Whither U.S. Myanmar Policy after the Rohingya Crisis?

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A Report of the CSIS SOUTHEAST ASIA PROGRAM
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March 30 marked the second anniversary since the National League for Democracy (NLD) led by Aung San Suu Kyi took office in Myanmar, an event marked by domestic and international jubilation after decades of struggle for democracy. But today, two years later, the view of much of the international community toward the Myanmar government has pivoted to near-pariah status after ruthless military operations prompted nearly 700,000 Rohingya Muslim refugees to flee vicious abuses following an attack by Rohingya militants on August 25, 2017.

U.S. policy for decades was focused on seeking leverage to cajole Myanmar out of isolation into greater engagement as a more “normal” country that would transition from military rule to democracy, resolve its raft of ethnic conflicts, and respect the international norms of human rights. Despite landmark elections and the rise to power of Aung San Suu Kyi, today Myanmar again risks falling back under Western condemnation and isolation and losing many of the gains it has made.

Will it be possible for Myanmar to pull itself back from the brink of another round of isolation, continued ethnic violence, and economic stagnation? The Rohingya crisis again has created a sharp policy challenge for the United States focused around the dilemma of engagement versus isolation to achieve the larger goal of movement toward democracy and respect for human rights. But the issues today are more complicated than they were 30 years ago because Myanmar’s neighbors, China, India, Japan, and the countries of Southeast Asia are fully engaging Myanmar and have no interest in supporting isolation.

The treatment of the Rohingya is horrifying and a giant step back for the country, but it is also important to put these developments into Myanmar’s broader political, social, and historical context. It is vital to look at how reform is going beyond what unfolded in northern Rakhine State and examine the state of play in other parts of the country.

Overall the country has undergone remarkable change over the past seven years. Thousands of political prisoners have been freed, official restrictions on the media have eased significantly, and the country had surprisingly open and representative elections in 2015. Peace talks were begun to end six decades of fighting between 21 armed ethnic groups and the military and Myanmar has much greater economic opportunity for ordinary citizens and foreign investors alike.

But the Rakhine crisis seems to have sucked up much of the NLD government’s energy and focus since Rohingya militants attacked a dozen police and military outposts in August 2017. Even before the crisis, the peace process with the ethnic armed groups had largely stalled and the military

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launched a military offensive in northern Kachin and Shan states late last year. Economic reforms seem to be mostly on hold.

To be sure, the civilian government’s power is limited by the fact that the military still controls the country’s defense, internal security, and the appointment of key government officials. The military retains control of the administrative apparatus of the country down to the local level, and holdovers from the past regime remain embedded within government ministries.

In the midst of the turbulent patch that has beset the country, it is sometimes hard to remember how much has changed. Today much of the focus in the United States and Europe is on the treatment of the Rohingya. The reputation of the Aung San Suu Kyi government has been sullied further by the arrest in December of two Reuters journalists reporting on the crisis in Rakhine under draconian official secrets laws held over from colonial rule.

The international criticisms of what happened in Rakhine have prompted the perception in Myanmar that the country’s friends in Washington and in the West have turned their backs on the nation and its new government. The reproach by Western governments and human rights groups has opened a giant divide between the West and many inside the country.

Aung San Suu Kyi, her government, and the majority of the country’s Bamar (Burman) Buddhist population are outraged by what they consider unfair criticism against a security response to militant attacks against police and soldiers supported by hundreds of Rohingya in northern Rakhine. They seem to have dug in their heels in a battle that pits Myanmar against much of the Western world, determined to stand up to the international pressure, again.

But most Western embassies in Yangon remain interested in exploring avenues to move forward with Myanmar and find ways to avoid letting the current impasse become a permanent condition. Their diplomats insist that there is still hope for the country and government to move forward and recapture the momentum that has been lost. And yet for Myanmar to move on, say diplomats and longtime observers of the country, it is important that the dynamics of what happened in Rakhine be fully understood and addressed candidly.

