



GÉOPOLITIQUE ET POLITIQUE ÉTRANGÈRE

JUIN 2016

NOTE D'ANALYSE 48

EU-Myanmar:

From marginal EU sanctions to a move
towards democracy

(1996-2013)

ASTRID VIAUD

PhD Candidate

Chaire Baillet Latour UE-Chine



UCL
Université
catholique
de Louvain



Les Chaires Baillet Latour « Union européenne-Russie » et « Union européenne-Chine » ont été créées dans les années 2000 au sein de l'UCL grâce au Fonds InBev-Baillet Latour. Elles ont pour objectif de stimuler l'étude des relations entre l'Union Européenne, la Russie et la Chine. Les Chaires constituent un pôle de recherche et d'enseignement dont l'objectif est de renforcer l'expertise sur l'action extérieure de l'UE, de promouvoir la connaissance de la Chine et de la Russie comme acteurs internationaux et d'étendre la recherche sur les grandes puissances, en particulier les BRICS. Exerçant leurs activités au sein de la Faculté des sciences économiques, sociales, politiques et de communication et de l'Institut de sciences politiques Louvain-Europe, les Chaires collaborent régulièrement avec leurs homologues de la KULeuven.



Les recherches du CECRI sont menées au sein de l'Institut de Science politique Louvain-Europe (ISPOLE) de l'Université catholique de Louvain. Elles portent sur la géopolitique, la politique étrangère et l'étude des modes de prévention ou de résolution des crises et des conflits.

L'analyse des éléments déclencheurs des conflits et des instruments de leur gestion - sanctions et incitants économiques comme moyens de politique étrangère; crises et interventions humanitaires; rôle de la mémoire dans un processus de réconciliation, par exemple - est combinée à l'étude empirique de différends internationaux et de processus de paix spécifiques.

Astrid Viaud

EU-Myanmar

**From marginal EU sanctions to a move towards
democracy (1996–2013)**

Juin 2016



Direction : Tanguy de Wilde et Tanguy Struye de Swielande.

Conception et mise en page du présent numéro : Chloé Daelman.

Pour nous contacter :

Site Internet : <http://www.geopolitique-cccri.org/>

Email : tanguy.struye@uclouvain.be

© Chaire Baillet Latour, programme « Union européenne-Chine », 2016.

Astrid Viaud is working on a doctorate in political sciences on ‘the policy of sanctions of the European Union vis-à-vis that of the United Nations: the case of Iran, Syria and Ukraine’ under the direction of Professor Tanguy de Wilde, professor of geopolitics and international relations at the Catholic University of Louvain.

Draft towards a doctorate in political sciences on '*La politique européenne de sanctions face à celle de l'Organisation des Nations Unies: les cas de l'Iran, de la Syrie et de l'Ukraine*' under the direction of Professor Tanguy de Wilde, professor of geopolitics and international relations at the Institute of Political Sciences Louvain-Europe and the European Studies Institute of the Catholic University of Louvain (UCL).

This article was written for a presentation given at a conference on '*L'Azione Esterna dell'Unione Europea: L'impatto sul processo di transizione economic in Birmania*' at the University of Turin: <http://retroonline.it/10/03/2016/attualita/1-azione-esterna-dellunione-europea-fassino-al-cle/70688/>.



Content

➤	Introduction	4
1.	<u>Historical context</u>	5
2.	<u>The imposition of European restrictive measures and their suspension</u>	6
2.1.	Legal basis of EU sanctions	7
-	<i>{Table 1 A/B: EU sanctions on Myanmar: content and legal basis}</i>	8
2.2.	Decision-making for EU sanctions	10
-	<i>{Scheme 1: Council decision-making process for EU restrictive measures}</i>	12
3.	<u>Assessment of the economic impact of EU sanctions on Myanmar</u>	13
3.1.	EU sanctions are not multilateral sanctions	13
-	<i>{Graph 1: EU sanctions in Chinese geographical sphere of influence}</i>	14
3.2.	EU economic withdrawal: Myanmar intensifies trade with its neighbours	15
-	<i>{Graph 2: Direction of merchandise trade, 2011/2012}</i>	16
3.3.	EU sanctions protect European economic interests in Myanmar	17
-	<i>{Graph 3: EU Trade with Myanmar 1995–2012}</i>	18

-	<i>{Graph 4: EU Trade with Myanmar 2005–2015}</i>	19
3.4.	Economic impact varies by targeted economic sector	20
➤	Conclusion	20



INTRODUCTION

The European Union (EU)¹ economic sanctions targeting Myanmar² offer a case study of ‘EU autonomous restrictive measures’ adopted by the Council of the European Union independently of any pre-established programme of sanctions negotiated by the United Nations Security Council (UNSC). This case study illustrates the dilemma that the EU frequently faces. On the one hand, the EU is determined to promote its own values³ in every non-EU⁴ state with which it maintains political, economic and trade relations. On the other hand, the EU is eager to protect its own economic interests and commercial links.

The EU often faces this sensitive diplomatic dilemma, which invariably leads it to choose between one of these two aspects when sanctioning a non-EU state. This choice consequently favours one of the two aspects of the dilemma, meaning either that the EU must uphold its values to the detriment of its economic interests or uphold its economic interests to the detriment of its values. The first choice may refer to the current EU restrictive measures against the Russian Federation that followed the latter’s annexation of Crimea. The second applies to the case of Myanmar and ended in 2013. This dilemma raises the question of the EU economic sanctions’ efficacy in influencing the political behaviour of the targeted state – in this instance, Myanmar.

In order to demonstrate the choice that the EU has made in the case of Myanmar, this paper introduces (1) a brief summary of the historical background of Myanmar in the 1980s and 1990s, thus explaining the objections raised by the EU concerning Myanmar in 1996. It will go on to (2) explain

1 The European Union (EU) acronym is used in this article in order to prevent any confusion with any European sanctions which could encompass the Council of Europe and non-EU Member States.

2 There is a distinction to be made between the two names of the country. During the 8888 Uprising, the military junta (SLORC) renamed Burma as Myanmar for nationalist reasons (Law of SLORC n°15/89). The word ‘*Myanmar*’ is of an ancient Burmese origin. Therefore, this new official name displeased the inhabitants of the country who were not ethnic Burmese as they did not feel included in the new name of their country. The capital of the country, Rangoon, was also renamed Yangon. Myanmar is used in this article for historical reasons.

3 « *L’Union est fondée sur les valeurs de respect de la dignité humaine, de liberté, de démocratie, d’égalité, de l’État de droit, ainsi que de respect des droits de l’homme, y compris des droits des personnes appartenant à des minorités. Ces valeurs sont communes aux États membres dans une société caractérisée par le pluralisme, la non-discrimination, la tolérance, la justice, la solidarité et l’égalité entre les femmes et les hommes.* » Article 2 of the Treaty of the European Union.

