

SPECIAL REPORT

FROM PROXY TO PRINCIPLE: SINGAPORE'S MYANMAR POLICY

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INTRODUCTION

The relationship between Singapore and Myanmar is controversial, complex, and evolving. Singapore is closer to Myanmar than other developed nations; it engages Myanmar through dialogue, investment, aid, and technical assistance. But it is not a defender of the regime, and increasingly it has offered critical comments. Meanwhile, Singaporean businesses are not deepening their economic engagement and investments in Myanmar. A wave of early investors went into the country when it first opened up economically and joined ASEAN, but this has tapered off in response to economic conditions and uncertainties in the policy environment for business.

The complexity of the Singapore–Myanmar relationship was reflected in the breadth of opinion offered by participants who attended a roundtable discussion hosted by the Singapore Institute of International Affairs on September 30, 2009. Leaders from the Singapore academic, business, and nongovernmental organization (NGO) communities attended the meeting. Their contributions are graciously acknowledged and provide a strong foundation for this report. Although the group did not reach an overarching consensus on how Singapore should engage Myanmar, the participants did reach conclusions on several points while illuminating many aspects of the relationship. The discussion reflected

differences over Myanmar among the different sectors of society represented in the dialogue, as well as shifting public opinion of Singapore's own image and responsibilities. The group highlighted several concerns about the Myanmar situation and Singapore–Myanmar relations, some gleaned from the group's uniquely Singaporean perspective. At the meeting's end, the group proposed a spectrum of options for considering policy recommendations.

This report summarizes the dialogue in four sections. First, the overall outlook on Myanmar is presented. Second, Singapore's involvement with Myanmar in four sectors is described: government and diplomacy, business and trade, humanitarian aid and technical assistance, and military ties. Third, Singapore's policy options are discussed and sketched on a spectrum from "proxy" to "pragmatic" to "principled" approaches. Finally, the report suggests how Singapore's strategy fits into regional and global contexts.

THE OVERALL SITUATION IN MYANMAR

Several factors suggest that Myanmar is at a critical juncture in its development, and thus it is imperative for countries and organizations, including Singapore, to review their policies. First, the global economic crisis seriously harmed Myanmar's economy. Although official statistics indicate constant annual GDP growth of over 10% since 2007, this is not consistent with other variables closely correlated with GDP, such as energy use. The economic outlook in Myanmar is dim, for both domestic and foreign enterprises. Some participants suggested that the Myanmar government's desire to reinvigorate its economy is one of the reasons why the country has opened up diplomatically.

Second, the new U.S. strategy of engaging Myanmar through dialogue has implications for Myanmar, as well as for the strategies of Singapore and others. Though the United States plans to maintain its economic sanctions, it has shifted more toward endorsing a pragmatic strategy similar to that of Singapore's. Myanmar is making overtures to the United States, perhaps signaling that it is concerned about the implications of being too close with China.

Third, the Myanmar government has announced its intention to hold elections in December 2010. While

questions remain about their integrity and fairness, the elections will catalyze political activity. In the aftermath of the elections, engagement with Myanmar will have to be reshaped.

The situation in Myanmar has immediate implications for the Southeast Asia region. A number of regional security questions persist. Concerns include the Myanmar government's nuclear ambitions and its potential alliance with North Korea; the inability to stem the rampant illegal drug trade; the flow of refugees into neighboring states; and the potential for instability and civil war in its northern provinces. The international community is also concerned with ongoing human rights abuses in Myanmar. Outside these immediate problems, the international community should also consider the missed opportunity cost of development in Myanmar. The country is well situated and contains a wealth of natural resources, including large oil and gas deposits. If the government could better manage their development and stability, Myanmar could be a positive contributor to the regional and global economies.

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Therefore, both the regional powers and the international community have a responsibility and a strategic interest in addressing the situation in Myanmar. There is a responsibility to Myanmar's citizens to determine what kind of engagement is best for creating that change. The ASEAN member countries, including Singapore, must address the situation in Myanmar as neighbors. Nevertheless, their approach should be considered in light of their smaller capacity and what they can realistically accomplish. One advantage of the ASEAN engagement is that it constantly brings Myanmar delegates together with their ASEAN counterparts for diplomatic meetings at multiple levels. In an average year, this consists of 250–300 meetings. Though this has not precipitated change on its own, it still should not be scrapped, but rather maintained going forward, as Myanmar opens up. ASEAN can then leverage its increased access.

