Bangladesh-Myanmar Relations: The Context of Political and Economic Reforms in Myanmar

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Introduction

- Bangladesh and Myanmar have common historical heritage and political legacy
- Since independence of Bangladesh, both countries followed cordial relations
- The Rohingya issue and border management remain crucial
- Political and economic reforms in Myanmar raise hopes
- There are potentials of cooperation in trade, investment, energy and connectivity
- Effective diplomatic approach is necessary
Political and Economic Reforms in Myanmar

• Political history of Myanmar
  - Military rule and so called ‘Burmese way to socialism’ since 1962
  - State Law and Order Restoration Council (SLORC) in 1988
  - May 1990 multi-party national election and National League for Democracy (NLD)’s performance
  - State Peace and Development Council (SPDC) in 1997
Current Reform Initiatives

• Major political and economic shifts
• Three phases:
  1. Political reconciliation and political freedom since March 2011
  2. Liberalisation of economy and market since June 2012
  3. Tackling corruption, attracting FDI and participation in regional process since December 2012
Democratic Reform

- Fundamental to all reform initiatives
- Monumental landmark: Seven-point roadmap to democracy, August 2003
- The new constitution and a set of new institutions
- Constitutional referendum in 2008: civilian president
- Election in November 2010: first civilian government in 50 years
- Political reconciliation since 2011: release of Suu Kyi and political prisoners, electoral legislation, peace agreement with armed ethnic groups
By-elections in early April 2012: NLD’s success and first free and fair election in Myanmar

Role of the legislatures: key laws and reform bills

National Human Rights Commission: 1,000 complaints in its first three months

Freedom of expression: lifting restrictions on internet sites and social media and easing up censorship of the print media

New media law and self-regulatory press council
Challenges to Democratic Transition

- Top-down reform process and ulterior motives of the military
- Absolute control by the authoritarian system: no decentralisation or power sharing
- Institutionalising military role in the government through legislative reform
- National Human Rights Commission lacks independence to deal with military abuses
- Social unrest and upsurge of violence in the ethnic provinces
- Civil service and capacity of civil servants
- Civil-military relations
Economic Liberalisation

• Moves to liberalise trade and encourage FDI, decision to achieve medium- and long-term goals
• Global financial crisis and a shift from the West to East and North to South
• The rise of China, India and ASEAN countries: Myanmar’s desire to grow at 7%–8% per year
• Economic reforms in two broad categories:
  1. Market opening, exchange rate and new FDI regulation
  2. Integration with regional and global economy
• Eliminate the multiple exchange rate system; promotion of FDI for job creation; human resources development, tax mobilisation and tax reform
• Electricity generation; export-oriented infrastructure; banking sector rehabilitation and financial sector reform; privatisation measures
• Constraints:
  – Macroeconomic management framework devoid of market mechanisms and insufficient fiscal resources
  – Inadequate domestic fund mobilisation and limited industrial diversification,
  – Inadequate infrastructure and privatisation
Reconfiguring External Orientation

- Eager to engage and cooperate: boosting regional and international orientation
- Outward posture: domestically driven enthusiasm
- High level political visits between USA and Myanmar: Hilary, Obama, Than
- Improved relations with EU: lifting of sanctions, GSP consideration
- On the US front: easing up of sanctions, authorisation of investment, support for assistance from the UN agencies and the World Bank
Drivers of Change

• Myanmar’s economic interests and potentials: growth, trade and natural resources
• External pressure and sanctions: US, EU and the UN
• Domestic drivers: political parties, CSOs, student and monk movements
• China-Myanmar strategic dynamics: detouring Myanmar’s China dependence
• Regional and sub-regional pushers: ASEAN, BCIM
• Future outlook: Gaining the Chair to ASEAN in 2014
Bangladesh-Myanmar Relations

- Both countries share land and maritime boundary
- Myanmar was 7th country recognised Bangladesh
- Bangladesh Foreign Minister visited Myanmar in 1972
- The basics of relations are peaceful co-existence, non-alignment and mutual respect for sovereignty and national dignity
- The relationship did not develop in light of proximity and apparently complementary economic interests
Continue...

- In 1973, both countries signed trade agreement
- The land boundary agreement signed in 1979
- In 1989, three MoUs signed on border trade and economic cooperation
- In 1994, both countries signed border trade protocol
- Bangladesh-Myanmar Friendship Road Link in 2007
- In 2011, a Joint Commission for Bilateral Cooperation and also a MoU to establish a Joint Business Council (JBC) signed
## Bilateral Issues

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<td>Repatriation of Rohingya refugees in 1978 and 1992</td>
<td>Documented and undocumented Rohingya refugees, Security concerns for Bangladesh, Illicit Networks, Image of Bangladesh, stability and security in the border</td>
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<td>Maritime Boundary</td>
<td>The verdict of International Tribunal of the Law of the Sea</td>
<td>Implementation of the verdict, exploration of natural resources, bilateral communication and cooperation</td>
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<td>Land Border Management</td>
<td>Fencing by Myanmar</td>
<td>Illicit networking, security and stability, connectivity</td>
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<td>Trade and Investment</td>
<td>The agreement for establishing direct banking arrangement and transaction through Asian Clearing Union (ACU)</td>
<td>Low trade, lack of diversification, security in the border</td>
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<td>Connectivity</td>
<td>In 2007 both countries agreed to build a 25 km road</td>
<td>Non-conventional vessels between Sittwe and Teknaf, Air Route, Shipping Route</td>
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<td>Energy and natural resources</td>
<td>In September 2010, two countries signed a MoU to build two dams in Arakan</td>
<td>Cooperation and investment</td>
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<td>Regional and sub-regional cooperation</td>
<td>BIMSTEC, BCIM, AHY, TAR</td>
<td>Progress and implementation, engaging China and India</td>
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Policy Options for Bangladesh

- Political and economic reforms in Myanmar are applauded by the international community
- Bangladesh needs to strengthen relations with Myanmar, considering political, economic and strategic interests
- Political and diplomatic cooperation can be multi-layered and multi-faceted
- Bangladesh can adopt three-fold diplomatic approaches: political, economic and public diplomacy
Conclusion

- Political and economic reforms of Myanmar bear significance for Bangladesh
- The amicable solution of Rohingya issue
- Both countries can explore untapped potentials
- Multi-fold diplomatic approaches
- The engagement of multi-level actors in negotiation can give benefits
Thank You