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student research grant
EU's response to Burma/Myanmar

Imali Bandara

Timeline for EU's response to Burma/Myanmar

- 1996
 - The European Union's relations to Burma/Myanmar are governed with respect to a set of policy guidelines called **The Common Position**. Under this policy, the EU's relations to Burma are restricted under several regulations including "an arms embargo, an export ban from the EU of any equipment that might be used for internal repression, a visa ban and a freeze on funds held abroad by regime figures and their families, a prohibition for EU companies to invest in state-owned enterprises as well as the suspension of high-level governmental visits to Burma/Myanmar" (see **Appendix A**).
 - Source:
 - Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 August 2009. <<http://www.deltha.ec.europa.eu/Myanmar/MM2008/MMoverwiew2008.htm>>.
- 1997
 - The EU withdrew Myanmar's access to trade privileges indicated by the General System of Preferences (GSP) because of issues regarding forced labor. The consequence of this withdrawal is that "the country cannot benefit from the EU's GSP-based 'Everything but arms' scheme which offers the world's Least Developed Countries duty and quota-free access to the EU market for all products bar weapons" (see **Appendix B**).
 - Source:
 - Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 Aug 2009. <<http://www.deltha.ec.europa.eu/Myanmar/MM2008/MMtrade2008.htm>>.
- 2 September 2000
 - The EU speaks out on the status of Mrs. Aung San Suu Kyi. "deploring the measures of intimidation against her and the threats to the National League for Democracy's activities" (see **Appendix C**). Also, the EU encourages dialogue between opposing forces in order to pave the way for democracy.
 - Source:
 - "Declaration by the Presidency on behalf of the European Union on Burma/Myanmar." Europa. 2 Sep 2000. European Union. 18 Aug 2009. <<http://europa.eu/rapid/pressReleasesAction.do?reference=PESC/00/123&format=HTML&aged=1&language=EN&guiLanguage=en>>.
- 11 October 2002
 - The EU calls for the release of political prisoners in Myanmar after a recent spike in the number of "politically motivated detentions and arrests" (see **Appendix D**).

- **Source:**
 - “Declaration by the Presidency on behalf of the European Union on the recent political arrests in Burma/Myanmar.” Europa. 11 Oct 2002. European Union. 18 Aug 2009.
<<http://europa.eu/rapid/pressReleasesAction.do?reference=PESC/02/152&format=HTML&aged=1&language=EN&guiLanguage=en>>.
- **26 April 2004**
 - The European Union renews the terms of the Common Position. While the document originally limited the EU’s interaction with Myanmar to solely humanitarian efforts, the regulations were now updated to “allow the EU more flexibility to tackle deep-rooted structural poverty,” administered through decentralized institutions (see **Appendix E**).
 - **Source:**
 - Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 Aug 2009
<<http://www.deltha.ec.europa.eu/Myanmar/MM2008/Devoverviev2008.htm>>.
- **late 2006**
 - The EU launches the Three Diseases Fund, also known as 3D Fund, to fight HIV/AIDS, TB and malaria. Under this €18 million fund, the health sector of the European Commission “supports national strategies and provides assistance for a wide range of health services and activities in Burma/Myanmar,” addressing the goal of working to relieve structural poverty in the country (see **Appendix E and F**).
 - **Sources:**
 - Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 Aug 2009
<<http://www.deltha.ec.europa.eu/Myanmar/MM2008/Devoverviev2008.htm>>.
 - Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 Aug 2009
<<http://www.deltha.ec.europa.eu/Myanmar/MM2008/ECMMcooperation2008.htm>>.
- **30 January 2007**
 - The European Commission publishes a Country Strategy Paper (CSP) and Multi-Annual Indicative Programme for Burma/Myanmar that covers the years 2007-2013. “The CSP reflects an increase in financial assistance and shift from being mainly reactive to being more pro-active in the face of the country’s development needs.” Focusing on education and health, the European commission has designated €32 million to address these two areas in a mission to reduce poverty (see **Appendix F and G**).
 - **Sources:**
 - Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 Aug 2009

[http://www.deltha.ec.europa.eu/Myanmar/MM2008/ECMMcoop
eration2008.htm](http://www.deltha.ec.europa.eu/Myanmar/MM2008/ECMMcoop
eration2008.htm).

- “The EC-Burma/Myanmar Strategy Paper.” Europa. 30 Jan 2007. European Commission. 4 Aug 2009
<http://ec.europa.eu/external_relations/yemen/csp/mip_07_13_en.pdf>.
- “Multi-Annual Indicative Programme.” Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 30 Jan 2007. European Commission. 4 Aug 2009 < <http://www.deltha.ec.europa.eu/Myanmar/BurmaMyanmarSP2007-2013EN.pdf>>.
- **26 September 2007**
 - In conjunction with the United States, the EU releases a statement regarding their concerns, sympathy, and solidarity with the Buddhist monks and other protestors under attack by the country’s leaders, whom they hold personally responsible. The two countries “called on authorities to stop violence and to open a process of dialogue with pro democracy leaders, including Aung San Suu Kyi and representatives of ethnic minorities” and encouraged other regional countries to support peace in Burma/Myanmar (see **Appendix H**).
 - **Source:**
 - “EU-US Statement on Burma/Myanmar.” Europa. 26 Sep 2007. European Union. 18 Aug 2009.
<<http://www.consilium.europa.eu/Newsroom>>.
- **27 September 2007**
 - Commissioner Ferrero-Waldner expresses her concern regarding the situation in Burma/Myanmar and “condemns the use of force by the Burmese authorities against peaceful demonstrators and urge the Burmese authorities to immediately stop any use of force.” Furthermore, she calls on Myanmar’s surrounding neighbors to call for a democracy-advocating process that respects human rights (see **Appendix I**).
 - **Source:**
 - “On the situation in Burma/Myanmar Commissioner for External Relations and European Neighborhood Policy, Benita Ferrero-Waldner, said:.” Europa. 27 Sep 2007. European Union. 18 Aug 2009. <http://ec.europa.eu/commission_barroso/ferrero-waldner/speeches/index_en.htm#27_09_2007_myanmar>.
- **November 2007**
 - Further restrictions are established as the EU introduces measures that include “an export ban on logging equipment and mining of defined metals, minerals, precious and semiprecious stones, an import ban of products of these sectors, and an investment ban in these sectors” (see **Appendix B**).
 - **Source:**
 - Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 Aug 2009

<<http://www.deltha.ec.europa.eu/Myanmar/MM2008/MMtrade2008.htm>>.

- **6 November 2007**

- Piero Fassino is appointed as EU Special Envoy for Burma/Myanmar. His duties include “coordinating the European Union’s efforts to bring about positive change in Burma/Myanmar. This appointment underlines the importance that the EU attaches to democratic change, reconciliation, the improvement of the human rights situation and development in Burma/Myanmar” (see **Appendix A**).

- **Source:**

- Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 August 2009 <<http://www.deltha.ec.europa.eu/Myanmar/MM2008/MMoverwiew2008.htm>>.

- **29 April 2008**

- At the 2865th External Relations Council meeting in Luxembourg, the EU Council adopts the Common Position this day, “renewing for a further twelve months the restrictive measures targeted against those responsible for the human rights abuses and lack of development in Burma/Myanmar.” Other points included in the press statement include commending the work of the UN Secretary General and EU Special Envoy Piero Fassino, demanding the release of political prisoners including Daw Aung Sun Suu Kyi, and encouraging the international community to uphold measures similar to the Common Position (see **Appendix J**).

- **Source:**

- “Council Conclusions on Burma/Myanmar.” Europa. 29 Apr 2008. European Union. 18 Aug 2009. <<http://www.consilium.europa.eu/Newsroom>>.

- **May 2008**

- The European Union upholds its mission to eradicate poverty in Burma/Myanmar by providing funding for the relief efforts after Cyclone Nargis. “In response to the devastation by Cyclone Nargis in early May 2008, the Commission provided humanitarian funding worth to €17 million.” The funding breaks down into many categories, including fast tract assistance offered immediately after the disaster, funding to support the World Food Programme’s efforts in the country, and money for emergency relief activities covering areas like water/sanitation, health, and shelter (see **Appendix K**).

- **Source:**

- Delegation of the European Commission to Thailand, Cambodia, Laos and Burma/Myanmar. 2008. European Union. 4 August 2009 <<http://www.deltha.ec.europa.eu/Myanmar/MM2008/humanitarianaid2008>>.

