

Detecting a Thaw in Myanmar, U.S. Aims to Encourage Change

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WASHINGTON — The United States is considering a significant shift in its long-strained relationship with the autocratic government of [Myanmar](#), including relaxing restrictions on financial assistance and taking other steps to encourage what senior American officials describe as startling political changes in the country.

The thawing, while in its early stages, follows a political transition in Myanmar after deeply flawed elections last year that nonetheless appears to have raised the possibility that the new government will ease its restrictions on basic freedoms and cooperate with the repressed opposition movement led by the Nobel laureate [Daw Aung San Suu Kyi](#).

The new president, U Thein Sein, a former general who was part of the military junta that ruled the country for two decades, has in six months in office signaled a sharp break from the highly centralized and erratic policies of the past. Mr. Thein Sein's government is now rewriting laws on taxes and property ownership, loosening restrictions on the media and even discussing the release of political prisoners.

The apparent shift offers the United States the chance to improve ties with a resource-rich Southeast Asian nation that after many years of semi-isolation counts neighboring China as its main ally. Last week, Myanmar's new leadership unexpectedly halted work on a \$3.6 billion dam strongly backed by China, prompting angry criticism from the Chinese government and the state-owned Chinese company that was building it.

The Obama administration, though skeptical, has responded to this new openness with a series of small diplomatic steps of its own, hoping that a democratic transition in Myanmar could bring stability and greater economic opportunities to the region at a time of increasing American competition with China over influence in Asia.

"We're going to meet their action with action," the administration's newly appointed special envoy to Myanmar, Derek Mitchell, said in an interview. "If they take steps, we will take steps to demonstrate that we are supportive of the path to reform." Mr. Mitchell spent five days last month in Myanmar, meeting with senior leaders in the government and opposition. That visit was followed by two meetings in New York and Washington last week between senior State Department officials and Myanmar's new foreign minister, U Wunna Maung Lwin.

Mr. Wunna Maung Lwin, whose travel in the United States is normally sharply restricted, was the first foreign minister from Myanmar invited to the State Department since the military junta took power.

The motivation for the changes has baffled American officials and others, but Myanmar appears eager to end its diplomatic isolation and rebuild a dysfunctional economy that has trapped the country's population of 55 million people in poverty, which the government acknowledged for the first time in Mr. Thein Sein's inaugural address in March.

Members of Mr. Thein Sein's government have since met several times with Mrs. Aung San Suu Kyi, who was released from years of house arrest last November and whose name was

so demonized by the previous junta that it was typically whispered in public. She, too, has expressed cautious support for what appears to be a political opening.

The government has also for the first time discussed with her and American officials the possibility of releasing hundreds of political prisoners, after years of denying there were any at all. The government has even assembled a list of those it is considering releasing. About 600 people are on it, though opposition leaders and diplomats say that there are nearly 2,000 political prisoners listed in a database compiled by an organization in Thailand. "We told the government we cannot accept their list," said U Win Tin, a founding member of the National League for Democracy, Mrs. Aung San Suu Kyi's party. "We gave that message to the government, but we don't know yet whether they will change their list."

Even so, the senior administration official said that the mere acknowledgment that Myanmar held political prisoners reflected a significant shift in the new government's attitude. Signals like that, even if tentative, have begun to win over skeptics who have seen false dawns before in Myanmar.

"It's very exciting," said Priscilla A. Clapp, who was the chief of mission at the United States Embassy in Myanmar from 1999 to 2002. "They are moving into a more pluralistic form of government. I wouldn't call it totally democratic. But things are changing very rapidly."

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Ms. Clapp and others warned that the changes, which are exceeding expectations inside Myanmar and abroad, remained a work in progress. "Any transition this dramatic is a recipe for instability," she said. "Anything can happen. There could be a coup, a counterrevolution."

Senior Gen. Than Shwe, who led the junta for nearly two decades and stepped down in March, remains an uncertain factor in the tumultuous transition. It was under General Than Shwe's leadership that the government carried out a deadly crackdown on protests led by Buddhist monks in 2007 and restricted foreign aid in the aftermath of a cyclone that killed more than 100,000 people.

The reasons that General Than Shwe ceded power to the current government have not been fully explained beyond the notion that he was ready for retirement. In leading the drive for reforms, Mr. Thein Sein appears to be siding with a younger generation of military officers who believe that maintaining the junta's oppressive policies and hermetic attitudes toward the outside world would be a dead-end path for the country.

The decision by Mr. Thein Sein last week to [suspend work on the giant hydroelectric dam on the Irrawaddy River](#) was interpreted by many as a sign that the president was moving out from under the shadow of General Than Shwe.

Obama administration officials are now debating additional steps to support the nascent changes and encourage more, including the creation of a truly democratic political system and an end to violence against Myanmar's ethnic minorities. The outreach is being closely coordinated with Congress, with other countries, including members of the European Union, and with Myanmar's opposition.

"We're not looking to move I think any faster than anyone else here," Mr. Mitchell said. "I think we're all looking to move step by step. We are going to test. There is no single point where we are absolutely certain that reform is going to be sustained and irreversible."

Myanmar faces American sanctions first imposed in 1997 and expanded as recently as 2008. One hundred senior officials or businesses remain on the Department of the Treasury's list banning any commercial trade. Lifting those sanctions would require new legislation in Congress. That is unlikely to happen unless Myanmar convinces its critics that its transformation is fundamental.

In the meantime, though, the administration is considering waiving some restrictions on trade and financial assistance and lifting prohibitions on assistance by global financial institutions, like the World Bank and the International Monetary Fund. An I.M.F. team is scheduled to visit this month for consultations on modernizing the country's exchange rate system and lifting restrictions on international transactions.

Assistance like that is needed to overhaul what for years was a Soviet-style planned economy, where the military ran factories producing soap and bicycles. Ancient-looking cars still ride on potholed roads, and some buildings look as if their last coat of paint was applied during the days when Myanmar was a British colony, known as Burma.

Many in Myanmar remain unconvinced that genuine democracy has arrived.

"All these Western countries are hearing about some changes and they are very happy and keen," said Mr. Win Tin of the opposition party. "I think that's wrong. They should listen very carefully and wait to see whether what this government calls change is real and genuine."

Secretary of State Hillary Rodham Clinton echoed that caution. She recently noted what she called "welcome gestures" but raised a series of issues. "We have serious questions and concerns across a wide range of issues — from Burma's treatment of ethnic minorities and more than 2,000 prisoners to its relations with North Korea," she said, using Myanmar's colonial name, which is official American policy.

She added that the day before she spoke, a 21-year-old journalist was sentenced to 10 years in prison in Myanmar.

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