The U.S. government has sanctioned one general (and a few more top officers could be added) in an effort to press for accountability of the officials involved in gross human rights violations. But Washington has not taken steps that will affect its relations with the rest of the country or the broader economy. The U.S. government is continuing most of its aid and capacity-building programs.

U.S. policy today again faces a debate between engagement and isolation. Those on the engager side argue it is important to continue to support and promote the democratic transition of this strategically located country at the crossroads between South and East Asia. The alternative, they say, could push the country back to the edge of becoming a failed state and into the arms of China. Those pressing for isolation and sanctions argue that the treatment of the Rohingya was so abhorrent that Myanmar’s military must be isolated until it changes course. And as was the case earlier, Congress, traditionally the branch of government more focused on democracy and human rights concerns, is again actively engaged on Myanmar policy.
Derek Mitchell, the former U.S. ambassador to Myanmar, argues that what happened in Rakhine “offends our conscience,” but the international community “needs to ensure the success of the country.” Myanmar cannot dig its way out of the results of 50 years of isolation and sanctions overnight. The solution is not more separation, but engagement, he argues, “even as we must stay true to our values.”

“Disengagement won’t help the country or reform,” argues Vicky Bowman, the former British ambassador to Myanmar who now operates the Myanmar Center for Responsible Business. “The West stopped engagement and technical assistance to the civil service 30 years ago...and we ended up in 2011 with a bureaucracy stuck in the 1970s.” Bowman argues that the decades of isolation after the military brutally assaulted pro-democracy protestors in 1988 limited Myanmar’s exposure to international norms and values that could have helped it gradually deal with internal problems that the country continues to face today.

The Rohingya Crisis

It is hard to see how the Rohingya crisis can end in a way that will satisfy both the international community and domestic players in Myanmar. Any prescriptions for solving the catastrophe are incredibly complicated and will take a long time.

The problem cannot be solved by Aung San Suu Kyi issuing some kind of edict. But it might have helped her image internationally as someone respectful of human rights and rule of law if the country’s civilian leader had publicly spoken out early about reports of abuses against Rohingya civilians. And if she has spoken out about the importance of respecting the security and rights of everyone involved as the military dealt with the threat posed by Arakan Rohingya Salvation Army militants. It could also have helped if from the start of her tenure she had offered a compelling public vision of a multiethnic, multireligious Myanmar at peace with itself.

Bangladesh, where nearly 700,000 Rohingya refugees reside in camps today, and Myanmar signed a repatriation agreement in November, but it is hard to imagine more than a few returning. For significant numbers of people who suffered shocking levels of violence by the military and vigilante groups, they would need a sense that they would be physically safe. So far, the military has only acknowledged that its forces were involved in the killing of 10 Rohingya, making it hard to imagine the army providing safety guarantees.

Refugees considering repatriation would also need assurances that they would be able to make a living back in Myanmar and have some hope for a better future. This would likely require that they be allowed to return to their original villages and fields and have the freedom to move to find jobs, which would necessitate a lifting of the restrictions that seriously limited their ability to move since an earlier spasm of violence in 2012.

Aung San Suu Kyi had invited former UN secretary general Kofi Annan to establish a commission that issued its report the day before the August 25 attack by militants. The report offered 88 recommendations on how to tackle discrimination and address communal conflict in Rakhine State. The state counsellor has said repeatedly that she wants to implement these recommendations. However, even the best instructions from Naypyidaw often mean little in...
Rakhine, where the central government doesn’t have much support from the politically dominant Arakan National Party, which feels it is largely excluded from the country’s political processes.

In addition, relations between the military and civilian government and between the military commander and de facto civilian leader, have deteriorated during the crisis. Foreign and domestic observers in Yangon say they do not know what the military’s intentions were when it cracked down in August or whether ethnic cleansing was its intention all along. Nonetheless, many in Myanmar believe that military commander Min Aung Hlaing—who judging by social media has suddenly become wildly popular even among people that voted against the military in 2015—is using the crisis to bolster his position ahead of the next elections in 2020.