- **27 April 2009**
 - At the 2938th General Affairs Council meeting in Luxembourg, The EU Council adopted a list of conclusions including noting that “the authorities in Burma/Myanmar have still to take the steps necessary to make the planned 2010 elections a credible, transparent and inclusive process based on international standards.” Furthermore, the council extends the EU Common Position by another year, asks the Burmese government to interact more with the international community, questions the government’s “deprivation of fundamental rights of ethnic minorities in Burma/Myanmar, in particular over the situation of the Rohingya ethnic minority in Northern Rakin State,” and prepares to increase aid post Cyclone Nargis (see Appendix L).
 - **Source:**
 - “Council Conclusions on Burma/Myanmar.” Europa. 27 Apr 2009. European Union. 18 Aug 2009.
<<http://www.consilium.europa.eu/Newsroom>>.
- **12 June 2009**
 - Concerned with the Burmese Army’s offense against the Karen National Liberation Army (KLNLA) and the resulting flee of thousands of civilians from the conflicted area of Kayin/Karen to Thailand, The EU expresses condemnation toward the violence and denial of rights to the people of Burma and the creation of a humanitarian crisis involving thousands of newly-displaced people (see Appendix M).
 - **Source:**
 - “Declaration by the Presidency on behalf of the European Union on the Karen civilians fleeing Burma/Myanmar.” Europa. 12 June 2009. European Union. 18 Aug 2009.
<<http://europa.eu/rapid/pressReleasesAction.do?reference=PESC/09/65&format=HTML&aged=0&language=EN&guiLanguage=en>>.
- **18/19 June 2009**
 - Threatening to action otherwise, the European Council calls for the immediate release of Aung San Suu Kyi. If not, the EU will respond with additional targeted measures. Furthermore, the EU calls upon other countries to express similar concern (see Appendix N).
 - **Source:**
 - “Declaration on Burma/Myanmar.” Europa. 18/19 June 2009. European Union. 4 Aug 2009.
<<http://ukinusa.fco.gov.uk/en/newsroom/?view=News&id=19756127>>.
- **11 August 2009**
 - Member states of the EU call for measures against Burma/Myanmar. France calls for “a global embargo on arms sales to Myanmar and economic sanctions focused on its key exports, timber and rubies.” Furthermore, Britain calls for the “UN Security Council to impose a global arms embargo” (see Appendix O).

- **Source:**
 - “FACTBOX: Sanctions on Myanmar.” Reuters 13 Aug 2009. 18 Aug 2009 <Reuters/www.berr.gov.uk>.
- **12 August 2009**
 - The EU declares that if the Burmese authorities do not comply with the UN Secretary General’s demands to release Aung Sun Suu Kyi and cooperate with the international committee, it will accordingly and strengthen measures against the country. The EU maintains it’s commitment to democracy and the support of the Burmese people (see **Appendix P**).
 - **Source:**
 - “Declaration by the Presidency on behalf of the European Union on the verdict against Daw Aung San Suu Kyi.” Europa. 12 Aug 2009. European Union. 18 Aug 2009. <<http://www.consilium.europa.eu/Newsroom>>.
- **13 August 2009**
 - The EU council adopted an updated version of the Common Position “imposing a new set of targeted measures against Burma/Myanmar.” This is “in reaction to the verdict against Daw Aung San Suu Kyi and the gravity of the violation of her fundamental rights.” In the new version of the policy, the judicial members responsible for her verdict were added to the list of people again whom the EU has a sanction (see **Appendix Q**).
 - **Source:**
 - “The Council adopts additional restrictive measures against Burma/Myanmar.” Europa. 12 Aug 2009. European Union. 18 Aug 2009. <<http://www.consilium.europa.eu/Newsroom>>.
 - “Council Common Position 2009/615/CFSP as of 13 August 2009.” Europa. 13 Jan 2009. European Commission. 18 Aug 2009 <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:210:0038:0069:EN:PDF>>.

Appendix A

Europa > The European Union > European Commission



Introduction

Introduction

Burma/Myanmar, independent since 1948, has been under military rule since 1962. In 1988, pro-democracy protests were brutally crushed by the military. In 1990 national elections were held in Burma for the first time in 30 years. The NLD as the main political movement under the leadership of Mrs Aung San Suu Kyi (in 1991 laureate of the Nobel Peace Prize) won 82% of the mandates for an Assembly which was in principle tasked to elaborate a constitution. However, the results of the elections were not recognized by the military Government which maintained power. The population lives under continued political suppression, aggravated by economic hardship that leaves more than half living below the poverty line. At present, Burma/Myanmar does not have a constitution or parliament.

EU statements

Development cooperation

- Overview
- European Commission Co-operation
- Humanitarian aid
- EU Member States Co-operation
- The EC-Burma/Myanmar Strategy Paper (2007-2013)
- Multi-Annual Indicative Programme (2007-2010)

Trade issues

Programmes & Projects

Funding opportunities

In 2003, the military regime presented a seven-step 'roadmap' for constitutional and political reform towards a 'disciplined democracy' in Burma/Myanmar. In 2004, the first step was launched with the reconvening of the National Convention to deliberate on basic principles for a new constitution. In December 2007, the process of constitution drafting based on those basic principles began. The roadmap has come under criticism for not being inclusive and lacking credibility. A national Referendum on the new Constitution is to take place in May 2008 followed by the country's next elections in 2010.

The main goal of the European Union is to see a legitimate civilian government established which respects human rights and fundamental freedoms, effectively pursues the achievement of the Millennium Development Goals and restores normal and productive relations with the international community.

The EU Common Position

EU relations with Burma/Myanmar are governed in conformity with policy guidelines, known as the 'Common Position'.

First adopted in 1996, the Common Position contains a series of restrictive measures towards the country. It has been strengthened and extended several times in view of the military Government's failure to make significant progress in areas of EU concern.

Amongst the measures included in the Common Position are an arms embargo, an export ban from the EU of any equipment that might be used for internal repression, a visa ban and a freeze on funds held abroad by regime figures and their families, a prohibition for EU companies to invest in state-owned enterprises as well as the suspension of high-level governmental visits to Burma/Myanmar.

The Common Position was further strengthened in 2007 following the authorities' violent crackdown on demonstrators to include a prohibition on EU companies investing in the logging, mining and gemstone industries as well as a ban on the export of these products to the Union.

Complete details of the Common Position can be found at http://ec.europa.eu/external_relations/myanmar/intro/index.htm

Until 2004, European Union assistance to Burma/Myanmar was limited to humanitarian aid. Since then this essentially punitive approach has become more balanced by opening the possibility for a more systematic approach to assistance while invoking the government's responsibility to attain the UN Millennium Development Goals. Political contacts with the Myanmar government – in the framework of the ASEM process and of EU-ASEAN meetings – are regularly used to raise the Union's concerns.

The EU Special Envoy for Burma/Myanmar

On 6 November 2007, Javier Solana, EU High Representative for the Common Foreign and Security Policy appointed Piero Fassino as EU Special Envoy for Burma/Myanmar.

Piero Fassino, an MP and former Italian Minister of Justice, coordinates the European Union's efforts to bring about positive change in Burma/Myanmar. This appointment underlines the importance that the EU attaches to democratic change, reconciliation, the improvement of the human rights situation and development in Burma/Myanmar. Mr Fassino works in close coordination with Ibrahim Gambari, Special Adviser to the UN Secretary-General on Myanmar.

Appendix B

Europa > The European Union > European Commission



Trade Issues

Introduction

Burma/Myanmar is rich in natural resources (gas, oil, timber, gems), but has weak linkages to the global economy. Exports are dominated by primary commodities. Deep structural problems distort the economy; despite some progress in infrastructure development. The country has been impoverished from a post-independence phase of state socialism, a continuing lack of good economic governance and international isolation. This has resulted in chronic poverty, structural un- and underemployment and under-funded health and education systems.

EU statements

Development cooperation

- Overview
- European Commission Co-operation
- Humanitarian aid
- EU Member States Co-operation
- The EC-Burma/Myanmar Strategy Paper (2007-2013)
- Multi-Annual Indicative Programme (2007-2010)

Trade issues

Due to the political situation inside Burma/Myanmar, international donor engagement in the country remains limited and assistance levels are disproportionately low, notably when compared with other countries facing similar developmental challenges.

Economic data, including figures on foreign debt and foreign investment, are scarce. Worrying issues are the high percentage of public spending on military hardware, as opposed to the few resources spent on public health and education; widespread corruption and the uneven distribution of opportunities in urban and rural areas.

Programmes & Projects

Funding opportunities

EU-Burma/Myanmar Trade Figures

| EU exports to Burma/Myanmar (€ million) | | EU imports from Burma/Myanmar (€ million) | |
|---|----|---|-----|
| 2002 | 91 | 2002 | 445 |
| 2003 | 54 | 2003 | 388 |
| 2004 | 77 | 2004 | 460 |
| 2005 | 84 | 2005 | 287 |
| 2006 | 81 | 2006 | 306 |

Source: EUROSTAT

Trade restrictions laid out in the EU Common Position have curtailed trade between the EU and Burma/Myanmar for more than a decade. Imports to the EU are almost exclusively textiles/clothes and agricultural goods, while EU exports to the country are dominated by machinery and chemicals.

For more statistical data please click [here](#) (select Myanmar)

Economic Restrictions

The EU Common Position outlines the trade restrictions with Myanmar (Burma), based on the government's failure to ensure an inclusive transition to a legitimate government and the lack of respect for human rights and fundamental freedoms. For the text of the relevant EU Regulation, please click [here](#).

The sale, supply, transfer or export of arms and related materials of all types as well as assistance or services related to these activities is prohibited to Burma/Myanmar.

