basic principles and detailed basic principle laid down by the National Convention
4. Adoption of constitution through national referendum
5. Holding free and fair election
6. Convening of parliaments
7. Building a modern, developed and democratic nation^{*}

The state's seven-step roadmap was implemented step by step basis for building a peaceful, modern and developed new democratic nation with flourishing disciplines. In this context, the National Convention was convened as first step in 1993. This was also known an inclusive forum in which the delegates from national races, political parties and various strata of society were deliberated in order to formulate the principles for the drafting of Constitution. In 2004, the National Convention that was temporarily adjourned resumed. To draft a new constitution, the government has formed Commission on Draft Constitution with 54 members. The draft constitution was ratified on 19th February 2008.[†]

The drafting of National started in 1993 but was abandoned three years later when the NLD delegates left the convention in protest. After U Thein Sein was appointed as Chairman of the Convening Commission of the National Convention in 2003, the process restarted in 2003 as part of the road map.

In May 2008, a new constitution was also adopted with the support of 92.48 percent of the voters at a referendum. Following the ratification of the new constitution, a multi-party general election was held on 7th November 2010 and thirty seven parties contested in the election. Among them, the Union of Solidarity and Development Party (USDP) won with landslide victory. Parliaments were also convened according to the roadmap in February 2011. The new government, Republic of the Union of Myanmar was established on 31st March 2011. President-elect U Thein Sein was sworn and also marked the dissolution of the State Peace and Development Council (SPDC).[‡]

As for SPDC government, the efforts were more far-reaching and carefully mapped than previous attempts. It had spent twenty years painstakingly drafting a new constitution to pave the way for multiparty elections that would guarantee continuing military control over the political process, which they christened "discipline flourishing democracy." Under such circumstances, this 2008 constitution was clearly a model of electoral authoritarianism seek to cloak themselves in an elected veneer. The outgoing military regime openly manipulated

^{*} U KhinMaung Win, **Myanmar Roadmap to Democracy: The Way Forward**, Seminar on Understanding Myanmar Yangon, MISIS, January 2004 (Hereafter this work will be referred to as Win: **Myanmar Roadmap to Democracy**)

[†]Ibid

[‡]Timo Kivimäki, Kristiina Rintakoski, Sami Lahdensuo and Dene Cairns, **Supporting Democratic and Peaceful Change in Burma/Myanmar**, Crisis Management Initiative Report, Helsinki, October 2010

the elections of 2010 to produce the desired outcome: a quasi-elected government in which military were appointed to one-quarter of all parliamentary seats. All positions of authority were occupied by senior military leaders from the SPDC who had taken off their uniforms on the eve of the elections and run for office.

3. Performance of New Government under President U Thein Sein

After taking the office of the government in March 2011, President U Thein Sein announced overall reform strategies by prioritizing political unity and poverty reduction. New government initiated three phases of reforms measures: political reform, social economic reform and administrative reform under democratic transitional process. The government also emphasized on undertaking reforms geared towards political liberalization and national reconciliation during the initial stage of the reform process. Reform has been undertaken in pragmatic way in the building up of a discipline-flourishing, genuine democratic nation. The new government carried out political reforms working together with all political parties and invited them to participate in the political process.

Under President U Thein Sein Administration, political liberalization in Myanmar focused on the fields of national reconciliation, liberalization of political freedoms and press censorship. One of the significant political reform agenda was that President attempted to improve the relationship with the main opposition party. In November 2011, government amended the political-party registration law and the election law, which allowed the opposition leader to run for by elections.¹

The NLD decided to register the party with the Election Commission and run in the April 2012 by-elections. The by-elections of 1st April 2012, which were held to fill four-six vacant parliamentary seats, were generally seen as an important credibility test of the will to reform on the part of UTheinSein's new government. The NLD enjoyed a landslide victory in the April by elections, winning four-three of forty-four seats they contested. DawAung San SuuKyi, herself, managed to get elected to Parliament in a township which situates at the outskirts of Yangon. Most internal and external observers characterized the by elections as relatively free and fair. To reveal his reformist credentials, President also released a number of political prisoners by mid-January 2012 such as student leaders Min KoNaing and KoKoGyi; the leaders of the 2007 monks' demonstrations. A number of those released were able to join the political process. For instance, members of the 88 Generation Students Group decided to form the 88 Generation Peace and Open Society, an NGO, which helped monitor the by-elections.