Government-to-Government Relations

Singapore's official diplomatic stance is that it wants to engage Myanmar and offer "input," rather than pressure the regime. It has acknowledged Senior General Than Shwe's statement that he would like to bring the country toward democracy in a step-by-step, cautious, but practical approach. Goh Chok Tong, Singapore's senior minister and former prime minister, has said that Myanmar's planned elections in 2010 must be inclusive, and that Aung San Suu Kyi's National League for Democracy (NLD) must be part of the process of national reconciliation. He has said that the elections must be "free and fair," and that Suu Kyi must be allowed to campaign for her party. More recently, Singapore has welcomed the shift in position by the United States and Europe, with Goh arguing that "our engagement with Myanmar must take a longer term view beyond 2010. Singapore sees the army as being part of the problem but also a necessary part of the solution . . . [the solution] will take time."

The Singaporean position is inclusive: it sees the military, Suu Kyi, the National League for Democracy, and the various ethnic groups as part of the long-term evolution of Myanmar society. Another comment by Goh in 2009 helps illuminate Singapore's position toward the military government, one not necessarily of unmitigated support, but of clear sympathy. "Senior General Than Shwe is in a very difficult position. He has inherited this military regime. Myanmar has come to a cul-de-sac, how does it make a U-turn? I think that's not easy." Compared to other countries, the Singapore government has a good relationship with Myanmar. It permits Singaporean businesses to trade with Myanmar and has been active with humanitarian aid projects. Nevertheless, the Singapore government has openly criticized the Myanmar government's human rights violations, and it is working to strengthen ASEAN's position on the situation.

This recent shift in policy toward increased public censure may have changed the Singapore-Myanmar relationship already. One discussant pointed out that "right now we may be in the doghouse with the junta. They may still accept us, but reluctantly now." Another discussant disagreed, arguing that Myanmar "still regards Singapore as a good friend." One potential indicator of Singapore's reputation is the frequency and timing of diplomatic visits. Goh, who served as Singapore's prime minister from 1990 to 2004, visited Myanmar on a goodwill trip in June 2009. In doing so, he became the first foreign leader to make an official trip to Myanmar and meet with the country's

leadership since the controversial jailing of pro-democracy leader Aung San Suu Kyi a month earlier. During his visit, he inaugurated a hospital in a township whose construction was funded by Singaporean aid. The aid was part of a recovery plan after Cyclone Nargis struck Myanmar in 2008. Goh also met with Myanmar junta chief Than Shwe at the country's administrative capital. Prior to Goh's visit, the previous diplomatic visit by a Singaporean minister occurred when Minister for Foreign Affairs George Yeo made an official visit on April 2–4, 2007. He met Acting Prime Minister Lieutenant General Thein Sein and discussed enhancing bilateral cooperation through cultural exchange, trade, and investment.

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The purpose of such diplomatic visits has not been to congratulate or endorse the Myanmar regime. Rather, it has been to confer with the government, to discuss alternative policy approaches, and even to advise. One criticism of the Myanmar military leaders during the dialogue was that "they have no idea how to run a modern economy." Singaporean politicians have also brought up the situation of Suu Kyi with members of the regime. On his June 2009 visit, Goh told junta leader Than Shwe and Prime Minister Thein Sein "not to ignore the global interest in the Aung San Suu Kyi trial." Earlier, Singapore had announced that it was "dismayed" by the charges against her and urged the junta to release her. Singapore had expressed concern over what the verdict and sentence might be.

Trade and Business

The Singaporean government has never prevented Singaporean businesses from investing in Myanmar. This differentiates Singapore from most other developed countries, which have placed sanctions or other limits on investment. Instead, Singapore's position is consistent with the ASEAN policy of "constructive engagement."

There is a significant amount of Singaporean investment in Myanmar, as well as trade between Singapore and Myanmar. According to Myanmar

official statistics, Singapore and Myanmar's bilateral trade amounted to more than US\$2.009 billion, ranking Singapore as Myanmar's third-largest trading partner. Of that trade, Myanmar's exports to Singapore accounted for US\$896.86 million, while its imports from Singapore represented US\$1.112 billion. Singapore's total historical foreign direct investment in Myanmar since its opening in late 1988 has reached more than US\$1.5 billion. This makes it the third-largest foreign investor after Thailand and the United Kingdom. In terms of foreign direct investment, Singapore was the third-largest investor in Myanmar after China and Thailand in 2008. Much of the investment is in the area of infrastructure, such as the construction of hotels, shipping, and services.

The climate for trade with and investment in Myanmar is poor. Companies report that results are 'mixed' at best and 'disappointing' at worst.