There is a ban preventing investment in any State Owned Enterprise (SOE) or enterprises owned or controlled by the regime and entities associated with the State.

Measures introduced in November 2007 include an export ban on logging equipment and mining of defined metals, minerals, precious and semiprecious stones, an import ban of products of these sectors, and an investment ban in these sectors.

Trade privileges under the Generalised System of Preferences (GSP) were withdrawn from Myanmar (Burma) in 1997 due to forced labour issues. As a result the country cannot benefit from the EU's GSP-based 'Everything but arms' scheme which offers the world's Least Developed Countries duty and quota free access to the EU market for all products bar weapons.

Appendix C

Pesc/00/123

Brussels, 2 september 2000
10911/00 (Presse 293)

Declaration by the Presidency on behalf of the European Union on Burma/Myanmar

The European Union is particularly concerned by the political situation in Rangoon/Yangon and the forced return of Mrs Aung San Suu Kyi to the capital. The European Union considers this decision to be an unacceptable violation of Mrs Aung San Suu Kyi's right to move freely.

The European Union condemns this violation of the freedom of movement, expression and assembly of the Secretary General of the National League for Democracy. The European Union cannot but deplore the measures of intimidation against her and the threats to the National League for Democracy's activities.

The European Union recalls that the Burmese authorities are responsible for Mrs Aung San Suu Kyi's safety and good health. The European Union calls for guarantees of free access to Mrs Aung San Suu Kyi.

The European Union stresses the urgent need for dialogue between the Burmese authorities and the National League for Democracy as the only way to overcome the current deadlock and achieve progress on the road to democracy and national reconciliation. The European Union urges the Burmese authorities to take measures to that end without delay.

<http://europa.eu/rapid/pressReleasesAction.do?reference=PESC/00/123&format=HTML&aged=1&language=EN&guiLanguage=en>

Appendix D

P/02/152

Brussels, 11 October 2002

12968/02 (Presse 319)

Declaration by the Presidency on behalf of the European Union on the recent political arrests in Burma/Myanmar

The European Union notes with grave concern the reports of recent politically motivated detentions and arrests in Burma/Myanmar, including the detention of several students in August and, most recently, of 30 people in the last week of September.

The European Union, along with the members of the United Nations General Assembly and the United Nations Commission on Human Rights, has repeatedly called for the release of all political prisoners in Burma/Myanmar.

The European Union has welcomed the release of over 300 political prisoners in the past 18 months. However this modest progress is undermined by the completely unjustified resumption of politically motivated detentions and arrests.

The European Union calls on the authorities of Burma/Myanmar to immediately cease the arrest and detention of people on political grounds. The European Union also calls upon the authorities in Burma/Myanmar to take advantage of the forthcoming visits by the United Nations Special Rapporteur for Human Rights and the United Nations Secretary-General's Special Envoy to make urgent progress towards the promotion of national reconciliation, respect for human rights and the return of democracy.

The Central and Eastern European countries associated with the European Union, the associated countries Cyprus, Malta and Turkey, and the EFTA countries, members of the European Economic Area, align themselves with this declaration.

<http://europa.eu/rapid/pressReleasesAction.do?reference=PESC/02/152&format=HTML&aged=1&language=EN&guiLanguage=en>

Internet: <http://ue.eu.int/Newsroom>
E-mail: press.office@consilium.eu.int

Appendix E

Europa > The European Union > European Commission



European Union – Burma/Myanmar cooperation, an overview

Introduction

Burma/Myanmar is one of the least developed countries in the world with more than half of the population living below the poverty line. Food insecurity, indebtedness, poor healthcare and low levels of educational attainment are widespread. In response, the EU -- through bilateral actions of Individual EU Member States; and those of the European Commission -- is actively engaged in boosting the quality of life of some of the poorest and most vulnerable members of the hard-pressed population.

EU statements

Development cooperation

- Overview
- European Commission
- Co-operation
- Humanitarian aid
- EU Member States
- Co-operation
- The EC-Burma/Myanmar Strategy Paper (2007-2013)
- Multi-Annual Indicative Programme (2007-2010)

Cooperation in conformity with the EU Common Position

All EU cooperation activities in Burma/Myanmar are designed and implemented in conformity with a series of restrictive measures towards the country known as the 'Common Position'.

Trade issues

Initially the Common Position restricted EU cooperation to purely humanitarian activities. However in 2004 it was broadened to allow the EU more flexibility to tackle deep-rooted structural poverty. Development programmes in support of health, education, human rights, democracy, good governance, conflict prevention and building the capacity of civil society were given the green light as were environmental actions.

Programmes & Projects

Funding opportunities

The Common Position specifies that all EU programmes and projects should be implemented through UN agencies, non-governmental organisations and through decentralised co-operation with local civilian administrations.

As a result EU-funded activities are executed through the UN system or international NGOs, in collaboration with local partners wherever possible. There is no direct involvement of, or transfer of funds through, the military regime. Although the EU does not cooperate directly with the government it does aim to base its support on existing social sector strategies of the government of Myanmar. This reflects the need in areas such as health for a functioning, comprehensive and efficient national structure if challenges such as HIV and AIDS or Malaria are to be met. The EU also engages with the government of Burma/Myanmar over its responsibility to make greater efforts to attain the UN Millennium Development Goals.

The Common Position furthermore states that programmes and projects should also as far as possible, be defined, monitored, run and evaluated in consultation with civil society and all democratic groups, including the National League for Democracy.

Complete details of the Common Position can be found at http://ec.europa.eu/external_relations/myanmar/intro/index.htm

EU-funded activities

The European Commission and its humanitarian aid department ECHO as well as eight EU Member States — the UK, Germany, France, Sweden, Italy, Finland and Denmark — are currently involved in cooperation projects in Burma/Myanmar.

A wide range of activities take place with considerable emphasis placed on providing basic humanitarian assistance as well as support to the health and education sectors. A variety of other initiatives focus on livelihoods, democracy and human rights, building civil society, food security, providing clean water and sanitation facilities as well as assisting refugees.

A more structured approach

With the active involvement of the EU and other donors in Burma/Myanmar it is clearly beneficial for development programmes to be part of a systematic and harmonised long-term strategy. The European Commission and EU Member States therefore engage in regular dialogue amongst themselves as well as with other members of the donor community.

In addition to the benefits associated with harmonisation in increasing efficiency and effectiveness of aid, the political environment makes such coordination essential. With a lack of reliable data and policy dialogue either difficult or absent, only a strategic and long term approach, coordinated among donors, can address the complex structural issues which underpin poverty in Burma/Myanmar.

Launched in late 2006, the Three Diseases Fund to fight HIV and AIDS, TB and malaria is a good example of how such a coordinated approach can pay dividends. Funded by the European Commission, Australia, the UK, the Netherlands, Norway and Sweden the initiative is managed by the United Nations Office for Projects and Services (UNOPS). Resources are channelled directly to international and local non-governmental organisations (NGOs) and, through UN agencies to selected township level health departments. The Fund supports national strategies and provides assistance for a wide range of health services and activities in Burma/Myanmar. These aim to improve the health status of local people whilst building capacity to meet future health needs.

Since its inception the 3D Fund has achieved considerable results while also showing how funding mechanisms which promote co-ordination and the sharing of experience can engage the government in a policy dialogue and have a significant impact on enhancing the collective effort of donors.

Regional cooperation

Burma/Myanmar is not a signatory to the 1980 EU-ASEAN Co-operation Agreement. However, in the interest of promoting ASEAN's integration as well as region-to-region co-operation between the EU and ASEAN, Burma/Myanmar is eligible to participate in selected regional co-operation programmes.

EU cooperation funding

In 2007, on-going projects funded through the European Union (European Commission + EU Member States) inside Burma/Myanmar amounted to approximately € 50 million, which make the EU by far the largest donor in Burma/Myanmar. In the same year, the European Commission (EC+ECHO)

altogether disbursed a total of € 22.1 million of Official Development Assistance, mostly targeting the health and education sectors aimed at improving delivery of basic social services to the Myanmar population.

Appendix F

Europa > The European Union > European Commission



European Commission – Burma/Myanmar cooperation

Introduction

The European Commission is actively engaged in providing development assistance in Burma/Myanmar.

EU statements

Initial Commission assistance was limited to humanitarian aid including providing support to NGO and UN projects servicing populations most in need, including in ethnic minority areas.

Development cooperation

- Overview
- European Commission
- Co-operation
 - Humanitarian aid
 - EU Member States
- Co-operation
 - The EC-Burma/Myanmar Strategy Paper (2007-2013)
 - Multi-Annual Indicative Programme (2007-2010)

However, since the EU Common Position was revised in 2004 to allow a wider range of cooperation activities the European Commission has taken a more strategic, long-term approach to tackle deep-rooted structural poverty.

This approach is detailed in a [Country Strategy Paper \(CSP\)](#) for Burma/Myanmar covering the years 2007-2013. The CSP reflects an increase in financial assistance and a shift from being mainly reactive to being more pro-active in face of the country's development needs.