The Rohingya issue is not just a military and government problem but it has exposed deep social rifts in the country as well. There is a widely held fear even among progressive majority Bamar Buddhists that the country faces the threat of a flood of Muslims pouring across the border who will overwhelm the Buddhist society as they insist happened earlier in the case of Pakistan and Indonesia. “How do you sanction against racism?,” asks a diplomat in Yangon. “The country faces an ethnic issue with religious overtones. Sanctions will only help nationalist forces.”

“The problem is internal to Myanmar,” the diplomat said. “We foreigners can’t fix this. They will have to decide as a country that they’re not going down a good path. . . . This government is very hard to help—they are insisting that we’re going to do it our way.” The military, which has only agreed to transfer a few officers in the wake of the violence, would almost certainly veto any international calls for accountability.

“Myanmar needs to expand the space for public discussion,” says another foreign analyst. There is a widespread feeling among the international community in Yangon that Aung San Suu Kyi could have done more at the height of the crisis in September and October to call for increased tolerance and empathy without necessarily alienating the military and Buddhist nationalists. The civilian leader could have pressed harder to persuade the military to allow humanitarian access to Rakhine at the height of the tensions.

In Yangon, there is a growing feeling the government doesn’t have the political capital to do much more to address the Rohingya challenge. There is also an increasing recognition that the government Aung San Suu Kyi manages is really still the same “old guard” bureaucracy steeped in command economics and authoritarian rule that served the military junta since the 1960s.

Jump-starting the Economy

Myanmar’s economy has taken a hit from the crisis in Rakhine. Tour operators say the tourist business was down 8–10 percent in the peak tourist months in late 2017 and early 2018 at least in part due to the negative press the country has suffered in recent months. But most of the cancellations have been by U.S. and European tourists; numbers from China and Southeast Asia appear not to have been affected.

The Rohingya situation has impacted at least one U.S. investor. Chevron Corporation’s board of directors late last year faced a resolution, facilitated by a longtime activist from Myanmar, asking how the oil giant—which has a minority stake in a natural gas pipeline project and is exploring for
natural gas offshore—would avoid risks created by doing business with “governments complicit in genocide and crimes against humanity.” A Chevron spokesperson said in a statement to Reuters that the company would work with U.S. firms and the government to “foster a business environment that respects human rights.”

Another U.S. company looking to invest in Myanmar in late 2017 abandoned its plans to avoid facing “reputational risk” for operating in the country. A U.S. insurance company also dropped its interest in Myanmar late last year, but attributed its decision to the slowness of the government’s decision to open up the domestic insurance market, despite repeated pledges that a favorable decision was imminent. And one of the first U.S. law firms to open in Yangon when the reforms were launched to facilitate the entry of American companies has recently shuttered its office.

A survey of business attitudes among foreign and domestic companies in Myanmar found in December 2017 that 49 percent of companies expected the business landscape to improve, down from 73 percent in 2016. The survey—jointly conducted by German global strategy consulting firm Roland Berger and the Union of Myanmar Federation of Chambers of Commerce and Industry—found that the two biggest challenges facing companies was the shortage of trained staff and lack of clear government economic policy two years after the NLD came to power. It doesn’t help that many of the NLD ministers lack the skills to run their ministries.

Foreign investment in Myanmar appears to have slowed even prior to the Rohingya crisis. In 2016–2017 (ending in March) investment totaled $6.7 billion, down from $9.5 billion in 2015–2016. Many Western companies seem to be waiting for the government to spell out its economic policies and priorities and issue laws and regulations. They are also held back by the country’s limited electricity service, the poor quality of roads, and shortage of skilled workers. These issues seem to trouble Asian companies less.

