The European Union and Myanmar/Burma –

A new chapter in bilateral relations

The democratic transition. Since a new government came to power in early 2011, Myanmar/Burma has embarked on a remarkable path of political and economic reforms, departing from five decades of authoritarian rule. The government has committed itself to introducing genuine democracy and some significant steps have been undertaken towards establishing a more open and equitable society. President U Thein Sein's ambitious three-pronged reform process comprises democratic transition, economic and social reforms, and an ethnic peace process. The government stated that the reform process will be inclusive and participatory, bringing all interested parties together, including civil society and the private sector.

Opposition leader Daw Aung San Suu Kyi's release from house arrest and her National League for Democracy's return to the formal political process were further milestones in the peaceful transition to democracy and have injected a positive dynamism into political life.

The EU has welcomed the release of a substantial number of political prisoners, the major progress made on improved freedom of expression, assembly and association and the unprecedented peace initiative towards ethnic armed groups in a bid to advance national reconciliation in the country's multi-ethnic society. President U Thein Sein is committed to releasing all prisoners of conscience by the end of 2013. A nationwide ceasefire conference is likely to take place in the coming months. This will open the way to a National Peace Conference.
Challenges remain considerable. While these changes are positive, the country faces numerous complex challenges in terms of democratisation, economic development, the situation of human rights, and peace and national reconciliation, including inter-communal relations.

Decades of economic mismanagement and isolation have led to deep-rooted structural poverty. Economic growth is narrowly based on extractive industries. Unemployment is very high and GDP per capita is the lowest among South East Asian countries. More than 50 years of dictatorship have eroded state institutions and undermined citizens’ confidence in the state's capacity to deliver. Only recently the climate of fear that pervaded the country has begun to be lifted, and citizens have found a new confidence to organise, express their views and complain about injustices. At the same time, the judiciary and public administration are still too weak to allow the rule of law to take hold. There is limited institutional and technical capacity to carry out detailed policy planning and implementation. Poor data quality represents a major impediment in efficient planning and policy making. The last population census took place 30 years ago.

While progress on human rights is visible, serious challenges remain, particularly in regard to minorities and land rights. The EU still expects the unconditional release of all remaining political prisoners and the removal of restrictions placed on those already released. Reports about new arrests of human rights activists are of concern. While ceasefire negotiations with the Kachins have gained momentum in the past month, there are reports about skirmishes in resource-rich Kachin State, illustrating the complexity of forging a sustainable political settlement with the country's ethnic minorities. Inter-communal violence in Rakhine State and other parts of the country has raised grave concerns, leading the EU to reiterate its calls on the government for addressing the status and improving the welfare and human rights of the Muslim Rohingya population.

The EU's objectives and policy. The Comprehensive Framework defining the EU’s policy and support in the next three years to the ongoing reforms in Myanmar/Burma was adopted by the Foreign Affairs Council on 22 July 2013. Peace, democracy development and trade and Myanmar/Burma's engagement with the international community have been identified as main areas for engagement.

The EU's Political Support. In April 2012, the EU's restrictive measures imposed on the government have been suspended then in 2013 lifted (with the exception of the arms embargo) as a means to welcome and encourage the reform process.

The official visit of the High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission Catherine Ashton in April 2012 marked a new beginning in bilateral relations. The High Representative opened an EU Office in Yangon, thus making possible more regular contacts and the establishment of fruitful, constructive bilateral dialogue with key stakeholders. As of September 2013, the EU has a full-fledged delegation in Yangon demonstrating the expansion and importance of bilateral relations.
The EU supports the process of bringing peace and stability to ethnic regions and of opening a long-term perspective to their development, as highlighted by the EU's substantial support to the Myanmar Peace Centre which was announced by the President of the European Commission Jose Manuel Barroso during his visit in November, 2012. The EU supports the peace and reconciliation efforts by civil society and ethnic parties, mine clearance, civilian ceasefire monitoring, crowd management and community policing. These initiatives make the EU the largest grant donor to peace related projects in Myanmar/Burma.

The EU uses its dialogue with the government - bilaterally, as well as in multilateral frameworks and EU-ASEAN meetings - to raise concerns and to encourage the government to continue the process of positive change.

The Myanmar-EU Task force, which will take place on 13-15 November, is meant to provide comprehensive support to the transition in Myanmar/Burma, by bringing together all tools and mechanisms available to the EU, both political and economic (development aid, support to the peace process, investments).