4 ‘Third state’ is used in this article to refer to countries that are not EU Member States but with which the EU maintains political, economic and trade relations.

the legal basis and the decision-making underlying these sanctions, before (3) examining the effectiveness of the EU economic sanctions targeting Myanmar and the EU's choice to protect its own economic interests.

1. HISTORICAL CONTEXT

As Asia experienced a wave of uprisings in the 1980s spearheaded by popular movements determined to gain more social rights, Burma faced its own revolution in 1988. The rise of social tensions was due to a severe economic crackdown in the country caused by soaring public debt; according to Professor Michael Charney, '[b]etween 1981 and 1986, the national debt doubled to US\$ 2.8 billion'.⁵ The Burmese economy also recorded a negative commercial balance, importing and buying more than it exported and sold: 'the value of Burma's export declined by half, having dropped by 15 percent in 1985 alone', according to Charney. The government's attempt to demonetise proved disastrous as it ruined the population.⁶ This currency devaluation meant that students could not pay their university tuition fees. On 12 March 1988, the '8888 Uprising' began with student riots in Rangoon before it spread across the population and country.

The social and political instability experienced by the country between March and September 1988 led the Burmese army to seize power from General Ne Win and to repeal the 1974 constitution in order to establish the State Law and Order Restoration Council or SLORC. The military junta promised a democratisation of the country, allowing in particular the creation of eligible political parties. The first signs of an emerging SLORC dictatorship appeared with the imprisonment of the charismatic pro-democracy leader Aung San Suu Kyi as she became too popular. The first democratic elections of May 1990 were won easily by the National League for Democracy (NLD) led by Aung San Suu Kyi.

5 CHARNEY, Michael W. *A History of Modern Burma*, Cambridge University Press, 2009, 145 pages.

6 « Or, cette décision, rationnellement justifiée par la volonté du régime d'affaiblir les économies fiduciaires parallèles contrôlées par les insurrections ethniques armées et les milieux mafieux chinois et thaïlandais opérant aux frontières, eut pour conséquence directe de rendre caducs près des deux tiers de la monnaie en circulation dans le pays. En une journée, l'ensemble des classes moyennes urbaines, qui devant l'inefficacité du système bancaire d'Etat avaient pris l'habitude d'épargner sous forme de liquidités (les « bas de laine »), ont vu la plupart de leurs économies s'évaporer. De plus, la période universitaire commençant en septembre, l'annonce de cette démonétisation intervint alors que les étudiants devaient acquitter leurs droits d'inscription... en cash. » EGRETEAU, Renaud, *Histoire de la Birmanie contemporaine : Le pays des prétoriens*, Fayard, « Divers Histoire », 2010, p. 62.



Nevertheless, the army refused⁷ to let the winning party sit in the Assembly before a new constitution could be drafted – a process delayed several times over the next 18 years.

2. THE IMPOSITION OF EUROPEAN RESTRICTIVE MEASURES AND THEIR SUSPENSION

The EU sanctioned Myanmar in response to the social, economic and political conjuncture reached by the country in the 1980s and the 1990s due to the absence of progress towards democratisation and the lack of respect for human rights.⁸ The EU is bound by its own structure but also by its diplomatic and economic relations with a given non-EU state to respect EU values concerning human rights and freedom. Any neglect of these Western values by a non-EU state leads to the imposition of sanctions by the EU. Economic sanctions are used as a foreign policy tool consisting of ‘the interruption or reduction, in part or completely, of economic and financial relations with one or more third countries.’⁹

The use of economic sanctions with a political defence objective implies the use of economic pressure to affect the political behaviour of the third, non-EU state until it agrees to respect Western values. The use of economic sanctions as a political tool is not a trade defence measure.¹⁰ The EU

7 « Or ceux-ci [le SLORC] n’ont obtenu qu’un mandat constituant, et non le mandat parlementaire ou législatif qui leur aurait permis de nommer directement un pouvoir exécutif. » p. 81. « Le SLORC, même après la débâcle des élections de 1990, se posait toujours en gouvernement provisoire voué à se retirer une fois l’ordre politique rétabli et une nouvelle loi suprême en vigueur dans le pays. Ayant abrogé la Constitution de 1974 dès le 18 septembre 1988, la nouvelle junte s’est donc attachée à sereinement élaborer un nouveau système constitutionnel, dans lequel le rôle primordial de l’armée serait institutionnalisé. Contrôler le processus de transition afin qu’il ne lui échappe pas à l’instar du 27 mai 1990, encadrer le transfert du pouvoir vers la sphère civile (et ce en temps voulu...) tout en consolidant l’assise politique et économique des forces prétérioriennes furent dès 1989 les objectifs premiers des nouveaux généraux birmanes. » EGRETEAU, Renaud, p. 83.

8 ‘[T]he European Union is concerned at the absence of progress towards democratisation and at the continuing violation of human rights in Burma/Myanmar. It deplores, in particular, the practice of torture, summary and arbitrary executions, forced labour, abuse of women, political arrests, forced displacement of the population and restrictions on the fundamental rights of freedom of speech, movement and assembly. It condemns the detentions in May and September 1996 of members and supporters of the National League for Democracy (NLD). [...] 3. The European Union recalls its great concern at the failure of the Slorc to respect the results of the May 1990 elections and the subsequent maintenance of the military rule. [...]’. COMMON POSITION of 28 October 1996 defined by the Council on the basis of Article J.2 of the Treaty on European Union, on Burma/Myanmar (96/635/CFSP) – Par. 2 et Par 3.

9 Par. 1 of Article 215 TFEU.

10 « [...] Ce terme a pris un caractère générique pour recouvrir aussi bien la suppression d’un avantage octroyé que l’imposition d’un embargo limité aux exportations ou d’un boycott étendu aux importations. La sanction économique apparaît comme l’expression qui, au tournant des XXe et XXIe siècles, définit le plus souvent l’ensemble des mesures de contrainte économiques destinées à servir un objectif de politique étrangère des Etats. C’est précisément cet objectif qui situe la différence entre la sanction économique et les mesures de défense commerciale parfois confondues dans la même acception. » DE WILDE D’ESTMAEL, « Les sanctions économiques comme moyens de politique étrangère, » in

economic sanctions targeting Myanmar brought together four different types of sanctions. The first is political and is often considered symbolic, referring to diplomatic, cultural or sporting restrictions, including visa bans. The second type is commercial, but still deployed as a political tool, and may involve a boycott or an embargo on certain goods and services. The third type is financial and refers, for instance, to freezing the assets of individuals related to the targeted dictatorship. The fourth type concerns embargoes on goods considered to be strategic, such as arms and military supplies.