Misconceptions about the nature of trade between Singapore and Myanmar should be addressed. First, there are no throngs of Singaporean businesses profiting at the expense of Myanmar citizens. The climate for investment in Myanmar is not good, and few wish to do business there. As George Yeo, Singaporean minister for foreign affairs, put it in 2007, "Generally speaking, our businessmen are not doing well in Myanmar and many regret having invested there." Additionally, Singapore's trade with Myanmar represents only a tiny percentage of its own total trade figures—less than a quarter of 1%. Singaporeans do operate hotels, breweries, and other businesses in Myanmar, but these are limited in scale and involve investments that were made earlier, when the country was first opening up.

Despite Singapore's trade ranking, the climate for trade with and investment in Myanmar is poor. Companies report "mixed" results at best and "disappointing" outcomes at worst. There are no businesses making huge profits in Myanmar. Most companies have downgraded or even written off the future potential of those enterprises. And there are few companies, if any, aiming to increase their Myanmar operations. Those businesses that still operate in Myanmar are there because they made long term investments 5–10 years ago, hoping that the climate for business would improve. It has not. It may still be possible for a Singaporean company to run a profitable business in Myanmar, but unless there is

significant reform, the outlook is grim. Companies may continue to operate there, but they admit that the long-term value of their operations is a fraction of what it was 5–10 years ago.

The final misconception is that the Singapore government does business with the Myanmar government. In fact, trade with Myanmar has occurred principally through Singaporean businesses, unrelated to the government. The Monetary Authority of Singapore, Singapore's de facto central bank, does not put sanctions on business with Myanmar. Otherwise, there is no government involvement. Those with business experience in Myanmar pointed to the prevalence of double taxing, unreasonable licensing, and other rent-seeking behaviors. Dealing with Myanmar officials also presents inherent difficulties. Some officials, though cordial, have sought personal gain, to the detriment of an overall business deal. Seeking to maximize local profits, some have demanded that Singapore businesses decrease their stake in their Myanmar operations.

Clearly, there are changing conditions for investment that have affected the attitudes of investors to the country, even without considering political factors and the ongoing controversy of doing business with Myanmar.

Humanitarian Aid

Discussants underscored the importance of humanitarian efforts, and they agreed that they have been somewhat successful thus far and should continue. Singapore's technical assistance problem and the humanitarian aid for Cyclone Nargis were cited as successful examples.

Technical assistance represents a significant part of Singapore's engagement in Myanmar. In 2007, Singapore announced that it would give S\$30 million more for technical assistance programs to the Initiative for ASEAN Integration. This initiative aims to narrow the development gap in ASEAN with newer members Cambodia, Laos, Myanmar and Vietnam. The goal of the program is to train civil servants in Myanmar and elsewhere. The extent of assistance to Myanmar is unclear, but the program has been widely heralded as a success.

Singaporean NGOs have been working with Myanmar since 1996, focused on health, education,

and social welfare. In the words of one of their administrators, the work “has been pretty successful.” The Singaporean NGOs that attended the dialogue work closely with the military government, as well as the Singaporean government. Apparently, the Myanmar government views Singaporean NGOs as an extension of the Singaporean government. Opportunities for Singaporean NGOs are increasing, as they will now be allowed to engage directly with Myanmar NGOs, albeit only with ones sanctioned by the government. Previously, Singaporean NGOs were not allowed to work with Myanmar NGOs. There was a concern that they would “spread values.”

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But several challenges remain. Securing private funding has been difficult as a result of private corporations’ reluctance to be seen as involved with the Myanmar government. One solution has been for companies to provide services indirectly, such as sending doctors to build up the skills of their Myanmar counterparts. But even where there is an opening for engagement, it is difficult for NGOs to push the envelope. Singaporean NGOs are aware that one misstep at any time could result in a total loss of access. One suggested solution is for NGOs to ensure that they remain nonpolitical; in the case of one Singaporean NGO, the Myanmar government has recognized this and allowed them to operate relatively freely.

Finally, it remains to be seen whether aid opportunities create a foothold for political change. The optimism seen in the aftermath of the aid response to Cyclone Nargis has dissipated. Political benefits from humanitarian development may only be realized in the long term.

Public Opinion

Government-to-government relations and business conditions, however, must be contextualized within the broader context of civil society. Public opinion on the Myanmar issue is becoming increasingly diffuse, and this has implications for public policy. In Singapore, as in many other places, there are two sides to this

debate. Businesses want to carry on and invest, whereas others want to effect change through sanctions and censure. There is little concrete data on Singaporeans’ public opinion on the Myanmar situation. One discussant at the roundtable suggested that Singaporean youth were becoming more and more incensed about the Myanmar situation and the human rights abuses reported there. In response to the regime’s suppression of the “Saffron Revolution” of 2007, there were public protests in Singapore. A Singapore opposition party leader and several of his supporters were arrested on October 8, 2007, for gathering outside the presidential palace to protest the city-state’s trade ties with Myanmar. But because Singapore has stringent laws against outdoor gatherings of four or more people without a permit, such incidents occur infrequently.