Trade issues

Given the potential of education and health as the driving forces in poverty reduction and the Commission's strong track record in these fields, the strategy focuses on these two main areas. Over the period 2007-2010 the European Commission has allocated € 32 million to support these sectors.

Programmes & Projects

Funding opportunities

Over 1,000,000 poor and disadvantaged children will benefit from a European Commission-funded programme to support basic education. Funding of 10 million euro will support a comprehensive UNICEF-run programme to increase access to basic education and learning opportunities for all children, especially those in disadvantaged and hard-to-reach communities.

Meanwhile in the health sector the Commission has committed €18 million to the multi-donor Three Diseases Fund to combat HIV & AIDS, tuberculosis and malaria.

The 3D Fund supports national strategies and provides assistance for a wide range of health services and activities in Burma/Myanmar. Activities include the provision of commodities such as condoms and bed nets; essential supplies and drugs; equipment and training; capacity building; behaviour change communication, and advocacy for policy change at all levels.

In addition to these major initiatives the Commission remains an important source of support to non-state actors funding a variety of projects in areas including: health, water and sanitation; support to uprooted populations; food security and rural development; democracy, human rights and protection as well as humanitarian aid.

Appendix G

THE EC-BURMA/MYANMAR STRATEGY PAPER

(2007-2013)

30 JANUARY 2007

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Executive summary

Burma/Myanmar is one of the least developed countries in the world, with a population of approximately 50 million people, bordering Thailand, Laos, China, India and Bangladesh. For the largest part since its independence in 1948, the country has seen civil wars, with government forces battling communist insurgents, ethnic rebels and drug warlord militias. Burma/Myanmar represents today a complex post-conflict challenge, similar to other war-torn societies elsewhere.

Violations of human rights and fundamental freedoms are widespread. Political parties, including the winner of the 1990 elections, the National League for Democracy (NLD), are being impeded from functioning. The NLD's leader, Daw Aung San Suu Kyi, is kept under house arrest.

EU views on Burma/Myanmar are defined in the Common Position, which was first adopted in October 1996. While confirming already existing sanctions, the Common Position has been strengthened and extended several times in view of the military regime's failure to make significant progress in areas of EU concern. Until 2004, EC assistance to Burma/Myanmar was limited to humanitarian aid. The current version of the Common Position opens the possibility for a more systematic approach to assistance while continuing to invoke the government's responsibility to attain the UN Millennium Development Goals.

Fully in line with the EU Common Position, this Country Strategy Paper provides the framework for EC assistance for the period 2007-2013. It sets out objectives, policy response and priority areas for assistance based on both the political and socio-economic situation. The SP is in line with the European Consensus on Development as agreed on 20 December 2005 between the European Commission, the European Parliament and the EU Council, which identifies poverty reduction as the main priority of EC development assistance while stressing the need to increase aid effectiveness.

Insufficient income and a shortage of economic assets at household level are behind many of the most urgent poverty issues in Burma/Myanmar, including food insecurity, growing indebtedness, poor health and low educational attainment. Although the humanitarian situation is dire all over the country, the population in ethnic minority areas on Burma/Myanmar's border are particularly vulnerable.

So far, EC interventions in the country were based on ad hoc assessments and financed from a variety of budget lines. In order to ensure a strategic and focussed approach and to increase effectiveness of assistance provided to the population, the Commission will implement future interventions on the basis of this first EC-Burma/Myanmar Country Strategy Paper. Based on an in-depth needs assessment, assistance for the period 2007-2013 concentrates on two focal sectors: 1) education and 2) health. Flanking actions in support of sustainable livelihoods and uprooted populations will be financed from relevant thematic programmes.

In accordance with the EU Common Position, EC programmes and projects will be implemented through UN agencies, non-governmental organisations and through decentralised co-operation with local civilian administrations. Taking into account the difficult political environment, governance will be a key cross-cutting issue and the Commission's assistance programmes will systematically integrate the promotion of democracy and human rights. All interventions should look at opportunities to help build the capacity of local stakeholders, local communities and organisations. Gender and environmental considerations are to be streamlined into all assistance programmes.

The indicative budget for EC assistance to Burma/Myanmar for the period 2007-2013 is €65 million.

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1. Burma/Myanmar's Policy Agenda

The government is controlled by the State Peace and Development Council (SPDC). It has stated its commitment to fulfilling the Millennium Development Goals (MDGs) and has presented its "National Vision" for the period 2001-2010, which aims at "building up the country into a modern, developed, self-sufficient and self-reliant nation with a balanced economy". This should be done through a proper evolution of the market-oriented economic system through participation, in terms of technical know-how and investments, from sources inside the country and abroad. The main economic objective is to double the GDP in these ten years, which would require an annual growth rate of 5.1 percent. Taking into account the lack of reliable data, and although official growth rates are well above the 5.1 target, it is unlikely that this objective will be reached. Shortages of power and imported inputs hamper economic activity and investors tend to stay away, fearing international sanctions, consumer boycotts and the overall mismanaged economy.

Overall, the domestic policy agenda is dominated by the SPDC's aim to realise its vision of national unity. Alleged threats to national unity are commonly used as a justification for the military's dictatorial hold on power. The subordination of public administration to a system of tight surveillance and control has led to deficiencies in all aspects of public life. Bad governance and mismanagement are aggravated by an apparent lack of competence for economic policies in leading circles of the regime.

There is little reliable baseline data and no CG¹-style dialogue with the government on the overall development priorities for the country. Even if individual interlocutors in some ministries indicate their interest to engage with donors, such a dialogue is limited to the extent the SPDC agrees to.

The Government of Myanmar has established development priorities in a number of sectors, including health, education, agriculture, transport and forestry, but most plans are not detailed and mainly focus on output indicators.

More detailed sectoral strategies have been prepared for the education and health sectors.

The government has committed itself to the global Education-for-All initiative and a national action plan has been prepared outlining a framework to attain these goals. The six Myanmar EFA goals are: (1) ensuring that significant progress is achieved so that school age children have access to and complete a compulsory and free basic education of good quality by 2015, (2) improving all aspects of the quality of basic education: teachers, education personnel and curriculum, (3) achieving significant improvement in the levels of functional literacy and continuing education for all by 2015, (4) ensuring that the learning needs of the young people and adults are met through non-formal education, life skills and preventive education programs, (5) expanding and improving comprehensive early childhood care and education and (6) strengthening education management and EMIS².

The strategies outlined in the national action plan remain largely unfulfilled, due to a lack of funding and a lack of trained staff to manage the education system. So far, public investments have focused on constructing more primary schools, whereas other key areas such as training, textbooks, teachers' salaries and early childhood development remain to be addressed.

The six broad areas of the National Health Plan are (1) community health care, (2) disease control, (3) hospital care, (4) environmental health, (5) health systems development, and (6) organization and management. Malaria, tuberculosis and HIV/AIDS are the first three priority diseases being addressed

¹ Consultative Group

² Educational Management Information System.

in the National Health Plan. For mobilisation and distribution of resources for health, the government plans to explore and develop alternative systems of financing and augment the role of cooperative joint ventures, the private sector and NGOs.

Five-year government plans exist for combating the main public health challenges, reflecting a high level of technical expertise in the health sector. However, the scope and depth of implementation is often low due to chronic under-funding, resulting in an insufficient quantity, as well as quality, of public health services.

2. Country analysis

2.1. Analysis of the political situation

Burma/Myanmar, independent since 1948, has been ruled by military dictatorship since 1962 with the exception of a period of one party rule (1974-1988). The current top rule-making executive body is the State Peace and Development Council (SPDC), a group of a dozen high-ranking soldiers. On state and division level, military Regional Commanders enjoy a limited autonomy granted by the regime. On township and village level, local Peace and Development Councils exist. In the cease-fire areas, ethnic leaders determine and implement policies, depending on the degree of their autonomy vis-à-vis the Regional Commanders and SPDC.

From the outside, the system of government seems centralised. In reality, it is highly fragmented, with opaque decision making procedures and means of governance.

The military regime, then under the name of State Law and Order Restoration Council (SLORC), seized power in 1988 and held elections in May 1990. The NLD as the main political movement under the leadership of Mrs Aung San Suu Kyi (in 1991 laureate of the Nobel Peace Prize) won 82% of the seats in the National Assembly. However, the results of the elections were never recognized by the military regime which maintained power.

Since then, only the leadership and the army have benefited from self-imposed and external isolation. The population has lived under continued political suppression, aggravated by an economic downturn.

At present, Burma/Myanmar does not have a constitution or parliament. In 2003, the military regime presented a seven-step 'roadmap' for constitutional and political reform. In 2004, the first step was launched with the reconvening of the National Convention to deliberate on a new constitution. This national convention is neither representative nor inclusive, and debate is circumscribed.

The principal demands of Burma's ethnic groups are to gain genuine autonomy for their home areas and to achieve a significant voice in the affairs of the country as a whole. Since the 1988 coup, the military has negotiated 17 cease-fire agreements with armed ethnic groups, giving them varying degrees of autonomy and in some cases permission to retain their own armies. In many of the cease-fire areas, uneasy truces prevail. The two major groups maintaining their armed resistance against the military are the KNU (Karen National Union) and the SSA (Shan State Army), both increasingly losing control over once "liberated" zones.