2.1. LEGAL BASIS OF EU SANCTIONS

The EU gradually imposed a set of restrictive measures consisting of diplomatic and economic sanctions – including commercial and arms embargoes – on Myanmar, dating from their first imposition in 1996 to their suspension in 2012, their lifting in 2013 and their renewal in 2015.

Regarding the legal basis of the EU's economic sanctions, a distinction must be made between three legal procedures. The first concerns all EU restrictive measures adopted by the Council of the European Union within the framework of the Common Foreign and Security Policy (CFSP) and implemented by the EU Member States. In Myanmar's case, these measures applied to the suspension of a cooperation in defence that had existed since 1991, to an embargo on arms, a visa ban for all military personnel, and the suspension of a high-level bilateral governmental visit. {*Cf. Table 1 A/B: EU sanctions on Myanmar: content and legal basis*}

The second EU procedure concerns the EU economic sanctions decided by EU Member States in the Council and implemented by the Community. These CFSP measures encompass Community competences and the Council's decision states that an 'action by the Community is needed to implement certain measures' in order to avoid any commercial distortion. Applied to Myanmar, it concerned a ban on financial loans or credit to Burmese state-owned enterprises and the boycott of timber, precious metal and precious and semi-precious stones, the suspension of non-humanitarian aid or development programmes and the freezing of assets.

ROSOUX, Valérie ; ROOSENS, Claude ; DE WILDE D'ESTMAEL, Tanguy, *La politique étrangère. Le modèle classique à l'épreuve*, Brussels, Peter Lang Publishing, 2004, p. 373-397.



The third and last procedure concerns the EU restrictive measures entirely decided and implemented through a Community decision-making process. This legal procedure applied to the withdrawal of a Generalised Scheme of Preferences decided with Myanmar in 1997.

Table 1 A: EU sanctions on Myanmar: content and legal basis.¹¹

YEAR	TREATY	N°	ARTICLES	EU SANCTIONS' CONTENT (1996-2011)	LEGAL BASIS
1996	Maastricht (1992)	Common Position 96/635/CFSP	A. J.2	1. Expulsion of all military personnel 2. An embargo on arms 3. Suspension of defence co-operation in 1991 4. Ban on entry visas (SLORC) 5. Susp. of high-level bilateral governmental visits.	Agreed under the CFSP Implemented by the member states.
1997		Commission Reg. IP/97/129	*	6. Withdrawal of GSP privileges	Decided and implemented by the Community.
1998		Council Decision 98/612/CFSP	A. J.2	7. Ban on entry and transit visas (SPDC) 8. Suspension of high-level bilateral government visits to Burma/ Myanmar.	Agreed under the CFSP Implemented by the member states.
2004		Coun. Com. P. 2004/423/CFSP	A. 15	9. Non-humanitarian aid or development programmes shall be suspended. 10. Visa ban and assets freeze should be maintained.	Agreed by the CFSP Implemented by the Community.
2004	Nice (2001)	Council Regulation 798/2004	A. 60 + 301	<i>Renew previous restrictive measures</i> 11. No technical or financial support.	Agreed by the CFSP Implemented by the Community.
2006		Coun. Com. Pos. 2006/318	A. 15	12. No financial loan or credit to Burmese state-owned enterprises or acquisition of bonds	Agreed by the CFSP Implemented by the Community.

11 Table based on Common Position 96/635/CFSP, IP/97/129, Council Decision 98/612/CFSP, Council Common Position 2004/423/CFSP, Council Regulation 798/2004, Council Common Position 2006/318, Council Decision 2010/232/CFSP, Council Decision 2011/239/CFSP, Council Decision 2012/225/CFSP, Council Decision 2013/184/CFSP, Council Regulation 401/2013, Council Decision 2014/214/CFSP and Council Decision 2015/666/CFSP. Legal basis based on PORTELA, Clara, *European Union sanctions and foreign policy: when and why do they work?* London, Routledge, 2010, p. 27.

Table 1 B: EU sanctions on Myanmar: content and legal basis.

2010		Council Decision 2010/232/CFSP	A. 29 TEU	13. No purchase, import or transport from Burma/Myanmar into the Union, of: (a) round logs, timber and timber products; (b) gold, tin, iron, copper, tungsten, (c) precious and semi-precious stones, (diamonds, rubies, sapphires, jade + emeralds).	Agreed by the CFSP Implemented by the Community.
2011		Council Decision 2011/239/CFSP	A. 29 TEU	14. Renewal and amendments.	Agreed by the CFSP Implemented by the Community.
2012	Lisbon (2009) TEU / TFEU	Council Decision 2012/225/CFSP	A. 29 TEU	In view of these developments and as a means to welcome and encourage the reform process, restrictive measures should be suspended with the exception of the arms embargo.	Agreed by the CFSP Implemented by the Community
2013		Council Decision 2013/184/CFSP	A. 29 TEU	All restrictive measures should be lifted with the exception of the arms embargo and the embargo on equipment which might be used for internal repression.	Agreed by the CFSP Implemented by the Community.
2013		Council Regul. 401/2013	A. 215 TFEU	Suspensive procedure	Agreed by the CFSP Implemented by the Community.
2014		Council Decision 2014/214/CFSP	A. 29 TEU	On the basis of a review of Decision 2013/184/CFSP, the restrictive measures should be renewed until 30 April 2015.	Agreed by the CFSP Implemented by the Community.
2015		Council Decision 2015/666/CFSP	A. 29 TEU	Restrictive measures should be renewed until 30 April 2016.	Agreed by the CFSP Implemented by the Community.