International Pressure

Discussants from all sectors recognized that Singapore’s engagement with Myanmar does not occur in a vacuum. Engaging Myanmar comes at a cost to Singapore’s international image. The relationship has been a target of international criticisms, especially among nongovernmental organizations and pro-democracy groups focused on the country. Issues that are subject to these pressures include questions of whether the junta relies on the Singaporean banking system for monies that some consider “illicit”; whether junta officials utilize Singapore for other services, including medical treatment; and whether Singaporean entities have ties to Myanmar’s defense industry.

The dialogue recognized that there is indeed evidence for some of these links. For example, in 2007, Than Shwe received treatment for intestinal cancer in a government hospital in Singapore. However, most felt that this should not be condemned, as this was an essential medical treatment. On financing, Singaporean officials, including Prime Minister Lee Hsien Loong, have strongly denied allegations that the city-state allows its banks to keep illicit funds on behalf of Myanmar’s military rulers. A number of discussants emphasized that Singapore serves as a hub for the entire region, and that existing ties with Myanmar leaders were consistent with that hub role and within the applicable international rules. It was not, therefore, a case of preferring the

junta officials but of refusing to discriminate against them in the absence of binding sanctions.

POLICY OPTIONS

Evaluating the success or failure of Singapore's engagement strategy is difficult. As in most international relations dilemmas, it is difficult to establish causation between one country's policies and outcomes in another. The regime still holds power, and it is difficult to label any country's strategy a "success" if regime change is the objective. However, if a less ambitious goal is to engage and influence the regime, several discussants held to the belief that Singapore's engagement may have been more productive than that of other countries.

Singapore's involvement has been one of continued dialogue, investment, aid, and technical assistance in training civil servants. One alternative is what may be called the "principled" approach, which focuses on democracy, human rights, and good governance and even resorts to economic sanctions and travel prohibitions and refuses to engage in dialogue and other policy measures to limit or condition interaction with the junta. Another alternative—on the opposite end of the spectrum—would be to serve as a "proxy" for the junta. This would entail supporting it, defending and justifying its actions, continuing with large-scale investments and increasing trade, and providing military aid.

The most contentious issue is whether Singapore's business engagement has indirectly benefited Myanmar society by facilitating economic growth, or whether it has merely served to increase the cash flow of the military government. It is likely that both have occurred. To which degree each has occurred is unclear. But one advantage of Singapore's approach is that it gives the country some leverage and influence over the regime.

Discussants did not reach a consensus on how to best engage Myanmar; rather, a spectrum of options was agreed upon. This reflects the breadth of public opinion in Singapore. Some advocated the "principled" approach of sanctions and nonengagement where there are violations of human rights and democracy and a disregard for good governance. Some discussants pointed to a growing concern among Singapore's youth, as well as in Singapore's Burmese community. Others disagreed with this, advocating a "pragmatic" approach of increased dialogue, trade,

and investment. This could provide the most benefits to both sides. A small minority, however, believed that Singapore should play a role as "proxy" for deeper and unconditional engagement.

The Proxy Approach

The proxy approach, in its most extreme form, maintains that engagement with Myanmar should continue normally, on the grounds that the military junta is the least of all potential evils. One premise of this argument is that although Suu Kyi is a captivating public figure, Myanmar would be worse off under her National League for Democracy party. The argument is that as heinous as some of the junta's offenses may be, under the National League for Democracy, the country would devolve into chaos and civil war. The assumption is that the "iron fist" of the military junta has stabilized Myanmar. As this point of view recognizes the junta as the best form of government, it also implies an acceptance of its actions and permitting all business activity. This view was not espoused by any of those present at the Singapore roundtable. However, elements of this view were incorporated into arguments against the principled approach of sanctions and censure.

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The Principled Approach

Under the principled approach, Singapore would seek to emulate the posture that the United States and the European countries assumed during the 1990s and 2000s. Namely, strategies would include disengagement, economic sanctions, and refusing to listen to the junta. The rationale for this strategy is that continuing to invest in Myanmar funds the junta's human rights offenses and sustains it, while continuing a dialogue with Myanmar legitimizes the regime.