In the absence of an effective judicial system, the rule of law is not guaranteed by any means. While the death penalty is still being handed down, a moratorium has been applied for several years. The regime keeps all media under tight control and limits the development of civil society. For many years, Burma/Myanmar has had one of the world's poorest human rights records. Torture and extra-judicial executions remain widespread means in the regime's fight against political opponents and certain ethnic groups, while the military resorts to forced labour practices. Forced village relocations and

armed resistance of especially Karen and Shan populations continue to cause internal displacement and refugee influx into Thailand.

Burma/Myanmar is not party to the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and to the Convention against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment. Burma/Myanmar is not a State Party to the 1951 Convention Relating to the Status of Refugees and to the 1967 Protocol.

Despite Burma/Myanmar having ratified the ILO's Forced Labour Convention in 1955, forced labour continues to be practised in areas affected by military presence and especially in border areas where fighting may still be taking place. In June 2000, ILO took the unprecedented decision to recommend that its members (governments, employers and trade unions) review their economic ties with Burma/Myanmar³ and take appropriate action to ensure that they did not abet the widespread and systematic use of forced labour. In November 2006 the ILO put plans in motion to refer the Burmese government to the International Court of Justice in The Hague for its failure to stamp out forced labour.

In 1997, Burma/Myanmar joined ASEAN. By doing so, the military government was seen to strike a new path towards regional rapprochement. Yet, Burma/Myanmar's relations with ASEAN members are not free of frictions. However, despite more and more vocal expressions of concern and criticism, the ASEAN member states are likely to refrain from interference in Burma/Myanmar's domestic affairs as long as the country's ASEAN membership does not tarnish the alliance's international reputation. The government has refrained from taking up its role as ASEAN Chair in 2006. In 2004, Burma/Myanmar joined the Asia-Europe-Meeting (ASEM).

Burma/Myanmar enjoys a certain "comfort zone" with its most immediate neighbours. China provides vital support to the regime and is Burma/Myanmar's most important defence ally, supplying part of its military hardware and training. The economic influence of China is significant, particularly in the North and East of the country. Like China, India and Bangladesh pursue a strategy of fostering regional stability and securing economic advantages, i.e. access to Burma/Myanmar's important natural resources, while refraining from openly criticizing the country's domestic policy stance. Among others, Russia supplies arms. Japan follows an approach of constructive engagement in the form of development cooperation.

³ Measures under Article 33 of the ILO charter.

2.2. Analysis of the economic and trade situation

An objective assessment of economic developments in Burma/Myanmar is made difficult by poor quality data. Many indicators are based on application of outdated statistical standards. Due to a general disengagement of the International Financial Institutions and regional development banks there exists no reliable form of domestic or external oversight. Official information and statistics provided by the Government on the economy and fiscal and monetary situations are not perceived to be credible.

Consequently, official double-digit growth figures for 2000/2001 and 2001/2002 are unlikely to reflect the realities of the economy. In 2003, the country's official growth figure stood at 5.1%. However, according to external estimates several severe shocks to the economy in 2003 – private banking crisis (February 2003), together with new US sanctions (July 2003), and a Government export ban of six major crops including rice (December 2003) – may have led to an actual contraction in economic output in 2003 and 2004. The fiscal and monetary situation remains critical. The practice of monetizing fiscal deficits has been at the heart of Burma/Myanmar's macroeconomic difficulties and results in high inflation and negative real interest rates.

Burma/Myanmar is a poor country in spite of its vast natural resources.⁴ Corruption, ignorance of economic correlations and international isolation have led to economic stagnation, despite a short-lived effort towards economic liberalisation in the late 1980s. GDP per capita stood at some US\$ 179 in 2003. Industrialization is still in an embryonic stage and agriculture retains a pivotal role in Burma/Myanmar's economy, accounting for nearly 60% of the country's GDP. Following the Government's policy in the period 1989-99 which aimed at revitalizing the economy after three decades of central planning, Burma/Myanmar today has a mixed economy. Private sector activity has increased, concentrating in agriculture, light industry, and transport. However, the private sector is dominated by a handful of business people who are trusted by the regime and often employ relatives of senior SPDC members. State-owned enterprises, highly inefficient and dependent on state subsidies, dominate the energy and heavy industry. Foreign investment, despite being encouraged, has stalled and the outlook for a recovery looks dull reflecting the poor business climate, global consumer boycotts and US sanctions.⁵ Particularly the poor business climate has affected investment by countries which do not sanction Burma/Myanmar such as China, Thailand, India and South Korea. As a result, most investment is in natural resource extraction, particularly oil and gas.

There is a significant illegal economy that is based on smuggling of drugs⁶, gemstones, timber. This illicit trade sustains armed groups, among them both ethnic cease-fire and non-cessé fire groups, as well as the Burma/Myanmar military, making it difficult to address this problem which both fuels conflict and spurs unsustainable resource exploitation. Moreover, profits derived from such illegal trade are not "trickling down" and do not contribute to poverty eradication or livelihood opportunities.

Corruption is systemic at the political and economic level. The military regime intentionally pursues a policy of corporate cronyism and allots privileges such as car import and telephone licenses to favoured companies and family members. The unpredictable regulatory environment breeds rent-seeking behaviour across all levels of the economy. At a smaller scale, corruption is part of a coping strategy of public sector employees given their inadequate salaries.

⁴ Among the most important resources of Burma/Myanmar are its dense tropical teak forests. Oil and natural gas is the main official export earner. Myanmar has large mineral resources of precious and semiprecious stones, such as jade, ruby, and sapphire. Other considerable mineral resources include antimony, barite, coal, copper, gold, iron, lead, monazite, natural gas, nickel, petroleum, silver, tin, tungsten, and zinc.

⁵ In 2003, the US banned all imports from Myanmar.

⁶ Burma/Myanmar is the world's second largest producer of opium and a major producer of amphetamines.

Burma/Myanmar has one of the world's lowest levels of public sector expenditure (approximately 4% of GDP). In spite of these low levels, expenditures exceed revenues, thereby resulting in a fiscal deficit. The pressure on government to reduce spending even further prevents public investment in basic human and social infrastructure in spite of the desperate needs. Inflation is currently running at around 30 %.

Burma/Myanmar's external trade is highly regulated and there is considerable state intervention with a view to conserve foreign exchange. The state maintains a monopoly on several key export commodities. Foreign trade statistics are widely believed to be understated as they do not capture the value of trade in the black market and unofficial border trade. Not contained in statistics but still quite significant in terms of revenues is illegal trade in timber, drugs and precious/semi-precious stones.

Burma/Myanmar trades primarily with its neighbouring countries with Thailand being the first export destination by absorbing around 30% of Burma/Myanmar's exports. Other major destinations are India, the EU, China and Japan. Exports are increasingly oriented towards its regional neighbours and shares of US and EU exports have steadily declined since 2001. Imports are sourced almost primarily from China, Singapore and South Korea. China is the single most important source of imports which has grown quickly from 21% to 29% in 2005.

Exports consist mainly of natural resources and agricultural commodities like gas, hardwoods including teak, pulses, and fishery products with the only significant manufactured exports being textiles and garments. Gas became the single largest export earner in 2001/2002, registering a four-fold increase in that year, following the completion of two large offshore gas field projects. Thailand is the main destination for outputs of these gas fields. Exports of hardwoods including teak also more than doubled in 2001/2002 following an increase in the granting of logging concessions to private firms.

Imports on the other hand focus on capital goods such as machinery and transport equipment and manufacturing raw materials like fabrics, base metals, and refined mineral oil. Imports fell by 10% during fiscal year 2003/2004 reflecting the impact of import restrictions, credit tightening and investment slumps in 2003 as well as a shortage of foreign exchange.

The EU withdrew Burma/Myanmar's GSP privileges in 1997 because of forced labour practices and excluded Burma/Myanmar from the "Everything-But-Arms" scheme for least developed countries which was initiated in 2001. Nevertheless, the EU is one of the major export destinations with a 9% share in 2005. Burma/Myanmar has consistently enjoyed bilateral trade surpluses with the EU.

The EU imports mainly textiles and clothing from Burma/Myanmar, which accounted for 72% of EU imports in 2005. Other significant import goods are wood and wood products, fishery products and vegetables products. Exports to Burma/Myanmar focus heavily on industrial products such as machinery, transport equipment and chemical products which together accounted for 64 %.

2.3 Environmental situation

Burma/Myanmar is rich in natural resources (land and water, biodiversity, minerals and forest resources including about 60% of the world's natural reserve of teaks). However, unsustainable resource exploitation is further adding to the country's development challenges and results in severe environmental degradation, particularly in the form of deteriorating soil quality due to overuse or misuse of land, compounded by widespread deforestation. Burma/Myanmar's rate of deforestation is one of the highest in South-East Asia (1.4 % p.a.). First and foremost, the country's hard-wood forests are being cleared to earn foreign currency both to the military and to ethnic groups, with little concern for the long-term preservation of these valuable resources or consequent effects on the eco-system.