2.2. DECISION-MAKING FOR EU SANCTIONS

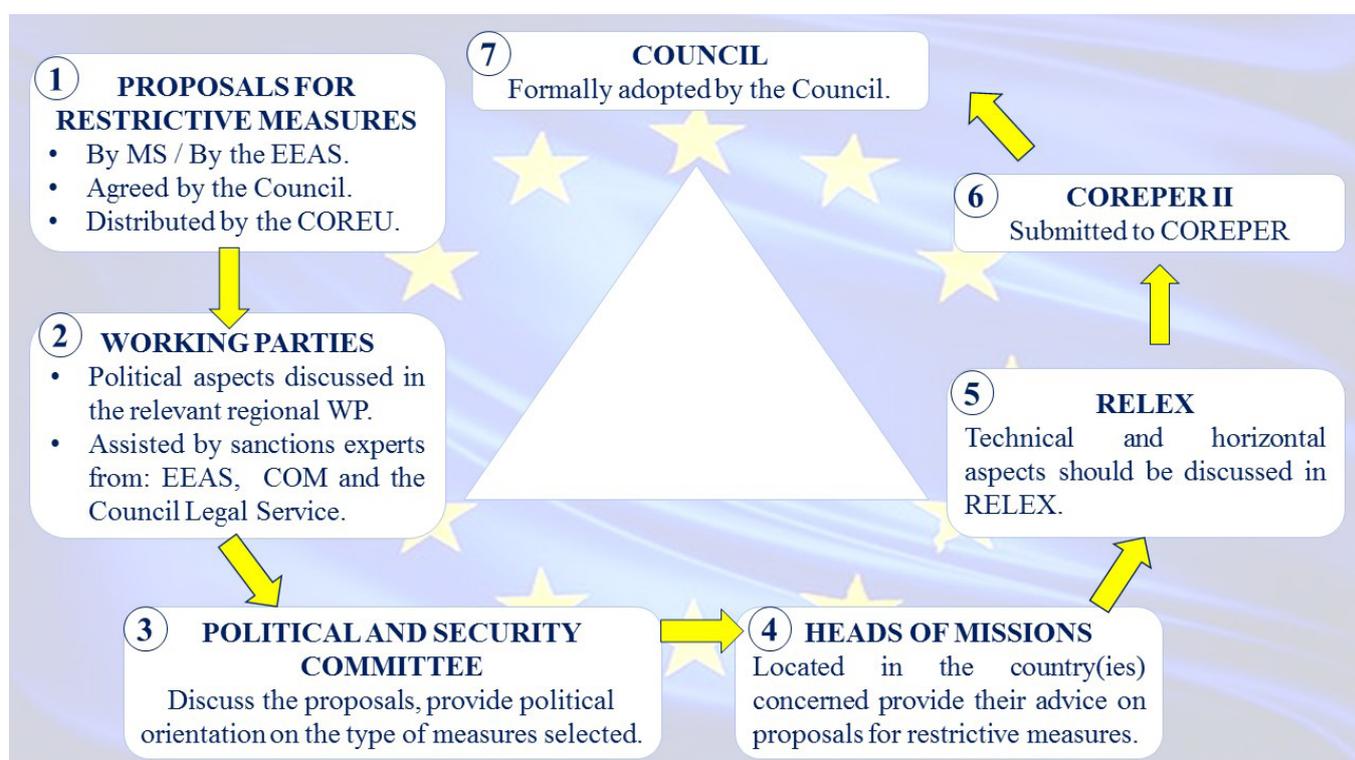
In Myanmar's case, the EU economic restrictive measures are mainly initiated and decided by the Council of the European Union before being formally implemented by the European Commission. The distinction between the intergovernmental method and the Community method is purely theoretical as in fact every EU decision is hybrid and falls into a grey zone between both methods. Therefore, decisions related to EU Foreign Policy and therefore the decision to sanction fall within the intergovernmental method. Sanctioning as a tool belongs to the realm of states and is multilaterally used by EU Member States in the Council in order to avoid a commercial distortion in the internal EU market. The sanctioning process is skillfully elaborated by the Council's substructures in order to protect, especially in Myanmar's case, EU economic interests. The whole process begins with a proposal initiated by an EU Member State at Council level before being transmitted to the Council's substructures. To this end, these substructures provide a pool of expertise that evaluates the non-EU state's individual political personnel, its economic sectors and which of its enterprises should or should not be targeted.

The first expertise deployed is geographical, with the geographical working group¹² specialising in the country to be targeted. This working group gathers information related to the domestic political and economic situation of the country. Since 2009, the European External Action Service (EEAS) has advised the geographical working group on whom to target. Next, this geographical expertise is reinforced by the political and diplomatic knowledge of the Political and Security Committee working with the head of the EU Mission located in the third country, who contributes his or her field experience. Lastly, the geographical, political and diplomatic expertise is completed by the legal and technical expertise of the Foreign Relations Counsellors Working Group.¹³ The Directorate-General for External Relations (RELEX) exists to 'share best practice, and to revise and implement com-

12 '2. The political aspects and broader parameters of the proposals should then be discussed in the relevant regional working party assisted by sanctions experts from the EEAS and experts from the Commission and the Council Legal Service. Where appropriate, the Political and Security Committee will discuss the proposals and provide political orientation to the working parties concerned, notably on the type of measures selected for further proceedings.' *European Union autonomous sanctions: Recommendations for working methods for EU autonomous sanctions*, 2011, p. 4.

13 '4. All the legal, technical and horizontal aspects of the proposed restrictive measures should be discussed in RELEX. The proposals for the Council Decision introducing the restrictive measures and for the Council Regulation defining the specific measures falling under the competence of the Union will be presented in RELEX for discussion, respectively by the EEAS and the Commission.' *Op. cit.*

mon guidelines to ensure effective and uniform implementation of EU sanctions regimes'¹⁴ allowed by the meeting of 'representatives of EU member states [who] negotiate the specific and concrete terms of each and every restrictive measure.'¹⁵ Lastly, the sanctions' programme proposal, elaborated by substructures' expertise, is then transmitted to the Committee of the Permanent Representatives to the European Union (COREPER II) for a final evaluation before being formally adopted by the Council. From this complex process results a sanction programme targeting a third country such as Myanmar. However, scholars consider that the EU sanctions on Myanmar have been unsuccessful.



Scheme 1: Council decision-making process for EU restrictive measures.¹⁶

14 'Working Party of Foreign Relations Counsellors (RELEX)', Website of Consilium, <http://www.consilium.europa.eu/en/council-eu/preparatory-bodies/working-party-foreign-relations-counsellors/>, visited 24 February 2016.