A very significant move of the opening has been the relaxation of Internet and media controls. In 2011, Internet controls and censorship were relaxed and certain restrictions on international and independent news websites were lifted. In August 2012, the government proclaimed both an end to prepublication censorship and the dissolution of the Press Scrutiny and Registration Division. In December 2011, President signed the new Law on Freedom of Assembly which allows for peaceful demonstrations. This law encompassed to broaden the freedom of movement as part of this democratic reform agenda.

The priorities for economic reforms in Myanmar under new civilian government were articulated in the government's Framework for Economic and Social Reform (FESR) that was presented to the international donor community in early 2013. It highlighted ten

¹*The New Light of Myanmar*, News and Periodicals Enterprises, Yangon, 1st April, 2011

²*The New Light of Myanmar*, News and Periodicals Enterprises, Yangon, November, 2011

priorities in the government's economic strategy: fiscal and tax reforms, infrastructure, private sector development, monetary and financial sector reforms, liberalization of trade and investment, health and education, food security and agricultural growth, governance and transparency, mobile phones and internet access, and effective and efficient government.

As a second step of the reforms, the government launched an economic reform by promulgating a new Foreign Investment Law and making endeavored by built up special economic zones and industrial zones. Concerning economic reform agenda, the International Monetary Fund (IMF) reported that gross domestic product of Myanmar grew 8.3 percent in 2013/14. Rapid growth will be critical to reducing Myanmar's poverty rate—estimated at 25.6 percent in 2010 by the United Nations Development Programme (UNDP) and at 37.5 percent by the World Bank.

The third step of the reforms agenda was carried out since it was important need for an administrative sector. In December 2012, President U Thein Sein delivered a speech on reforms to improve the management and administrative capacity of the government. In his speech, he highlighted that some government officials ignored the voice of the people, not taking enough transparency and timely and effective action on matters presented by the people, and corruption is in existence. On account of these weak points, President called for the reform in administrative sector.⁴

To be a clean government with good governance, the government formed committees at township level to make joint discussions, joint decision and to take joint leadership in the implementation of administrative reform agenda. He called for coordination between the central government and region or state governments to carry out effective undertakings and also identified the cooperation in addressing the difficulties and challenges, especially in cracking down on bribery and corruption.[†]

It is found that President U Thein Sein's government performance was commonly accepted that the first five-year term was the most indispensable for building a modern, developed democratic nation while peace and stability is the most fundamental requirement of the nation and the people. Whereas the political reforms ensured a liberalization of the political system, the socio-economic and administrative reforms of the second and third years aimed primarily to improve governance, fight corruption and reform the economy.

4. Underlying Causes to Undertake Reform Measures

This section will find out why did the new government start the reforms and it is also interesting to explore the internal and external influencing factors to launch reform.

Internal influencing factors

Resuming semi-civilian ruled and liberalization under reform measures after 2011 constituted the new gateway for Myanmar. Some scholar augured about U Thein Sein's legacy for Domestic Reform Agenda, Financial Times (2012) stated that President U Thein Sein himself attributed the need for reforms to his experience visiting the Ayeyawaddy Delta after a devastating cyclone, Nargis, hit the area in May 2008. He found that people in the Delta area were not expecting state authorities to help them led to an "understanding that things

⁴The New Light of Myanmar, News and Periodicals Enterprises, Yangon, 27 December 2012

[†] Ibid

