

Balancing the Burma issue

Upon the release from house arrest of Aung San Suu Kyi, **Chris Wright** examines both sides of the sensitive subject of engaging in trade with Burma's military junta.

A new flag hangs outside the government buildings in Nay Pyi Taw, Burma's obscure and expensive capital five hours north of Rangoon (now Yangon). It was hoisted last month ahead of the landmark elections on November 7, the first in 20 years; its three stripes, the government says, represent solidarity, peace and courage.

New flag or not, the election was hardly a revolution for democracy. Observers were not allowed in, foreign journalists were banned, the main democratic party boycotted it and a quarter of the seats were reserved for the military before a single vote was cast. Burma is among the most loathed of Asia's governments, brutal and oppressive, with a long list of sins from the indiscriminate killing of protesting monks in 2007 to the incarceration of elected leader Aung San Suu Kyi.

Rather than representing a concession, the release of Suu Kyi on Saturday served to underscore the Burmese junta's confidence that it has cowed the democratic opposition that it no longer fears her. And so the question remains a familiar one: what to do about it?

In this debate, Australia stands in an interesting position. Attitudes worldwide vary from sanctions and trading bans to unabashed indifference, with the vigour of the response tending to be strongest in the countries furthest away (the US and European Union) and most disinterested in near neighbours (China and south-east Asian countries).

Australia is somewhat in the middle. Apart from a ban on defence exports that has been in place since 1991, there is no outright barrier to Australian companies doing business with Burma. "The government's policy is neither to encourage nor discourage trade with or investment in Burma," says a spokesman from the Department of Foreign Affairs and Trade. "We consider that our current targeted measures are the most effective way to place pressure on the regime."

The department's measures are chiefly about individuals. Members of Burma's ruling regime (including the cabinet, top military, business associates and their families) are barred from visiting Australia and, since the 2007 protests, 463 of them have been on a financial sanctions list administered by the Reserve Bank of Australia to stop international fund transfers. "The Burmese authorities are very resistant to pressure of any sort from the international community, but sanctions do have a role to play," DFAT says. It argues that the sanctions — which were reviewed in October 2008 — "registered strongly with the regime in Nay Pyi Taw". Australia does, however, maintain "limited engagement" with the junta "in order to convey messages on human rights and political reform".

Commentators on Australia-Burma policy in recent years have said there are other considerations too. Policy starts with the premise that there is no point in sanctions that hurt ordinary people in the country on the receiving end. And there is a feeling that Australia, with such close economic and social ties to the Association of South-East Asian Nations (ASEAN), simply cannot take the hardline approach that the US has. "It would be impractical and totally unconstructive for us to go in behaving like a 200-pound gorilla," says a foreign policy observer.

For some activists, this is not enough. Burma Campaign Australia, for example, supports some of Australia's actions but spokeswoman Zetty Brake says, "There is more we can be doing in terms of making sure we are not funding military regimes."

The BCA would like to see sanctions applied to the oil and gas industry, "a great



(Clockwise from above) Burmese politician Aung San Suu Kyi; a woman shops for vegetables at a market in Rangoon; Suu Kyi's NLD party has relaxed its stance on tourism to the country. Tourism is a direct way to provide Burmese locals with cold, hard cash. Photos: AP, BLOOMBERG NEWS

example of an industry which directly funds the military". The BCA doesn't see Suu Kyi's release as lessening the need for international pressure on the junta. "We're happy that she's been released, but we are cautious about what it means for real change in Burma", Brake says. "And until we see the regime take some genuine steps, then I think we're going to remain cautious about real change coming to Burma."

While trade between Australia and Burma has increased — between 2008 and 2009, Australian exports grew by 84.3 per cent and overall trade rose by 59.4 per cent — the numbers are small in any real sense. Australia exported \$59 million worth of goods to Burma last year — \$39 million of it wheat — and imported \$26 million, mostly clothing. Australia accounts for just 0.3 per cent of Burma's exports and 0.4 per cent of its imports, vastly behind countries like Thailand, China and Singapore. China, for example, has invested \$US10.48 billion in Burma in the first seven months of this year alone.

Few Australian companies have much to do with the place, and many that did have exposures have since ended them — advocacy groups cite QBE which cancelled some incidental exposures last year, and Downer EDI, which canned a contract for a Singapore subsidiary to design an airport there, as victories for their cause. Even those companies claim they were never heavily involved. "QBE has always had a policy that the company does not fund the current ruling party in Burma," says chief executive Frank O'Halloran in a statement.