15 GIUMELLI, Francesco, 'How EU sanctions work: A new narrative', ISSUE, Chaillot Paper N° 129, May 2013, p. 10.

16 **Based on:** *Guidelines on implementation and evaluation of restrictive measures (sanctions) in the framework of the EU Common Foreign and Security Policy.*



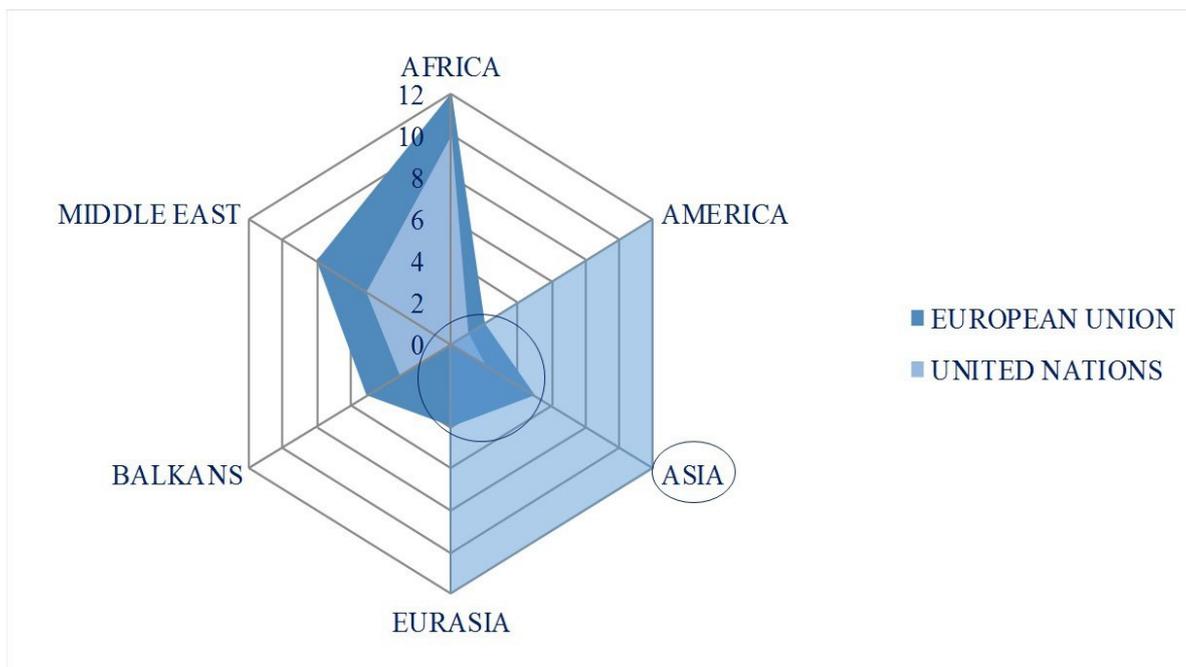
3. ASSESSMENT OF THE ECONOMIC IMPACT OF EU SANCTIONS ON MYANMAR

The economic impact or damage inflicted by the EU's measures was limited for four key reasons, which will be outlined in this section of the article. But this assessment must take into account the existence of other sanctions unilaterally adopted by the United States of America since 1988, Canada since 2007 and Australia since 2007. These sanctions were not multilaterally coordinated.

3.1. EU SANCTIONS ARE NOT MULTILATERAL

First, European sanctions were not part of a multilateral process established by the UNSC. The permanent members with veto power in the Security Council include China. The Chinese sphere of influence encompasses Myanmar, which is located in its vicinity. Indeed, '[Myanmar] is situated at a strategically important crossing point in Southeast Asia, bordering China, Thailand, India, Laos and Bangladesh.'¹⁷ As a consequence and for economic reasons, China refuses to stand by as part of its own sphere of influence is multilaterally sanctioned. Russia also protects this sphere as it represents an opportunity to trade arms. These two permanent nuclear powers of the UNSC even vetoed a UN resolution drafted by Western powers against Myanmar in 2007. Therefore, the EU had to be determined in promoting its political values. To this end, the EU adopted 'autonomous restrictive measures' independently of the UN in geographical zones such as Asia that the UN could not sanction because of China and Russia's veto power. {Cf. *Graph 1: EU sanctions in Chinese geographical sphere of influence*}.

¹⁷ GAENS, Bart, 'Political change in Myanmar: Filtering the murky waters of "disciplined democracy"', The Finnish Institute of International Affairs (FIIA), Working Paper 78, February 2013, p. 6.



Graph 1: EU sanctions in Chinese geographical sphere of influence.¹⁸

3.2. EU ECONOMIC WITHDRAWAL: MYANMAR INTENSIFIES TRADE WITH ITS NEIGHBOURS

Secondly, EU sanctions led Myanmar to intensify its commercial exchanges with its neighbours in Asia, who did not join the EU programme, and thus China’s influence in the region increased. Myanmar is ‘particularly rich in natural resources, including oil, gas, teak, minerals, and gems [...]’ and was therefore considered of strategic interest¹⁹ by China in terms of economic opportunities. China maintains its influence by providing crucial financial support to Myanmar in order to replace the tax revenues lost by the country due to the EU sanctions: ‘China is Myanmar’s most important source of foreign goods, providing 40 per cent of its total imports for 2012.’²⁰ Graph 2, ‘Direction of merchan-

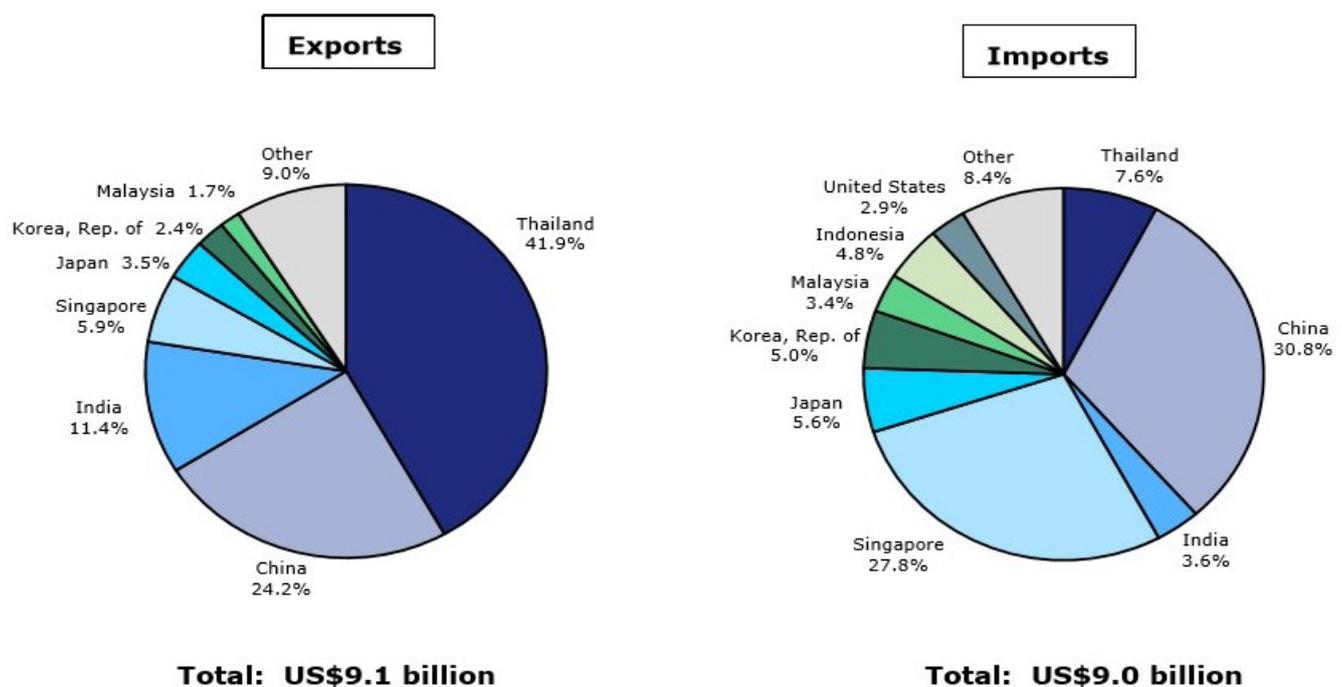
18 VIAUD, Astrid, *current doctoral thesis draft for doctorate of political sciences*.