The Pragmatic Approach

The pragmatic approach occupies a middle ground between the proxy and principled approaches. It is also most consistent with Singapore's current policy of engagement with Myanmar. According to this view, Singapore would continue to work for change, but in a quieter way. Aid, investment, and technical assistance would continue, but quietly. Singapore could come up with an independent voice to advise Myanmar, possibly through a backdoor policy. As one discussion participant put it, "This is an opportunity to go in, but not flying the 'I am so principled' flag. We can't dictate, either." Likewise, a number of participants advocated engaging more deeply in humanitarian and development assistance on a people-to-people level.

For some, the pragmatic approach must evolve in light of the fact that ASEAN has given more prominence to good governance, human rights and democracy in the ASEAN Charter. Therefore, where there are clear violations by the junta, even the pragmatists would not object to declarations of concern by Singapore.

Singapore needs to look at this issue afresh and rethink its approach. The situation in Myanmar has become more complex, and there are several changing trends. It might have to recognize that a more principled approach is necessary.

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"Normal Government"

One interesting perspective recognized that Singapore may have a unique moral perspective based on the principles of "normal government." Because Singapore is not a perfect democracy, this approach would address the potential for conflicts if Singapore were to advocate such a system in Myanmar. The "normal government" would not take issue with the form of government presiding in Myanmar, but rather with Myanmar's ability to create a "normal" state of affairs with respect for human rights, international business, and the rule of law. Support for such a model may not only underlie Singapore's approach to Myanmar, but also contribute to the international community as countries shift their approaches in dealing with the Myanmar situation.

Other Considerations

Singapore's policy in Myanmar is not simply a question of what is best for both parties. There is also the matter of how Singapore's actions fit into a larger context. As Singapore—which wants to "punch above its weight" in international affairs—reflects on its policy toward Myanmar, it needs to take into account expectations of the international community and see how best to balance these expectations with the domestic concerns of Myanmar's key stakeholders.

Engaging through ASEAN

Singapore also has the ability to influence Myanmar through its membership in ASEAN. Most recently, ASEAN exhibited signs that it would take a new approach with Myanmar. This initiative was partly spearheaded by Singapore when it was chair during the Saffron Revolution, and it has continued under Thailand's chairmanship in 2008–2009.

The ASEAN response to the recent decision by Myanmar's government to sentence Suu Kyi to a further 18 months of house arrest is an example. At first, most of ASEAN's member governments responded mildly to the verdict, expressing their "disappointment"—a stance that reflects the group's principle of noninterference in fellow members' internal politics. But Thai foreign minister Kasit Piromya then consulted his counterparts in Cambodia, Indonesia, Singapore, and Vietnam. As current ASEAN chair, he floated the idea of concertedly requesting a pardon for Suu Kyi. ASEAN government officials then met to draft a text. The proposal was later shelved by the foreign ministers, as it failed to win support from Laos, Cambodia, and Vietnam. But the initiative is a new step forward for the group. For Singapore, it is notable that its officials and minister supported the Thai initiative.

ASEAN should continue to bring Myanmar to the table through dialogue. Its aid and technical assistance efforts should be sustained. There is a role for Singapore to play as a significant actor on the Myanmar issue within ASEAN. This role as part of ASEAN should continue to be emphasized as Myanmar prepares for elections in 2010 as part of its road to democracy. The dialogue considered whether ASEAN should help monitor the elections, if it is invited to do so. A number of discussants believed that the results of the elections could

easily be predicted to be in favor of the junta. Nevertheless, a majority of the discussants were open to Singapore participating as part of an ASEAN election monitoring team.

Discussants recognized that ASEAN will not be able to solve this problem on its own. However, many felt that ASEAN will certainly be a part of any approach to a workable solution. Some also emphasized that with a renewed U.S. interest in ASEAN and openness to dialogue with Myanmar, the ASEAN (and Singapore) role in Myanmar must be recalibrated in light of the goal of growing U.S.–ASEAN engagement.

Conclusions and the Global Context

Ultimately, Singapore's close relationship with Myanmar, its unique engagement, and its involvement with ASEAN will make it a key player in resolving the Myanmar situation. Even if the strategy that Singapore ultimately decides on is not identical to the strategies

of the United States, the European Union, or even China, a moral but pragmatic community needs to be constructed. Even if, like an orchestra, different countries use different instruments and play different notes, the main theme must be consistent.

The involvement of the United States is key, as is the inclusion of China and India. Those nations must be pressed to see more than the opportunity for strategic access to energy and other natural resources. Japan, too—still the largest Asian economy and a traditional donor to the region—must play a role. If this can be done, the chances of progress during the run-up to the 2010 elections will be strengthened. Success may still prove elusive, but a new game with a greater possibility for success will have begun. In this, Singapore can and should play a role, given its relationship with the junta, within ASEAN, and with other relevant actors.