The World Bank projects economic growth could increase 6.4 percent in 2017–2018 (ending in March) despite the developments in Rakhine, up from 5.9 percent a year earlier. But some local businesspersons and economists fear this growth number will be hard to reach due to declining tourist numbers, India’s decision late last year (now lifted) to limit pulse imports, and China’s move to block rice imports ahead of its Communist Party congress last October. They say the economic climate is also hurt by the fact that the NLD has not yet prioritized how it plans to implement the 12-point economic plan it launched during the election campaign.

Economic growth under the NLD was down from 7 percent in the last year of the previous Thein Sein government because the new leadership was determined to cut spending. Officials say the previous government had sharply increased spending in its final year in office and ran a budget deficit that tripled to 3.2 percent of gross domestic product, up from 1.1 percent the previous year. The new government’s aim to reduce the budget deficit affected virtually every sector of the economy.

The new government also moved to end the practice of financing projects through the central bank by “printing money.” It reduced the proportion of the budget deficit that can be financed by the central bank to 30 percent in 2017–2018 (ending in March) and plans to reduce this to zero by 2020. Instead, the government is moving to finance its activities through public bonds, a vehicle it used successfully to raise over $1 billion at its first offering in September 2016.
Other steps planned by the new government include restructuring the country’s state-owned banks with a $100 million assistance package from the World Bank. It also plans to embark on tax reform and increase electricity tariffs so that it can attract more local and foreign investors in the energy sector. Even though only about 25 percent of the country has access to electricity, economists estimate that another 25 percent of the 3,000 megawatts produced is lost to theft and transmission losses and costs the government a hefty $1 million a day or more.

The Ministry of Electricity and Energy recently announced that it would speed up contracts to double electricity generation by 2021. Undoubtedly the minister has an eye on deliverables by 2020, when the next elections are due.

Government officials say Aung San Suu Kyi is determined to dramatically step up rural road construction ahead of the 2020 elections. In agriculture, the government plans to eliminate the requirement that small farmers grow rice and allow them to produce whatever commodities will get them the highest prices. In an effort to tackle the country’s thorny problem of land disputes, the government wants to implement a new land law that will allow farmers to get long-term tenure rights to their land.

Government officials anticipate that investment could get a boost from the new companies law passed in late 2017, which allows foreign firms to take up to a 35 percent stake in a local company before it is considered a foreign entity. Officials and businessmen say this new law, expected to go into effect August 1, should make it easier for local companies to get financing and should boost foreign investment, particularly from Asian companies, including in the fledgling stock market.

A recent bright spot in the economy has been in the reduction of poverty and increase in rural income. The World Bank estimates that the country’s poverty rate had dropped to 19.4 percent of the population in 2015 from 32 percent a decade earlier. Income in four farming townships near Yangon increased 23 percent between 2013 and 2016, thanks to the increased use of mechanization in soil preparation and harvesting, according to a 2016 survey carried out by Myanmar’s Center for Economic and Social Development and Michigan State University.

One area that is undergoing considerable reform is the country’s lucrative but largely unregulated gemstone sector. The Ministry of Natural Resources has organized several workshops with companies involved in gemstone production and trade and a new draft gemstone law has been presented to Parliament. The goal is to increase transparency in the sector, protect the environment in areas where gemstones are being mined, and provide more benefits to local communities where gemstones are located. The government hopes these changes will make it easier for Myanmar to sell its gemstones directly to U.S. and European buyers rather than through middlemen in neighboring Thailand.

Foreign diplomats in Yangon say that implementing economic reforms and solid economic policies might help the government to begin to change some of the negative narrative that has emanated from the country in recent months.

Even though the U.S. government lifted its sanctions against Myanmar in 2016, U.S. and foreign companies operating in the country are still impacted by section 312 of the USA Patriot Act, which addresses money laundering and terrorist financing and imposes rigorous due-diligence
regulations on Myanmar. This regulation makes it difficult for a U.S. bank to provide trade financing to the country, finance investment, and help American firms repatriate profits from Myanmar.

This means that any Myanmar purchases of U.S. technology or equipment such as GE turbines must be booked through banks in other countries, increasing the cost of a transaction. These regulations are intended mainly to apply to countries that do not participate in international information-sharing agreements to counter money laundering. The U.S. Treasury Department has been working with Myanmar’s central bank and intelligence agencies to prevent laundered drug money from entering the country’s banks.