19 « *Le repositionnement de la Chine s’explique en effet encore par un désir d’un plus grand contrôle sur l’Océan Indien. Selon un rapport intitulé Energy Futures in Asia, la Chine adopterait ainsi une stratégie du « collier de perles » composée de bases et de liens diplomatiques et commerciaux s’étendant de la mer de Chine au MoyenOrient [...].* » STRUYE, Tanguy, « Inde – Chine : concurrence dans le voisinage », Note d’Analyse 8, Chaire InBEV Baillet-Latour « Union européenne-Chine », June 2010, p. 34.

20 ‘China is Myanmar’s most important source of foreign goods, providing 40 per cent of its total imports for 2012. [...] China ranks third in terms of receiving Myanmar’s exports, lagging behind both Thailand and India. In 2012, China received 15 per cent of Myanmar’s export goods compared to 44 per cent for Thailand and 16.8 per cent for India. [...] In 2009, China accounted for just 10 per cent of the country’s overall exports in comparison to Thailand’s 47 per cent and India’s 21 per cent. This increase suggests closer trade relations [...]. Chinese firms account for 57 per cent of all foreign firms operating in Myanmar and are primarily involved in the oil and gas, power, and mineral sectors.’ P. 150 ‘China has



dise trade, 2011/2012’ is extracted from a 2014 IMF report and shows both that Myanmar exported 24.2% of its market shares to China in 2011/2012 and that 30.8% of its imports came from China. Indeed, ‘Data provided by the authorities indicate that Myanmar’s main import suppliers in 2011/12 were China, Singapore, and Thailand [...] [Graph 2]; the share of imports from Singapore and China appear to have been rising, while the shares from Thailand and rest of Asia have shown a downward trend. Over 40% of Myanmar’s imports were from ASEAN countries.’²¹ The volume of trade plays a significant role in intensifying trade links between both countries. China also considers Myanmar as a maritime outlet²² to the Indian Ocean as the latter allows the former access to its harbours.



Source: WTO Secretariat calculations, based on data provided by the authorities.

Graph 2: Direction of merchandise trade, 2011/2012.²³

been Myanmar’s primary source of aid, loans, and technical assistance for the past two-plus decades.’ REEVES, Jeffrey, *Chinese Foreign Relations with Weak Peripheral States: Asymmetrical Economic and Insecurity*, Routledge, Asian Security Studies, 2015, p. 150-152.

21 TRADE POLICY REVIEW – REPORT BY THE SECRETARIAT – MYANMAR 21 January 2014, https://www.wto.org/english/tratop_e/tpr_e/s293_e.pdf, visited 20 February 2016, p. 15.

22 *Présentation de la Birmanie*: <http://www.diplomatie.gouv.fr/fr/dossiers-pays/birmanie/presentation-de-la-birmanie/>, visited 20 February 2016.

23 TRADE POLICY REVIEW – REPORT BY THE SECRETARIAT – MYANMAR of 21 January 2014, https://www.wto.org/english/tratop_e/tpr_e/s293_e.pdf, visited 20 February 2016, p. 15.

3.3. EU SANCTIONS PROTECT EUROPEAN ECONOMIC INTERESTS IN MYANMAR

EU sanctions protect European economic interest in Myanmar. In theory, the most fully realised sanction programme results in a total prohibition of trade with the targeted state, but this is not the case with the EU sanctions on Myanmar. In fact, the European restrictive measures did not apply²⁴ to the existing European enterprises in Myanmar as ‘French energy giant Total remained heavily invested in the exploitation of gas fields and Lloyd’s continued to provide reinsurance to a local insurer.’²⁵

Graph 3, featuring EU trade with Myanmar over a long period of time between 1995 and 2012, shows a consistent and commercially pragmatic approach by the EU Member States. Even if trade peaks form when sanctions are not as strong as those imposed in 2001, their decreasing trend shows a trade flow with a positive trade balance in favour of the EU with a resurgent peak in 2007. Graph 4 features a positive trade balance for the EU until 2011, becoming sharply negative until 2014 and resurging in 2015 just after the sanctions were lifted.

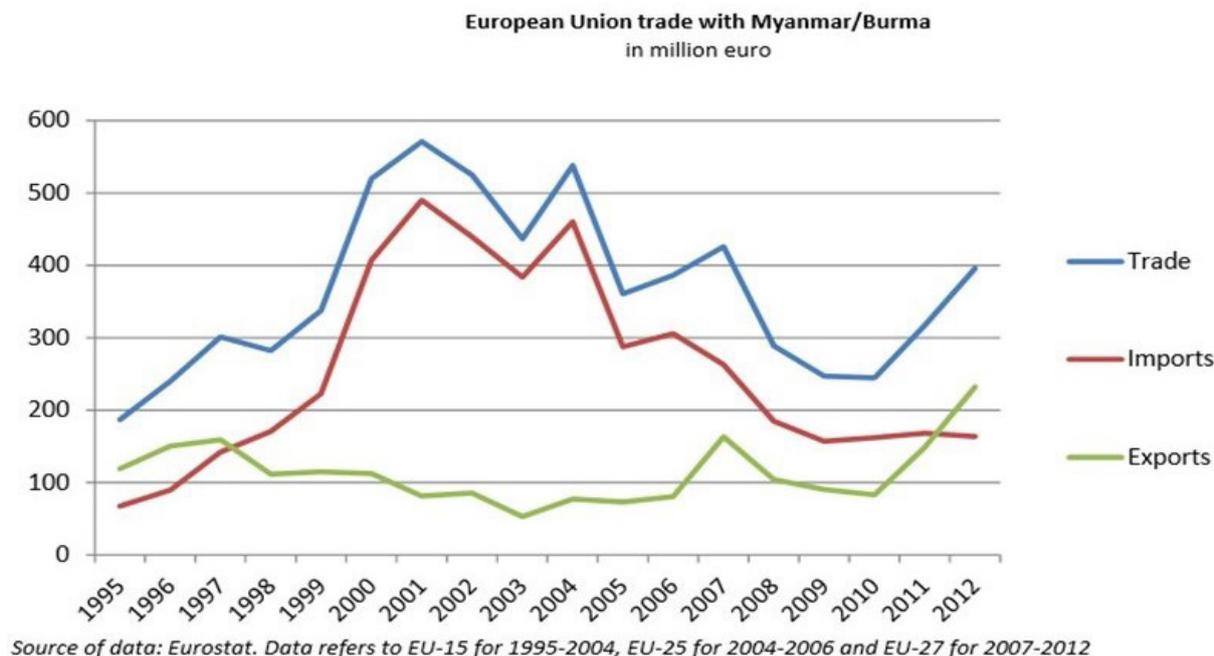
Indeed, since the junta’s 1988 coup d’état there has been a wider economic opening than during General Ne Win’s autarky. The Burmese National League for Democracy considers that ‘Sanctions are the result of decisions made by the countries concerned, not the outcome of demands by political parties, organizations or individuals in Burma.’²⁶