There are, however, some big exceptions. A company in Western Australia, Twinza Oil, signed a production-sharing contract with Burma's Oil and Gas Enterprise in 2006. Campaigners have argued that the overall project could make as much as \$US2.5 billion for the junta, though this is impossible to confirm without knowing the precise reserves it is able to exploit. Twinza, run by Bill Clough, did not return *The Australian Financial Review's* calls.

Other Australian companies that turn up on activist blacklists include Andaman Teak, a Queensland-based company that supplies teak to the marine sector, runs a timber mill in Rangoon, and bills itself "the largest stockist of [Burmese] teak in Australia"; and Barrett Communications, which manufactures long-distance, high-frequency communication equipment that lobbyists say is used by the Burmese military. Barrett chief executive Phil Bradshaw declined to comment.

But most Australian companies that do business with Burma are in one of the trickiest sectors of the debate: tourism. For example, Qantas's 49 per cent-owned subsidiary, Jetstar Asia, flies to Rangoon from Singapore, and Lonely Planet publishes a detailed guidebook to Burma.

Nothing quite polarises opinion like tourism does. While it is easy to see a gas refinery joint venture as an endorsement and financial prop for the government, it is hard to see tourism in such clinical terms. Non-governmental organisations argue that visiting Burma lends legitimacy to the government, gives it financial support, and contravenes the request of Suu Kyi in 1996 that tourists not visit the country. That position appears to be under review however. Last week in an interview with London's *Times*, U Win Tin, an elder statesman of Suu Kyi's party, the National League for Democracy, said foreign tourists should now consider putting Burma on their itineraries.

Proponents of travel to Burma have

While it is easy to see a gas refinery joint venture as an endorsement for the government, it is hard to see tourism in such terms.

always held the position that tourism, practised carefully, can put money directly into the hands of ordinary people, is a deterrent against abuse, and creates a positive image of foreigners in a place that might otherwise be suspicious of them.

If you go to Burma, you hear much more of the latter view from ordinary people. "If tourists do not come, it costs the government very little. They can get what they need from teak and gas," says one member of the local tourism industry. "But it costs me everything." But many also see in tourism a type of security — the safety net of foreigners watching. "It is like a protection for us," says one local. "If tourists do not come, there is nobody to see what happens." But the corollary of this argument is that foreigners only speak to people working in tourism, and that a true picture can only be gained by witnessing forced labour, political prisoners and the preposterously unequal wealth of the generals.

Tony Wheeler, founder of Lonely Planet, is clear about where he stands. "The company policy is, we don't say 'go', we say 'here is the information and make your own decision'," he says. "But personally, standing back from the company, I'd say go."

Activists disagree. "Even if you are as careful as you can be, you are still giving 12 per cent of your money to the regime" through taxes, says Brake. "If you're not careful, it will be a lot higher. A lot of infrastructure which tourists use has been built with forced labour and by displacing people from their homes. An industry built on human rights abuses is not one we should be supporting."

Jetstar Asia chief executive Chong Phit-Lian sees nothing wrong with providing a service to a fellow ASEAN country, and argues there are humanitarian benefits despite the fact that landing fees go to the state. "We facilitate quite a number of charitable organisations doing work in Yangon and beyond, we employ people from [Burma], and we give people the opportunity to come to Singapore for their schools. I do not see the need to make a change." But, she is clear, "it's a commercial decision".

Brake is scathing of Jetstar's reasoning. "Jetstar flights are about making a profit out of a market," she says. "Australian companies should not be profiting from deals with a military dictatorship. And that's what Jetstar is doing."

Others, though, argue for greater corporate engagement. Luc de Waegh runs advisory firm West Indochina, which builds businesses in Burma. For him, the creation of a private sector and jobs is as important as political reform, and lack of progress on one should not hold back the other.

He says, "From my experience on the ground, I believe that people's main aspiration remains an improvement of their everyday material life: better education for their children, electricity, better healthcare. If you go there and create jobs and start a business, you change the lives of people."

De Waegh helped British American Tobacco set up there in 1993 which, he says, had created 500 jobs by 2003 when sanctions forced it to pull out. He does not conduct joint ventures with the government and stays out of oil and gas, but also he does not condemn those who participate in that sector.

He says, "If [French oil company] Total are forced to pull out, what's going to happen? It will be taken over by a Chinese or local company."