Foundering Peace Process

The announcement in January that two armed ethnic groups would sign the national cease-fire agreement marked the most significant development in the peace process since the NLD government took office. The New Mon State Party, one of the country’s biggest insurgent groups located along the border with Thailand, and the Lahu Democratic Union announced the agreement following separate meetings with the military commander and Aung San Suu Kyi. These two groups will mark the ninth and tenth to sign the cease-fire agreement, which is intended to serve as the foundation for a future political dialogue covering issues such as political and economic power sharing.

The peace process with the armed ethnic groups, which Aung San Suu Kyi had declared as her top priority, had appeared to be largely stalled in the wake of the Rakhine crisis. The dynamics between the government, military, and ethnic groups over the past two years have prompted some observers in Yangon to doubt that much can be achieved in the peace process before the next elections in 2020. The last round of Panglong talks (named after the first peace conference with three ethnic groups in 1947) took place in May 2016 and another round had been tentatively scheduled for January 2018, but it was postponed indefinitely. The signing of the cease-fire by the two additional groups is expected to take place at the next round of peace talks.

Setting a new date for a peace conference has been complicated at least in part by the fact that the military has launched offensives against the armed ethnic groups in the northern states of Kachin and Shan that had not signed onto the 2015 cease-fire agreement brokered by the previous government. The Kachin Independence Army (KIA) was believed by mid-January to have lost four major bases and at least 18 remote outposts to the military.

To be sure, the peace process in Myanmar—which involves 21 armed ethnic groups many of which had fought the central government and military for seven decades—is one of the most complicated in the world. The process is hobbled by the fact that each of the groups has different histories, insists on different demands, and has different issues on which they are unwilling to compromise. On top of the differences between the various groups, there are also conflicts within the groups themselves. The KIA, for example, has one leader who helped draft the original national cease-fire agreement, other officials who want to join the peace talks, and some hardliners who want to continue fighting for independence.
In the last round of talks in 2016, China had convinced and ultimately delivered seven groups—collectively known as the Northern Alliance and led by the 20,000-strong United Wa State Army—operating along the Chinese border in Kachin and Shan states that haven’t signed the national cease-fire agreement. Today, these groups, many of which are facing a military offensive, appear to have less incentive to attend. The Northern Alliance groups insist on meeting with the government as a group, but officials insist on meeting each member of the group bilaterally.

Much of the future of the peace talks will depend on the Wa as the leaders of the Northern Alliance as well as on the Kachin who are currently discussing whether to stay in a political alliance and not just military cooperation with the Wa. The Wa insist that their joining the peace process will require the government to recognize their autonomy. They want to join the union as the eighth ethnic state and are not interested in coming in as part of Shan State, a move opposed by Shan leaders and armed groups.

Separately, the groups in Kachin and Shan states also complain that the military has blocked most of the preparatory consultative dialogues, which they tried to organize with their local populations and civil society organizations ahead of the formal nationwide talks. The military reportedly blocks these meetings because it fears the armed ethnic groups will use them to rally political support, analysts say.

In the 2017 meeting, the eight armed ethnic groups that had signed onto the national cease-fire agreement two years earlier agreed to 37 "principles" that roughly fit within the confines of the military’s 2008 constitution. But since then these groups have faced criticism from their constituents for not pressing harder for more self-determination rights and the right to draft their own state constitutions, demands the military has rejected.

In the first Panglong conference in the late 1940s, the thee groups that signed had the right to secede from the union if they didn’t feel their demands were being met by the central government. The military today demands that the ethnic groups agree to a nonsecession agreement as a condition for entering into a political dialogue. But the ethnic groups make the case that if the government met their needs they would not have to secede. These continuing differences convince the ethnic groups that the military and the civilian government are not invested in the success of the peace process.