24 ‘There were also certain exceptions to the sanctions. [...] Sanctions were applied only to certain state-sponsored enterprises which included breweries, pineapple juice companies, steel companies and a number of mills and mines. The sanction did not include several of the biggest state-run companies, such as the Myanmar Oil and Gas Enterprise (MOGE), the Myanmar Timber Enterprise and the Myanmar Post Telecommunications. The EU companies were not restricted from funding these major companies. The investment of France’s Total Oil Company through MOGE alone provided the Myanmar military government around US\$450 million a year. The shortcoming of sanctions were largely corrected by the European Union’s November 2007 Common Position (Howse and Genser 2008, 175-6). [...] [S]anctions did not stop European Union’s business in Myanmar. Interestingly, there was an increase in foreign and direct investment, which rose from US\$180 million in 1996 to US\$400 million three years later before it dropped to the pre-sanctions level. Similarly, the EU exports also rose from about US\$100 million in 1996 to four times higher in 2001, though it dropped again later.’ KIPGEN, Nehginpao, *Democratisation of Myanmar*, Routledge India, 2016, 224 pages, *passim*.

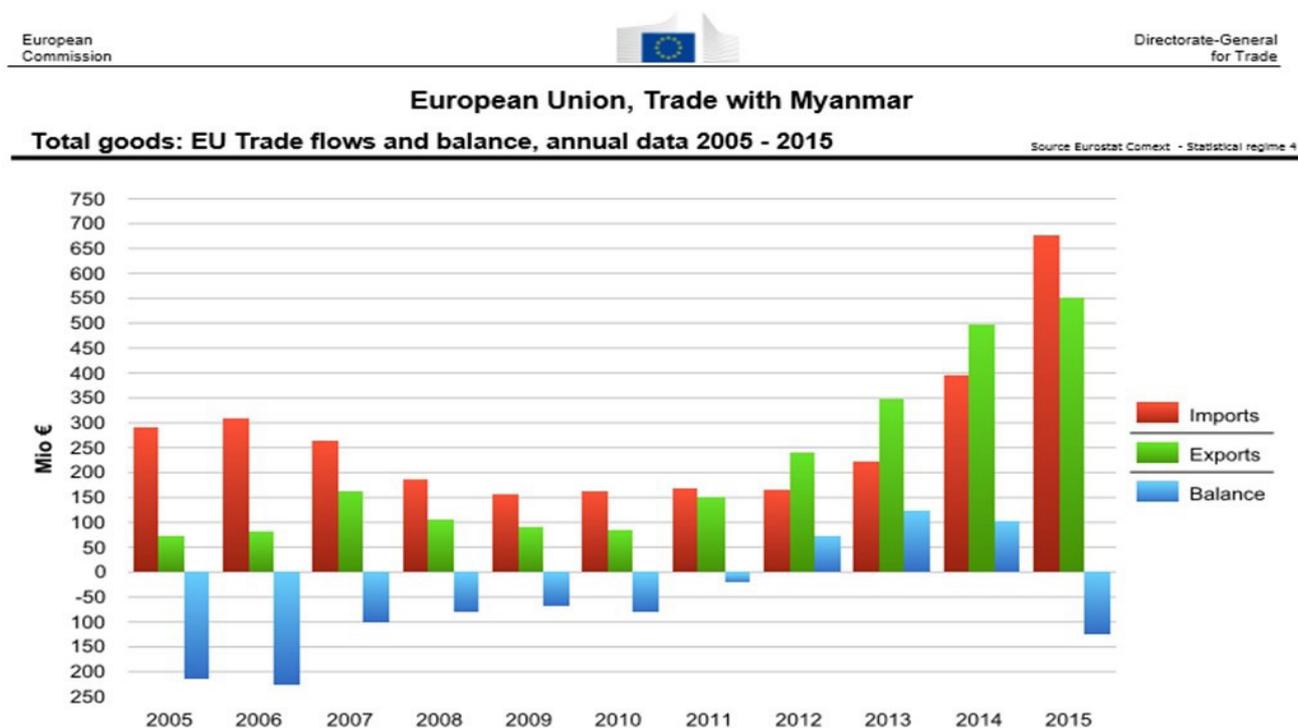
25 ‘Europe was the largest investor in Burma between 1995 and 2005 with cumulative FDI worth \$1.8 billion; in comparison, the total FDI from ASEAN member countries was about half this. The UK and France were the major investors in Burma for the same ten-year period of 1995–2005 [...]. In other words, the EU imposed sanctions in a way that would limit the damage they would do to its own economic interests.’ GEBERT, Konstanty, ‘Shooting in the dark? EU sanctions policies’, European Council on Foreign Relations, Brief policy/71, January 2013, p. 4.

26 NATIONAL LEAGUE FOR DEMOCRACY, ‘Sanctions on Burma: A Review by the NLD’, 8 February 2011 <http://www.burmapartnership.org/2011/02/sanctions-on-burma/>, visited 24 February 2016.





Graph 3: EU Trade with Myanmar from 1995–2012.²⁷



Graph 4: EU Trade with Myanmar from 2005–2015.²⁸

²⁷ GIUMELLI, Francesco; IVAN, Paul, 'The effectiveness of EU sanctions: an analysis of Iran, Belarus, Syria and Myanmar (Burma),' EPC issue paper N°76, November 2013, p. 35.

²⁸ 'European Union, Trade in goods with Myanmar', http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113423.pdf, p.3.