Unsustainable mining, agricultural and fishing practices are also common and lead to soil erosion, land degradation, water pollution and loss of biodiversity and marine species. People whose livelihoods depend most on natural resources find access to them restricted and their environments increasingly degraded. Moreover, the expansion of shrimp farming has taken its toll on Burma's mangroves and coral reefs. In urban areas, wastewater and solid waste disposal practices are linked to environmental problems.

So far, there has been little commitment from the highest government level to ensure sustainable logging practices or to address other environmental concerns, even if individual ministries or departments have indicated an interest in cooperating with donors. However, equitable natural resource management could potentially contribute to poverty eradication and conflict prevention.

Despite the existence of environmental protection programmes and activities drawn up by the regime in collaboration with the United Nations, the weak institutional framework and insufficient financial allocations have hindered any progress on tackling the wide range of environmental problems in Burma/Myanmar.

2.4 Analysis of social developments

After decades of armed conflict and relative isolation from and by the international community, Burma/Myanmar is significantly lagging behind its neighbours on most socio-economic indicators on poverty, health, and education, with a Human Development Index ranking of 129 out of 177. This legacy, a hierarchical society and internal repression have fostered a climate of distrust between individuals and identity groups and thus prevented the creation of social capital and the development of a civil society. Ethnic minorities in border areas experience the most dismal situations. As a consequence of these manifold and complex reasons, Burma/Myanmar's society is highly fragmented. International isolation has contributed to deprive large parts of the population from economic and social development.

Even if Burma/Myanmar's political deadlock might be resolved in the foreseeable future, the socio-economic situation of the country is a serious cause of concern. While Burma/Myanmar may not yet face a generalised 'humanitarian crisis' according to UN agencies in Yangon, the country suffers from deep-rooted, structural poverty. While the lack of reliable data prevents an accurate assessment of Burma/Myanmar's progress towards achieving the MDGs, anecdotal evidence suggests that the country is severely off track to achieve any of the MDGs by 2015 without a substantial stepping up of external assistance.

Burma/Myanmar's poorest and most vulnerable population groups lack adequate food supply. In 1997, government figures indicated that only 37 percent of households were consuming calories at or above recommended daily requirement and only 56 percent were consuming enough protein. Iodine, vitamin A, and iron deficiencies are also prevalent, with three-quarters of children under five suffering from anaemia. Almost one-quarter of all infants are born underweight, and one out of every three children under five years old is moderately or severely malnourished.

Food insecurity at household level results mainly from socio-economic vulnerability (i.e. limited access to finance and alternative non-rural income sources). In addition, ethnic groups are adversely affected by the prevailing political situation in Burma/Myanmar. Thus, poor rural household livelihoods face numerous risks which limit their incomes and result in a predominance of subsistence agriculture. They operate in an environment where the incidence of shocks and crises is significant (floods and droughts, crop/ animal losses caused by diseases and inappropriate techniques, household members' health crises, land confiscation by powerful groups, governmental practices). Many households in rural areas have limited access to land with a high percentage of them owning only

small plots and another significant group being landless. In the Wa areas, and elsewhere in Shan state, the population has traditionally resorted to poppy cultivation and opium production in order to generate additional income to cover food shortages. The commitment to end opium production by 2005 means the closure of an important income source for many poor households without creating alternative livelihoods.

One of the most urgent development concerns in Burma/Myanmar today is the HIV/AIDS epidemic. Recent estimates show that, overall, as many as 620,000 people may be infected. Burma/Myanmar has the third highest prevalence rate in Asia, but while prevalence rates are declining in Cambodia and Thailand, they are increasing in Burma/Myanmar.

Malaria and tuberculosis are illnesses of major concern, although both are preventable or curable. High morbidity and mortality rates from malaria are due to treatment with substandard or failing drugs, in addition to limited preventive measures, as well as the spread of drug resistant strains. Tuberculosis also affects a considerable and rising proportion of the population, not least due to the HIV/AIDS epidemic. Infant and under-five mortality rates are very high, at 76 and 107 per 1,000 live births respectively. Burma/Myanmar is estimated to have about 130,000 deaths of children under five annually. In each of these areas, the trend within Burma/Myanmar over the last fifteen years is one of stagnation or even deterioration.

The quality of public health services is very low and the *de facto* introduction of user fees has contributed to worsening conditions for many segments of the population who cannot afford proper health care. Five-year government plans exist for the health sector but the pace of implementation remains slow due to severe under-funding. Some progress has been noted as regards polio eradication, the elimination of iodine deficiency disorders and leprosy.

The education system is chronically under-funded and poorly managed. According to UNICEF, government investment in education declined from 1% of GDP in 1994/95 to 0.3% in 1999/2000, and ranks amongst the lowest in the world⁷. Generation after generation is being deprived of the opportunity to acquire the skills and capacities needed to master the developmental challenges the country is facing.

One of the greatest challenges in the education sector is the low student retention and completion rates, with the majority of dropouts occurring during the first year, mainly within the first three months of school. Thus, the number of illiterates and semi-literates has constantly increased over the past years. In some rural border areas, children from ethnic groups have no access to schooling because of geographic isolation, IDP status, family poverty or on-going ethnic conflict. When attending school, these children face difficulties to communicate, as they do not speak the Myanmar language. Insignificant public investment requires parents and local communities to pool their meagre resources and pay for education services.

2.5 Assessing the process of reform

Over the past years the government has cautiously attempted to address some of the most pressing issues, notably with regard to the health and education sectors. Some of these initiatives have been supported by different UN agencies and other donors. But with foreign assistance levels remaining marginally low and the government cutting back on social sector spending, further prospects for significant improvements in the social sectors seem limited. Without external help the outlook for the country's overall socio-economic development is rather gloomy with dire consequences for population of Burma/Myanmar.

⁷ UNICEF: "Child-friendly Schools in Area-Focused Townships in Myanmar" (March 2003).

The prospects for an economic upturn and for genuine social development are limited if the country continues to remain secluded and largely deprived of international assistance. The major challenges for Burma/Myanmar's political future are the constitutional set-up of, and transition to, a democratic country and national reconciliation including a secure legal status of ethnic groups. Furthermore, the human rights situation and the rôle of the army in government will have to be addressed if Burma/Myanmar is to have long-term political stability.

There is no forecast of improvements of the economic situation in the medium term, given the absence of proper macroeconomic steering. In addition, real GDP growth will be hampered by international sanctions, sluggish domestic demand, severe power shortages and double-digit inflation.

2.6 Cross-cutting issues

Although the government has stated its commitment to the Millennium Development Goals, which includes the promotion of gender equality and the empowerment of women, little effort has been done to reach this goal. Women are not included in any senior decision-making bodies and gender-based violence is of particular concern, especially in ethnic minority areas on the border.

The political climate in Burma/Myanmar is not conducive to the protection of human rights or good governance. The situation is particularly discouraging in the non cease-fire ethnic minority border areas and in Rakhine State. With the resumption of the National Convention in 2004, ethnic minority issues have come in the forefront of the political process and their political, social and economic rights will need to be discussed in order to reach an agreement on a constitution and to move towards national reconciliation. If an agreement is reached, it should open up opportunities to increase assistance to the border areas which still only enjoy a precarious peace despite long-standing cease-fire agreements with the government.

The revitalisation and empowerment of local communities by encouraging the development of a civil society, including national NGOs, community-based organisations, women's groups and other self-help groups is a vital component for delivery of assistance to Burma/Myanmar. There is a growing recognition within some parts of the government that such groups not only increase the outreach, effectiveness and sustainability of international assistance programs, but also complement the state by providing additional social services and mobilising local resources for development.

With conflict resolution issues being deeply embedded in the Burma/Myanmar context, programming has to follow a conflict sensitive approach to ensure that interventions do not impact negatively on conflict dynamics and are conducive to a process of national reconciliation and an improved protection of human rights.

Combating HIV/AIDS has been mainstreamed as a cross-cutting issue in the programming process by analysing the government's policy agenda on HIV/AIDS and sexual and reproductive health in particular, as well as the importance of the theme in Burma/Myanmar.

3. AN OVERVIEW OF PAST AND ON-GOING EC CO-OPERATION

3.1. Overview of past and on-going EC co-operation

Before its revision in October 2004, the Common Position only allowed for purely humanitarian assistance. EC assistance operations in Burma/Myanmar have until then been very limited. Thus EC activities were mainly implemented through DG ECHO's budget, through the instrument for support to uprooted people and through the NGO budget line. More recently, funding possibilities through other

horizontal instruments for mine action, decentralised co-operation and the European Initiative for Democracy and Human Rights (EIDHR) have been explored but with limited success so far. The European Investment Bank (EIB) does not extend any financial support to Burma/Myanmar.

