

JAPAN CHAIR PLATFORM

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Japan and Myanmar: Relationship Redux

David I. Steinberg

From an apex as the most important economic aid relationship that Burma/Myanmar had with any foreign state or organization, either multilateral or bilateral, from independence in 1948 until 1988, Japan had fallen into a role of marginal assistance and influence for the past score of years. Until the military coup of September 18, 1988, that violently suppressed the failed people's revolution earlier that year, Japan had provided Burma with US\$2.2 billion in foreign aid and reparations; Burma was one of its largest aid recipients.¹ Japan alone provided about half of all foreign aid to Burma from any source. It had multiple reasons for its prominent role in Burma: access to Burma's natural resources and markets, guilt over World War II's destruction and a desire to play an important positive international role, empathy with Burma's Buddhist background, and through its aid program the resuscitation of Japanese industry.

This role drastically changed for multiple reasons. Japan entered its economic doldrums. The United States strongly urged the Japanese to impose sanctions or not provide assistance to Myanmar, which it did not do. But the government was caught between internal economic pressures from business to continue aid and U.S. pressure to desist.² Rather, Japan compromised—stopping overt economic assistance and providing far more modest “humanitarian” aid and some debt relief. The Japanese definition of such support, however, included infrastructure projects and far exceeded the basic human needs model as defined by the United States.

A third factor was personal. Although some in the Japanese press attributed Japan's lack of influence in this period to policy failure, a more subtle cause was the termination of the intimate relationship with the single most important figure in modern Burmese history, General Ne Win (president and chair of the single-party political system—the Burma Socialist Programme Party). Ne Win had been trained by the Japanese in 1940 to assist in the overthrow of British colonial rule, and he had a strong liking for things Japanese. About 1959, he had even advocated importing Japanese farmers to Burma's marginal agricultural areas to teach the Burmese how to farm properly. The Japanese ambassadors were the only diplomats who had ready access to him. His influence was paramount, even after he retired from the presidency in 1980 and for a period after he resigned as chair of the ruling party in 1988 and retired to his mansion on Inya Lake in Rangoon. As the new Burmese military rulers solidified power, however, his influence ended. He was placed under what amounted to house arrest, and his daughter and son-in-law were supposedly implicated in a dubious coup attempt. When he died in 2002, his funeral was unannounced, and with it went Japan's primary position, and the rise of Chinese aid and influence began.

In spite of U.S. pressure, Japan since 1988 had continually looked for Burmese internal reforms that would justify increased programming. Opinion in Japan was contested, with the over 9,000 Burmese in-country split into the pro-Myanmar and pro-Burma camps—for or against assistance and dialogue. The fundamental change came in March 2011 with the inauguration of the Thein Sein government and a series of reforms, leading to improved U.S. relations and the respectability of Japanese assistance.

Japanese motivation for assistance was also augmented by new rationales. The passage of a liberal foreign investment law led to an influx of Japanese looking for investment opportunities. Some 300 Japanese businessmen visited Myanmar

¹ David I. Steinberg, “Japanese Aid to Burma: Assistance in the Tarenagashi Manner?,” in *Japan's Foreign Aid: Power and Policy in a New Era*, ed. Bruce M. Koppel and Robert M. Orr (Boulder, CO: Westview Press, 1993).

² Contrary to most states, Japan legally had to re-recognize Burma after the 1988 coup, and it did so just before Emperor Hirohito's funeral. Otherwise the Burmese would have had to sit next to the Palestinian Liberation Organization (PLO) as an unrecognized entity, a diplomatic disgrace. Personal conversation, Japanese official.

during the first half of 2012 alone. Perhaps more importantly, Japan viewed the Chinese presence in Myanmar and its overwhelming position as potentially strengthening China (the largest foreign investor at over US\$14 billion, plus military assistance and undocumented investments, while Japanese investment from 1988 to 2012 was only US\$257 million). As a retired Japanese general said regarding increasing China's power, "If China can import oil through Myanmar and avoid the Malacca Straits and the South China Sea, that is not in Japan's national interests."³ China now imports both crude oil and natural gas through pipelines from the Bay of Bengal to Kunming, Yunnan Province.

Japan has begun a new relationship with Myanmar. It has agreed to cancel US\$2.72 billion in debts that Myanmar had owed to Japan. It inaugurated a new foreign assistance program and pledged US\$900 million in support to it. On May 24–26, 2013, Prime Minister Shinzo Abe paid a state visit to Myanmar, the first by a Japanese prime minister since 1977, and a joint statement was issued in a "cordial and friendly atmosphere." The parties agreed "in laying a new foundation for taking the relationship between Japan and Myanmar to a higher level and establishing a lasting, friendly and cooperative relationship, Japan and Myanmar will work together to bolster their relationship...."⁴ These efforts include support for Myanmar's reform process, development of economic and social capital and rural and ethnic minority areas, cultural and sports exchanges, political and security cooperation and on Association of Southeast Asian Nations (ASEAN) affairs.

The Japanese are interested in the development of the Thilawa industrial park outside Yangon and will provide some US\$380 million in support of it from the overall US\$900 million in aid. Land acquisition has proceeded, and infrastructure development—including roads, port facilities, and electricity supply—is in process. A further major development is the Dawei (Tavoy) port and industrial area on the Bay of Bengal near Thailand. Japanese aid is providing a road from Bangkok, and the private sector is supposed to develop this massive industrial area, with a total of some US\$13 billion over the years. This port, according to Japanese authorities, would enable Japan to have direct access across the Bay of Bengal to Chenna (Madras) in India, with an increase in Japanese investment there.

This resurgence of Japanese interest has not gone unnoticed in Beijing. China has regarded the increasingly positive Myanmar-U.S. relations with great concern, maintaining that the United States was engaged in its second "containment policy" toward China, the first being during the Cold War. It characterized Secretary of State Hillary Clinton's December 2011 visit as "undermining the [Chinese] wall in Myanmar." Some Chinese have linked the increased Japanese interest in Myanmar, and its control over the Senkaku Islands, as part of the U.S. containment effort throughout East Asia and as part of the U.S. "pivot" to that region.

It is unlikely that Japan can hope to equal the Chinese position in Myanmar, but as with India's expanded positive role, it may hope to mitigate China's prominence. Since Burmese independence in 1948 and the formation of the People's Republic of China in 1949, Burma has tried to be neutral, but always in China's shadow. Japan cannot supply the Burmese military with the materiel they seek. Yet the resurgence of Japanese interest and influence in Myanmar, together with the positive U.S. and EU roles, will help Myanmar resume the quintessential neutralist stance it had played in the Cold War, when U Thant could become secretary general of the United Nations (1961–1971), but now within new parameters—China and the fears of China rising.

David I. Steinberg is distinguished professor of Asian studies emeritus at the School of Foreign Service, Georgetown University, and visiting scholar at the School of Advanced International Studies, Johns Hopkins University. His latest book (written with Fan Hongwei) is Modern China-Myanmar Relations: Dilemmas of Mutual Dependence (University of Hawaii Press, 2012).

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³ Personal interview.

⁴ Joint statement, May 26, 2013.