**EU Development Cooperation.** The EU has responded quickly to the country's changes, EU development cooperation has more than doubled in value and expanded in scope (the EU is among the biggest donors). In February 2012 Commissioner Piebalgs announced a package of €150 million for 2012 and 2013 to support immediate needs and the country's inclusive development plans. These funds build upon existing support to the Millennium Development Goals in the social sectors of health, education and livelihoods/agriculture, while also helping to improve the capacity of government to advance its reforms. Capacity building activities are initially focusing on improving statistics, planning, environment policy, trade and migration. Funding for civil society will be increased. The EU already provides support to the Myanmar Human Rights Commission, as well as assistance to democratic institutions and for electoral reform.

As a consequence, today the EU's ongoing development assistance portfolio in the country amounts to over €200 million. For the period 2014-2020 it is planned to maintain similar high levels of aid. The increase in aid flows requires better donor coordination and the EU is supporting the government and playing a leading role in this with Member States and other development partners. The government has recently stepped up efforts to cooperate with donors and ensure that foreign aid is used effectively to support the ongoing reforms, notably through the successful first Myanmar Development Cooperation Forum held in January 2013. Discussions continue with the government, other donors and other stakeholders on the focal areas for future EU assistance. In this respect, the Commission is also taking forward a joint programming process with EU Member States.

**Instrument for Stability.** Furthermore, the EU funds specific projects through its Instrument of Stability:

- Reform of the Myanmar Police Force. Following a request of the Government as well as the opposition, the EU has decided to support the reform of the police force in the areas of crowd management and community policing with a €10 million package. Improving respect
by the police for human rights and the accountability of the police to Parliament, civil society and the media will be at the heart of this action.

- Peace Process. Committed to contribute to a sustainable peace accord in the country, the EU has since 2012 been supporting Government, international organisations and non-state actors with a total of €16 million under the Instrument for Stability. A major programme in this respect is funding the Myanmar Peace Centre (approximately €7 million), since its initial set-up. In addition, the EU provides support to ethnic and civil actors in order to facilitate further ceasefire agreements, comprehensive political settlements and support peace building, including a civilian ceasefire monitoring mechanism and a separate programme to enable pilot demining operations in the ethnic areas.

- Crisis Response Centre. The EU and Myanmar/Burma agreed to work together on preparedness, response and resilience to emergencies, by building up a professional and effective response system. A National Crisis Response Centre is now being established with the support of the EU.

**Humanitarian aid.** The EU is encouraged by recent improved humanitarian access to vulnerable communities in non-government controlled areas in Kachin, following ICRC and UN ad hoc convoys. In Rakhine State, concern remains for continued segregation of the communities and lack of freedom of movement and livelihood opportunities of the Rohingya.

In 2013, the Commission is implementing a total of €19.5 million in humanitarian aid to Myanmar in response to the conflict in Kachin State, in support of the victims of communal violence and discrimination in Rakhine State, and to areas affected by conflict along the Eastern border. Priority sectors included water/sanitation, food/nutrition/livelihoods, primary health care and protection. ICRC received support for their protection activities and an orthopaedic centre in Kayah, and UNOCHA and UNDP were funded for coordination and information management/mapping. A further € 1.65 million has been allocated for disaster risk reduction activities under the Commission's DIPECHO programme, targeting coastal flood prone areas and earthquake preparedness activities in Myanmar.

**The EU's Economic Response.** Progress on combating forced labour, gaining approval at the International Labour Organisation, has opened the way for the EU to reinstate preferential market access for the country's products to the European market to boost the local economy and provide vital economic support to the people at this crucial time. In July, 2013, the EU reinstated Myanmar/Burma's access to the Generalised System of Preferences (GSP) which provides for duty-free and quota-free access for the country's products to the European Single Market. Furthermore, the EU and Myanmar/Burma have agreed explore the feasibility of a bilateral Investment Agreement to encourage investment.

The EU recognises the vital contribution the private sector has to make to the country's development and would welcome European companies exploring trade and investment opportunities. This should be done by promoting the practice of the highest standards of integrity and corporate social responsibility. These are laid out in the OECD Guidelines for Multinational Enterprises, UN guiding principles on business and human rights and the EU's
own CSR strategy 2011-2014. The EU is committed to working with the authorities, the private sector and the people to create the best possible regulatory environment for business operators.

The EU also welcomes the willingness of the government to address environmental risks, in particular those related to deforestation and the loss of biodiversity. It therefore encourages the government to begin a dialogue with the EU on ways to ensure the sustainable management of forests and harvesting of timber. It will work with the authorities to promote transparency and accountability in extractive industries as well as in environmental protection, in particular through Forest Law Enforcement, Governance and Trade (FLEGT).

More Information