A bilateral programme of € 5 million in support of HIV/AIDS commenced in 2003 in coordination with other donors under the UN Joint Programme for HIV/AIDS. Implemented by two UN agencies and four NGOs, the EC programme has already had an impact. With support from MSF-Holland, anti-retroviral drugs are available in selected target areas, and sex workers, clients and intravenous drug users (IDUs) are targeted for prevention and treatment. UNICEF supports lower levels of the health system to provide Nivirapine for HIV+ women in selected hospitals and communities to prevent mother to child transmission. UNODC has worked successfully with the Central Committee for Drug Abuse Control to promote the rights of IDUs, resulting in a considerably improved operating environment, with drop-in centres opened and pilot needle exchange programmes initiated by CARE and Médecins du Monde. PSI social marketing networks ensure the provision of condoms almost nationwide, and outreach behaviour change communication strategies target the most vulnerable, including sex workers, migrant workers, IDUs and men who have sex with men. Also as a result of PSI efforts, it is now possible for condoms to be advertised through a wide range of media, including television in 2005, which was unthinkable when the programme first started in 2003. These projects have shown that - despite the challenging operational context - it is possible for results to be achieved. They have also highlighted the need for increased interventions for the prevention, treatment, care and support of those at risk of or affected by HIV and AIDS.

The current EC portfolio totals approximately € 30 million across a wide range of mainly health-related projects. In addition to the HIV/AIDS programme, other interventions concern malaria and basic health care. EC-supported projects are executed and implemented by UN agencies or international NGOs, with opportunities being taken to strengthen the capacity of local NGOs where possible. Some UN agencies are able to collaborate directly with government partners which has led to positive collaborations for township and community-level interventions, as well as wider understanding of the objectives of humanitarian aid and rights-based issues. A number of local NGOs and private organisations have considerable potential as operational partners, but require strengthening in terms of management and financial accountability. Partnerships between international and local NGOs have been a successful modality for sharing the technical and management expertise of INGOs on the one hand, and utilising the networks and community-based knowledge of local partners on the other.

In 2005, DG ECHO's funding inside the country reached € 6.84 million, having increased steadily for the last three years. Interventions focus on malaria, primary health care and nutrition, water and sanitation as well as protection. DG ECHO assistance enables a number of humanitarian organisations to reach out to very remote areas of the country, thereby ensuring that aid is provided to some of the most vulnerable populations who often have not received international assistance before.

Since 2000, the EC has been the largest donor providing assistance to uprooted people in Burma/Myanmar, originally focusing on the repatriation and reintegration of Rohingya refugees in Northern Rakhine State and later also on IDPs in other parts of the country. A total of € 11.5 million have been allocated to uprooted people for the years 2004-2005, with projects focusing on return and reintegration. Substantial assistance has also been provided for refugees from Burma/Myanmar in Thailand and Bangladesh. The programme aims at addressing livelihood issues for displaced persons, refugees and returnees in a highly vulnerable socio-economic and health situation in order to help improve their self-sufficiency in the long term.

In line with the Common Position, EC interventions in Burma/Myanmar have been limited in scope and EC activities have been channelled through the UN system or through international NGOs -

sometimes in collaboration with local actors. This approach has contributed to some improvements in selected areas but overall EC assistance has so far been more reactive than proactive. The limited amount of assistance provided by donors has mostly been implemented in the form of small-scale projects that were dispersed over many sectors and oftentimes were not integrated into a strategic development framework. Even if the projects undoubtedly have had a positive impact on the direct beneficiaries, it is difficult to prove their long term sustainability or their impact on the overall development of the country.

So far, the humanitarian aid provided remains very small compared to the needs. Many donors have been hesitant to increase assistance to the population, fearing that international assistance will prolong military rule in Burma/Myanmar. At the same time it has become obvious that there is an urgent need to pursue a more systemic approach to structural poverty reduction in the framework of development programmes.

An important lesson learned from EC and other donors' involvement in the HIV/AIDS sector is that in specific areas of intervention a policy dialogue with the competent authorities is needed and possible, and can lead to positive results. For the future it will be indispensable to proactively seek a sectoral policy dialogue with the authorities as well as consultations with other stakeholders. Linked to this lesson is the acknowledgement that any approach requires focusing on building relationships and inclusion of a longer-term "change-orientation". The need for building social capital and civil society is tremendous since most local organisations are in their infancy and lack knowledge, networking capacity and resources.

The donor community's engagement in Burma/Myanmar has highlighted lessons for the future:

- 1) The lack of effective government action towards reducing poverty in Burma/Myanmar necessitates a realistic donor approach, with achievable targets and focus on concerted efforts on the poorest and most vulnerable populations. Restrictive measures against the regime are not to impact negatively on the already isolated population.
- 2) Donors need to take a long-term approach to working in Burma/Myanmar. In the past there has been an obvious mismatch between short-term ad hoc interventions and the long term objective of poverty reduction. Donors could significantly facilitate the work and planning of implementing partners by entering into multi-annual partnerships wherever possible. Most importantly, and as was demonstrated in the recent past with regard to voluntary HIV/AIDS testing, policy change is only achievable through continued and patient advocacy by NGOs and the UN which requires a medium to long term horizon.

3.2. EU Member States and other donor's programmes

The UK has a Country Plan 2004-2006, which allocates UK £ 5 million per year to four priority sectors: health, education, livelihoods, and democracy/civil society building activities. Germany has a small development programme, which includes support to UNODC and UNICEF, scholarships, health and primary education. France has provided bilateral assistance to NGOs in the field of health whilst also focussing on activities in education and culture through the French Cultural Centre. Sweden's strategy 2005-2009 (average €4.5 p.a.) focuses on HIV/Aids and epidemics (through FHAM/3DF), livelihoods, democracy and civil rights. The humanitarian budget (approx. € 4 million p.a.) is covering refugees and protection issues.

China provides substantial support to Burma/Myanmar through partial debt relief, soft loans and technical assistance with a strong focus on economic cooperation and infrastructure. Over the last years, China has extended assistance in the fields of agriculture, industry, transport, electric power, education, health and human resources development.



Chronology of Burma's Constitutional Process

February 12, 1947:

While Burma is still under British colonial rule, the Panglong Agreement is signed by Burmese leader General Aung San and several ethnic nationality leaders from the Shan, Kachin, and Chin areas. The agreement is designed to hasten independence from the British and avert ethnic tensions in the new Burma, as recognized in paragraph 7 that states, "Citizens of the Frontier Areas shall enjoy rights and privileges which are regarded as fundamental in democratic societies."

July 19, 1947:

General Aung San and several members of the cabinet are assassinated in Rangoon. U Nu and his Anti-Fascist People's Freedom League (AFPFL) prepare to take power from the British by finishing Burma's first constitution.

January 4, 1948:

Burma gains independence from British rule and institutes the 1947 constitution. The new constitution and its federal structure included the Shan state, Karenni state, Kachin state, and Karen state, with the Chin Hills being classified as a "special division." The constitution granted the right of secession to special division states after 10 years (chapter 10, articles 201-206) subject to a majority vote in the state assembly and majority in a plebiscite.

March 2, 1962:

The military Revolutionary Council under General Ne Win overthrows the constitutionally elected civilian government.

December 15-31, 1973:

The Revolutionary Council conducts a referendum to endorse the new constitution, which is carried by over 90 percent of the vote in a process that many international observers do not assess as fair.

March 1974:

Burma's second constitution is implemented, transferring power from the Revolutionary Council to the Burma Socialist Program Party (BSPP). The new constitution demarcates seven ethnic minority states (Arakan, Chin, Kachin, Shan, Karenni, Karen, and Mon) and seven predominantly ethnic Burman (Myanmar) divisions (Tenasserim, Rangoon, Irrawaddy, Pegu, Magwe, Mandalay, and Sagaing).

July 23, 1988:

Announcing his resignation at the BSPP Extraordinary Congress called after major demonstrations against military rule, General Ne Win calls for a referendum to gauge the majority view on Burma's political system, "As I believe that holding a national referendum on what they wish, a one-party system or a multiparty system, would bring out the answer, I am asking the party congress to hold a referendum. If, after the referendum more votes are for a multiparty system, elections must be held at the earliest for a new parliament." The referendum is never held.

September 18, 1988:

The Burmese army stages a coup after months of countrywide, anti-government demonstrations following the fall of the BSPP. The military forms the State Law and Order Restoration Council (SLORC), which promises to conduct multiparty elections in the future. The SLORC's four "duties" under SLORC Declaration No.1/88 include the "holding of multiparty General Election." SLORC suspends the 1974 constitution.

May 31, 1989:

SLORC Law No.14/89, "Pyithu Hluttaw Election Law," states in chapter 3, section 3 that the "Hluttaw (Assembly) shall be formed with the Hluttaw representatives who have been elected," making clear that the planned election is to form a national legislative body.

May 27, 1990:

A general election is held in Burma with unexpectedly few government restrictions. The opposition National League for Democracy (NLD), many of whose leaders the SLORC had arrested and detained in 1989, wins 392 out of 485 parliamentary seats (80 percent of seats, with approximately 60 percent of the popular vote). The second-largest-winning party is the Shan Nationalities League for Democracy (SNLD),

which wins 23 seats. The military-backed party, the National Unity Party (NUP), wins just 10 seats.