3.4. ECONOMIC IMPACT VARIES BY TARGETED ECONOMIC SECTOR

The economic impact varies according to the sector targeted. The embargo on arms is considered ineffective because Myanmar bypassed it with the help of China and Russia. The visa ban is also considered ineffective as although the members of the Burmese junta are confined to their own country by its terms, Myanmar provides them with all the resources they require. Therefore, the Burmese democratic opposition is convinced that these sanctions chiefly had a psychological impact on the junta as the junta perceived them as a humiliation. The sanctions also psychologically supported the democratic opposition in its struggle against the junta.²⁹ The prohibition of financial loans or credit to Burmese state-owned enterprises targeted only the formal³⁰ Burmese domestic economy, entirely controlled by the junta, and not the informal economy which is the main source of people's income. This EU measure did have an impact by causing closures among some Burmese manufacturers unable to pay their workforces,³¹ but the prohibition of purchase of timber, metal and precious stones had no real impact as these resources are sold by economic diversion through Thai parallel circuits.³²

CONCLUSION

The EU sanctions against Myanmar found a compromise between EU values and EU economic interests. The EU established sanctions against Myanmar because of the massive human rights viola-

29 'Without this economic support from China, it is likely the SPDC would have lost power and/or been forced to implement reform aimed at liberalisation far sooner than it eventually did as it lacked sufficient tax revenue to otherwise run the state. China's economic relations with Myanmar, therefore, were an essential contributing factor to nearly two decades of horrific human rights abuse in Myanmar as well as underdevelopment of its economy during the same period.' REEVES, Jeffrey, *Chinese Foreign Relations with Weak Peripheral States: Asymmetrical Economic and Insecurity*, Routledge, Asian Security Studies, 2015, 258 pages.

30 'The dualism of Burma's economy dates back to the early colonial era. Indeed, the phrase 'dual economy' in reference to a formal sector dominated by a social and political elite, and an informal sector within which the bulk of a population earns its living, can be first ascribed to the renowned scholar and administrator of colonial Burma, J.S. Furnivall.' TURNELL, Sean (Dr.), 'The Efficacy of Economic Sanctions on Burma', Burma Economic Watch, Macquarie University, Sydney, Australia, October 2009.

31 « *L'interdiction d'importer des textiles et des bois birmanes dans la plupart des pays occidentaux a plombé l'économie de ces deux domaines d'activité qui nécessitaient une vaste main-d'œuvre, ce qui a entraîné la fermeture de maintes usines, petits commerces et menuiseries d'un secteur échappant pourtant en grande partie à la sphère militaire.* » EGRETEAU, Renaud, p. 283.

32 « *De même, les nouvelles sanctions restrictives sur le commerce des pierres précieuses – dont la traçabilité reste une gageure – n'affectent en rien la plaque tournante régionale de ce négoce intra-asiatique qu'est la ville de Ruili, à la frontière entre la Birmanie et le Yunnan.* » Ibid.



tions perpetrated against demonstrators during the 8888 Uprising in the late 1980s. The lack of respect accorded to the first democratic election results of 1991 reinforced EU grievances against Myanmar. Following the economic crackdown in 1980s Myanmar and after the regime change from General Ne Win's dictatorship to SLORC, Myanmar's national economic market became a fertile field for foreign investments. Some EU Member States could not entirely cut all trade exchanges with Myanmar in this context of economic opportunities. Furthermore, the severance of commercial ties meant that the EU let Myanmar develop and intensify trade with its neighbours and particularly with China, the emerging power of the region.

There is a nuance to consider in the EU sanctions programme as the prohibition on trade and investment in Myanmar was applied to any future and potential enterprises and investments in the country, and not existing ones. French oil firm Total and British insurers Lloyds maintained their economic activities in Myanmar during the period in which sanctions were in force. This nuance preserved a toehold for EU economic interests while the rest of the programme demanded that Myanmar adopted EU values in its own internal policy towards its population. There is indeed a continuum in the choice imposed by the dilemma the EU faces when her Member States sanction a third state. The EU sanctions targeting Myanmar are positioned between EU values and EU economic interests. But the economic impact of those sanctions has been limited and the causal link between European sanctions and later Burmese democratisation is not proven. This recent political development in Myanmar perhaps owes more to internal factors.

EU economic sanctions have been skilfully elaborated to protect existing European economic interests in Myanmar, but they have also been marginal and symbolic³³ and damaged the Burmese domestic economy. This leads us to conclude that the EU chooses to favour the protection of its own economic interests while exhorting Myanmar to respect human rights values.

33 « Pertinence des sanctions / Rétorsions Au XXIème siècle : Mutations, Objectifs Et Moyens », *Etude Prospective et Stratégique* n° 2014-10, Direction générale des relations internationales et de la stratégie (DGRIS), Ministère de la Défense (France), Eurocrise, Agence d'Intelligence Stratégique, 25 March 2015, pp. 18-21.

Liste des notes d'analyse précédentes

(cliquez pour y accéder)

TETU P.-L., *Géopolitique de l'approvisionnement de la Chine en matières premières : L'Arctique, une région prioritaire?*, Note d'analyse n°47, Mai 2016.

HUNG Jui-Min, *Un acteur global ? Une évaluation sur l'embargo de l'UE vis-à-vis de la Chine*, Note d'analyse n°46, Avril 2016.

de WILDE d'ESTMAEL Tanguy, *La « communauté internationale », l'UE et la Syrie : d'une impossible gestion de crise à une convergence limitée?*, Note d'analyse n°45, Mars 2016.

GOSSE-LEDUC Cédric, *Suède et corruption : la sauvegarde de l'image sur la scène internationale*, Note d'analyse n°44, Février 2016.

DESPLANQUE Simon, *La dimension politique des achats militaires : le cas de la Belgique*, Note d'analyse n°43, Février 2016.

FOLLEBOUCKT Xavier, *Les leçons du passé : La Russie et le nouveau « conflit gelé » ukrainien*, Note d'analyse n°42, Décembre 2015.

SOLIEV R., *Tajikistan-European Union relations going forward*, Note d'analyse n°41, Décembre 2015.

DESPLANQUE Simon, *Les Simpson et l'Amérique: un autre regard sur l'Oncle Sam*, Note d'analyse n°40, Septembre 2015.

FERON Antoine, *The EU High Representative's Declaratory Diplomacy : Declarations and Statements in the Post-Lisbon Era*, Note d'analyse n°39, Août 2015.

de WILDE d'ESTMAEL Tanguy, *Crimée, châtiment?*, Note d'analyse n°38, Juillet 2015.

Nos
autres
publications

ICI