The armed ethnic groups point out that under the previous Thein Sein government, negotiators had pre-negotiation sessions prior to formal talks that created more trust and allowed less complicated issues to be resolved more easily. That is not happening under the NLD government at least in part because Aung San Suu Kyi dismantled the peace talks infrastructure developed by the previous government. The ethnic groups complain that Aung San Suu Kyi does not seem to try to engage them in private conversations that would help build trust between the armed groups and the government and create momentum for more groups to join the cease-fire agreement and political dialogue.

Analysts believe the peace talks are also constrained by the fact that the NLD and the military do not have an effective national security decisionmaking structure, including the military commander, Aung San Suu Kyi, and the NLD president. The commander reportedly won’t meet
with the civilian leader, because her position is outside of the constitution. The president could call
a meeting, but apparently Aung San Suu Kyi will not use this channel.

But the clock is ticking. When the military and the NLD government work their way back from the
2020 elections, officials realize any revisions to the constitution resulting from the peace talks
would need to be completed in 2019 and that a national cease-fire with the groups still outside the
2015 cease-fire and any political dialogue would effectively need to be finished by the end of this
year.

The slow pace of the peace process is creating impatience among some of the original eight
signatories to the national cease-fire agreement. Some, like the Karen National Union along the
Thai border, are frustrated that they are not getting the development aid they had hoped for when
they signed.

China could possibly play a more active role in nudging the Wa and members of the Northern
Alliance to more actively pursue the compromises needed to achieve peace on the Chinese
border. But so far it is not clear that the interests of China, whose border provinces and businesses
have critical interests in border trade, coincide with the multiple interests of the key players and
stakeholders in Myanmar, most critically those of the military.

Possible Next Steps

The Rakhine crisis has created overwhelming difficulties for Myanmar and the government. The
discrimination and mistrust between Buddhists and Muslims, especially but not limited to the
Rohingya, are deep and widespread. The international community is exerting immense pressure on
the government, but in the end these are challenges that only people inside the country can
address.

For starters, could Aung San Suu Kyi use her immense reservoir of popularity and moral standing to
challenge all sides in this diverse and multiethnic country, including the Buddhist leadership, to
stop racial and religious discrimination and discontinue using inflammatory language?
Considerable bad blood has created a gulf between Aung San Suu Kyi and commander Min Aung
Hlaing, but could she use the military’s investigation of one mass grave to urge it to broaden its
attempts to understand forthrightly what happened in Rakhine since late August?

One of the most positive achievements of Aung San Suu Kyi and her NLD government over the
past nearly two years has been their work reining in anti-Muslim rhetoric by the ultranationalist
Buddhist MaBaTha group, which spawned intercommunal riots several years ago. But analysts
point out that the assassination in early 2017 of leading lawyer and Aung San Suu Kyi adviser, Ko Ni,
a prominent Muslim, could be affecting her ability to deal with the military. Ko Ni’s killing reportedly
sent shivers through the NLD about the government civilian leader’s security.

Could Aung San Suu Kyi use the widely accepted recommendations of the Kofi Annan commission
to step up tackling—with help from China, Japan, India, and others in the international
community—development of Rakhine’s desperately underdeveloped economy? Could she press to
establish the incentives, freedom of movement, and protections for small symbolic numbers of
Rohingya to begin repatriating from Bangladesh and allowing them to return to their former villages and resume their earlier livelihoods?

Could the state councilor explore procedures to grant at least some returnees residency permits and engage in good-faith, transparent efforts to gain the Rakhine’s and Rohingya’s trust in an eventual citizenship verification process? To be sure, General Min Aung Hlaing has given no indication that he is open to any of these concessions. And he would have to provide the foundation of equal protection and communal security upon which any return of Rohingya may occur.

Doing nothing to address the challenge of the 700,000 Rohingya refugees across the border in Bangladesh does not mean the problem will go away, despite the border barrier that the military is extending between the two countries reportedly with aid from China. Myanmar cannot afford to leave large numbers of impoverished and angry refugees nearby and not expect some to become militant and consider forays back into Myanmar.

The Myanmar military launched its political reforms beginning in 2010 in an effort to end sanctions from the West and reduce its near-total dependence on China. Since the Rohingya crisis erupted, Aung San Suu Kyi’s government has looked increasingly to China for support, including to oppose resolutions at the UN. Beijing may well turn out to be one of the biggest winners from the Myanmar military’s harsh response to the militant attack and the Western condemnation of the military’s abuses.

Of course, Myanmar should have good relations with China and should not have to choose between Beijing and Washington. Myanmar generals appreciate that Beijing is encouraging the armed ethnic groups in the Northern Alliance to participate in peace talks, but at the same time they are concerned that sources on the Chinese side of the border are arming these groups in their battle with the Myanmar military.

Economists working for the NLD government who have reviewed Chinese aid to their predecessors say that as the Thein Sein government left office it signed an array of bad loan agreements with China that will bring “great damage” to the country in the future. They complain that some of the projects are poorly designed, charge high interest rates, and require repayment in hard currency.

Some officials are anxious that China will use Myanmar’s current international isolation to press ahead with a strategically important deep seaport and industrial park at Kyaukpyu in a remote section of Rakhine State on the Bay of Bengal. Government economists are concerned about Beijing’s terms for the project. Judging by projects in neighboring countries, Myanmar officials are anxious China could insist that Myanmar take a sizable equity stake in the port and take out loans from Chinese banks paying higher than concessionary interest rates that could create onerous conditions down the road that Myanmar cannot afford.

“The goal for 2018 needs to be to regain the momentum that was lost,” says a Western diplomat in Yangon. “The current situation doesn’t have to become a permanent state.” He and others suggest that the government and supporting foreign governments could press ahead on economic reform,
supporting the peace process with the armed ethnic groups, and building a stronger education system.

The international community should not give up on Myanmar even if the treatment of the Rohingya is offensive. While Western governments likely cannot expect much change from the current group leading the NLD and the military, might it be worth the international community to focus its energy and resources on developing and training the next generation of leaders who will have influence in a few decades?

The United States and other governments should continue their capacity-building efforts with the country’s police, prosecutors, and courts, which are crucial to democratic development. Donors see significant changes when mid- and lower-level officials are taken abroad for training or are exposed to case studies brought to police and judges from foreign practitioners.

Groups like the Myanmar Center for Responsible Business and other civil society organizations can have a significant impact in helping improve draft legislation, streamlining business regulations, and helping tackle discrimination in the workplace against the Rohingya or people who are handicapped.

The developments in Rakhine make it difficult for the U.S. administration to offer concessions or incentives to Myanmar, but officials should explore opportunities to remove the section 312 restrictions of the Patriot Act and make it easier for American firms to participate in Myanmar’s economic development.

“The country doesn’t just want more investment options, but also more quality investment,” says Mitchell, the former ambassador. “If we care about helping the country succeed in ways that conform to our norms of responsible investing, transparency, and equitable opportunity, U.S. and Western business must be engaged,” Mitchell argues. “The fact is that Myanmar traditionally wants good relations with all, does not completely trust China, and appreciates the power, including soft power, of the West.”

At the moment, China appears on the surface to be winning the battle for the hearts and minds of Myanmar as Aung San Suu Kyi and her government move closer to Beijing, which hasn’t complained about their treatment of the Rohingya. If the United States, Europe, and the international community don’t play their cards right and leave the country isolated and embattled in the coming years, Myanmar may have nowhere else to turn. “In five years, Myanmar could either be locked into a more pro-China feeling or still view the West as important,” says Thant Myint U, author, historian, and former UN peacekeeping official.

“The West should ensure that Myanmar has as many options as possible for its future development and is not overly dependent on any country, including China,” argues Thant. “Myanmar shouldn’t be forced into a false choice between China and the West. Like other countries in the region, future growth depends on good trade and investment relations with all major economies.”
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