July 27, 1990:

The military government promulgates SLORC Declaration No. 1/90, transforming the newly elected General Assembly from a legislative body into a body to draft a new constitution, contrary to the 1989 Pyithu Hluttaw Election Law. Declaration No. 1/90 states that "the desire of the majority of the political parties which contested the General Election is to draw up a new constitution... [c]onsequently, under the present circumstances the representatives elected by the people are those who have the responsibility to draw up the constitution of the future democratic State." The SLORC maintains martial law and continues to exercise legislative, executive, and judicial power.

April 24, 1992:

The SLORC announces that the National Convention to write a new constitution will convene at an unspecified future date.

May 28, 1992:

A National Convention Convening Commission is formed to plan the convention. The committee includes 14 SLORC officials and 28 people from seven different political parties. It is chaired by Rangoon Military Commander Lt. Gen. Myo Nyunt.

July 10, 1992:

The National Convention's 702 delegates are named, only 99 of whom are members of the National Assembly from the 1990 election (about 15 percent of all delegates). The majority of delegates are township-level officials selected by the SLORC.

October 2, 1992:

The SLORC announces the six objectives of the National Convention in SLORC Order No. 13/92, the first three of which are the same as the SLORC's "Three Main National Causes":

1. Non-disintegration of the Union;
2. Non-disintegration of national unity;
3. Perpetuation of national sovereignty;
4. Promotion of a genuine multiparty democracy;

5. Promotion of the universal principles of justice, liberty and equality; and,
6. Participation by the Defense Services in a national political leadership role in the future state.

January 9, 1993:

The National Convention starts its first session with the announcement that the first six objectives of the process have already been decided. It adjourns after just two days following dissension from opposition and ethnic delegates.

April 7, 1993:

The convention is suspended again after ethnic nationality delegates protest against the proposed centralized political structure.

June 7, 1993:

Lt. Gen. Myo Nyunt reopens the convention by stating that the new constitution must guarantee a leading role for the Defense Services in national politics.

August 4, 1993:

National Convention delegate Dr. Aung Khin Sint, an elected member of the NLD, is arrested for handing out leaflets critical of the convention.

September 15, 1993:

The SLORC forms the Union Solidarity and Development Association (USDA), a social welfare movement that skirts the law prohibiting civil servants from being members of political parties by registering under SLORC Law 6/88, the Association Law. The association's patron is General Than Shwe, the president of Burma and head of the SLORC.

September 16, 1993:

The National Convention is suspended again, as ethnic minority representatives continue to propose a federal system. According to official reports, delegates have agreed to the 104 principles for the draft constitution.

October 15, 1993:

Twelve political activists are detained in Rangoon for publicly criticizing the National Convention.

January 18 to April 9, 1994:

Delegates draw up specific chapters on the structure of the state and the head of state. Despite opposition from many of the elected representatives, the convention approves a presidential rather than a parliamentary system. According to the approved draft, the president of Burma must have been a continuous resident of the country for more than 20 years, have political, administrative, military, and economic experience, and not have a spouse or children who are citizens of another country. Such requirements eliminate NLD leader Aung San Suu Kyi as a candidate.

September 2, 1994:

The National Convention reconvenes and discusses self-administered areas, the legislature, the executive branch, and the judiciary. The move by the government to reserve one-third of all parliamentary seats for the Defense Services is approved by the convention.

July 10, 1995:

Aung San Suu Kyi is released from house arrest.

November 28, 1995:

The NLD requests a review of the National Convention's working procedures. Specifically, NLD delegates want to repeal orders that censor debate and allow for criminal punishment of those critical of the military during the convention. Authorities deny the request and the 86 delegates from the NLD boycott the meetings for two days.

November 29, 1995:

The NLD delegates are expelled from the convention.

December 23, 1995:

The convention acknowledges and then rejects a Shan Nationalities League for Democracy proposal for the constitution to accept the principle of sovereignty invested in the people.

March 31, 1996:

The SLORC adjourns the National Convention following the departure of the NLD representatives. It is widely believed that the detailed basic principles (DBPs) of a future constitution have already been finalized during the 1994-1996 sessions,

including sections on the head of state, the legislature, executive, judiciary, the role of the military, and self administered areas for small ethnic nationality groups.

June 7, 1996:

The SLORC enacts Law No 5/96, "The Law Protecting the Peaceful and Systematic Transfer of State Responsibility and the Successful Performance of the Functions of the National Convention against Disturbances and Oppositions," a sweeping law that makes public criticism of the National Convention illegal and punishable by prison sentences of up to 20 years.

November 18, 1997:

The SLORC changes its name to the State Peace and Development Council (SPDC), but apart from a reshuffle of regional military commanders and cabinet ministers, the changes to military rule in Burma are minimal.

September 16, 1998:

The Committee Representing the People's Parliament (CRPP), is formed to represent the concerns of members of the 1990 elected parliament, comprising nine members of the National League for Democracy and one Arakan committee member representing four "ethnic" parties. The CRPP is criticized for its composition, having three members who had not been elected in the 1990 poll (including Aung San Suu Kyi) and being dominated by ethnic Burman representatives.

March 21, 2001:

A statement is issued by seven ethnic nationality groups that had concluded military ceasefires ("ethnic ceasefire groups") with the government—the Kayan New Land Party (KNLP), Karenni National People's Liberation Front (KNPLF), New Mon State Party (NMSP), Palaung State Liberation Organization (PSLO), Shan Nationalities People's Liberation Organization (SNPLO), Shan State Army (SSA), and Shan State National Army (SSNA)—calling on the SPDC to begin a more inclusive negotiating process for political development and democracy and national unity.

May 30, 2003:

USDA militia attack Aung San Suu Kyi's traveling NLD motorcade at Depayin in upper Burma, killing an unverified number of her supporters and injuring scores of others. Aung San Suu Kyi and fellow NLD leader U Tin Oo are incarcerated in Insein Prison in Rangoon and then returned to house arrest. The international community condemns

the attack, which many believe to be a clumsy assassination attempt orchestrated by the SPDC. The Japanese government suspends its Overseas Development Aid (ODA) program in protest.

August 30, 2003:

Prime Minister General Khin Nyunt announces the SPDC's "Seven Step Roadmap to Democracy." The seven steps are:

1. Reconvening of the National Convention that had been adjourned since 1996;
2. After the successful holding of the National Convention, implement step-by-step the process necessary for the emergence of a genuine and disciplined democratic system;
3. Drafting of a new constitution in accordance with basic principles and detailed basic principles laid down by the National Convention;
4. Adoption of the constitution through national referendum;
5. Holding of free and fair elections for Pyithu Hluttaws (legislative bodies) according to the new constitution;
6. Convening of Hluttaws attended by Hluttaw members in accordance with the new constitution; and,
7. Building a modern, developed, and democratic nation by the state leaders elected by the Hluttaw; and the government and other central organs formed by the Hluttaw.

December 15, 2003:

A multilateral meeting in Thailand announces the "Bangkok Process" to support the "Seven Step Roadmap" and welcomes Burmese Foreign Minister Win Aung's promise to restart the National Convention. Representatives of Australia, Austria, China, France, Germany, India, Indonesia, Italy, Japan, and Singapore, and the UN Secretary-General's Special Envoy Razali Ismail attend the three-hour briefing by Win Aung and express confidence in the process. UN Secretary-General Kofi Annan welcomes the developments in a statement on December 19.

March 30, 2004:

The chairman of the National Convention Convening Commission (NCCO), Lt. Gen. Thein Sein, announces that the National Convention will reconvene on May 17, 2004.

May 11, 2004:

Eight ethnic ceasefire groups, the Kachin Independence Organization (KIO), Kayan New Land Party (KNLP), Karenni National People's Liberation Front (KNPLF), New Mon State Party (NMSP), Palaung State Liberation Organization (PSLO), Shan Nationalities People's Liberation Organization (SNPLO), Shan State Army (SSA), and Shan State National Army (SSNA), issue seven points for changes to the convention:

1. The right to discuss Objective 6 (military's leading role in the future affairs of the state) again and revise it, since it does not fit with the democratic principles and does not reflect the wishes of the people;
2. The right to discuss and revise the points that are not in line with democratic procedures and principles;
3. The right to hold consultation with anybody and any organizations that can provide good advice for the sake of the Union while attending the National Convention;
4. The right of delegates to freely communicate with their mother organizations and to seek advice for discussion while attending the convention;
5. The right of the representatives of the people elected in the 1990 elections to participate in the convention;
6. The right of ceasefire organizations, and non-ceasefire organizations after entering into ceasefires, to join the National Convention;
7. To revoke Law No.5/96 that was announced in June 1996 to protect the National Convention.

May 17 – July 9, 2004:

The first post-“Roadmap” National Convention session resumes at a purpose-built hall called Nyaunghnapin Camp in Hwambi Township, north of Rangoon. Many ethnic ceasefire groups such as the New Mon State Party and Kachin Independence Organization attend.

July 7, 2004:

Thirteen of 17 ethnic ceasefire groups issue a joint proposal for devolving authority to future state assemblies and for those assemblies to maintain armed militias. The nine points submitted to the NCCC were:

