THE STATE OF THE ECONOMY
IN THEIR OWN WORDS

MYANMAR AT THE ILO
THE ISSUES....

STATE OF THE ECONOMY

The July release of this year's Country Commercial Guide: Burma, and Foreign Economic Trends Report, issued annually by the United States Embassy in Rangoon, has created quite a stir. Some of the conclusions: Extralegal exports, which include opiates, appear to be greater than all legal exports; the trade deficit has nearly doubled in the past three years while investment, including foreign investment, has declined; yet defense is still one of the fastest-growing sectors of Burma's economy. Burma's Minister for National Planning and Economic Development, Brigadier-General David Abel, immediately called a press conference to rebut the documents describing them as "misleading" and "unofficial," not accurately portraying the situation in the country, and loaded with a political — rather than an economic — agenda.

IN THEIR OWN WORDS

Near the end of each year, the popular Burmese-language magazine, DHANA, holds a roundtable with prominent Burmese economists in Rangoon. The discussion that took place at their most recent meeting provides a unique opportunity to hear opinions on the current state of the economy and prospects for the future from those inside the country.

MYANMAR AT THE ILO

The issues of forced labor and freedom of association with regard to Burma are far from new. In fact, the International Labour Organization (ILO), the United Nations body charged with promoting labor standards and worker rights among member states, has singled out Burma on several occasions for failure to comply to the ILO's conventions that pertain to the use of compulsory labor and prohibitions on workers and others to organize. At its annual conference held in Geneva in June, the ILO once again brought forth the case of Burma and once again the State Law and Order Restoration Council was required to respond, in an international forum, and defend its actions.
THE DEBATE

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ECONOMIC TRENDS AND OUTLOOK

All figures and statistics in this report are unofficial estimates by American Embassy Rangoon, unless otherwise specified.

Three major limitations of the available data should be borne in mind when reading any report on Burma's economy.

**FIRST** • Burma's extralegal economy is extraordinarily large relative to the "legal" economy for which economic data is available. Indeed, the extralegal economy seems to be at least as large as the legal economy: legal per capita money GDP [Gross Domestic Product] for FY 94/95 was only US $113 — far lower than was observed even in the world's poorest countries.

**SECOND** • As the IMF points out every month in its International Financial Statistics, the GOB's balance of payments (BOP) figures (at least for most recent years) omit the GOB's own military imports, which are substantial. The GOB's [balance of payment] data also appear to omit large financial flows related to past and current period military imports, at least for most recent years.

**THIRD** • In recent years, the official rate has valued Burma's currency, the kyat, about twenty times more highly than the market rate relative to foreign currencies. In order to reduce distortion of economic data by Burma's dual exchange rate, all economic statistics cited in this report, in the absence of specific indications to the contrary, are "exchange rate adjusted;" that is, external transactions (inflows and outflows of goods and services) are evaluated at the parallel market exchange rate.

Consequently, this report's figures often differ substantially from the Government of Burma (GOB) statistics on which they are based, as well as from IMF, World Bank, Asian Development Bank and U.N. agency statistics, all of which evaluate external transactions at the official exchange rate.

The following excerpts are from the July 1996 report issued by the U.S. Embassy Rangoon, Burma.
MAJOR TRENDS AND OUTLOOK

Major trends

• Partly in consequence of diverse economic liberalization measures inaugurated between 1988 and 1993, positive real growth of legal GDP resumed and averaged 6% a year from FY 89/90 through FY 94/95, but fell to 4.6% a year in FY 93/94 and FY 94/95. However, these figures, based in part on a flawed GDP deflator, may overstate real legal GDP growth for all years.

• During the first half of the 1990s, net cash-basis foreign financial inflows were equivalent on average to at least 14% of legal GDP. That is, Burma’s legal economy appears to have absorbed, yearly, about 14% of its own weight in foreign cash but to have grown, on average, by only 6% or less.

• Meanwhile, the volume of profit-seeking gross foreign financial inflows (foreign direct investment and the non-grant portion of new foreign loans) decreased sharply relative to charitable gross foreign financial inflows (foreign grants, the grant element of concessional foreign loan disbursements, and net unrequited private transfers that may consist largely of remittances from Burmese working abroad). Unrequited net private transfers alone substantially exceeded foreign direct investment in both FY 93/94 and FY 94/95.

• Some of the growth of Burma’s legal economy since 1989 has occurred at the expense of its extralegal economy, both through trade liberalization and through extension of central government control over some border areas. Consequently, legal GDP may have grown more rapidly than total GDP.

• Economic growth has been unevenly distributed. It has been concentrated in Rangoon and in a corridor from Mandalay to the Chinese border. The real incomes of many urban Burmese, including government employees, have declined, contributing to a widely alleged increase in official corruption. Throughout Burma, the perception is widespread, that the benefits of recent growth have accrued disproportionately to military officers and to a small commercial elite, although the absence of publicly available income-distribution data makes it difficult to test the validity of such subjective perceptions.

• Under the SLORC’s rule, Burma’s economy has been subjected to a gradual de facto currency devaluation that is now largely complete. Although a dual exchange rate regime nominally persists, few non-tax transactions other than intra-public-sector transactions now occur at prices reflecting the official exchange rate. Consequently, the exchange rate regime no longer greatly discourages exports or subsidizes imports, and is no longer a major impediment to economic growth. However, the use of the official rate in national accounts greatly reduces economic transparency.

• In other respects, the pace of economic liberalization has slowed, and in some sectors, such as agriculture, has been reversed. None of the many large state economic enterprises has been privatized.

• Defense spending appears to have increased in real terms, as a share of legal GDP, and as a share of central government expenditures, crowding out spending for health and education, and contributing more than any other factor to chronic overall obligations-basis fiscal deficits ranging between 25.1% and at least 11.5% of legal GDP, to broad money supply expansion averaging 36% a year, and to chronic aggregate price inflation averaging at least 25% a year.

• From FY 89/90 to FY 94/95, the percentage of legal GDP to which public sector expenditure was equivalent was in the range of at least 36% to at least 55% of legal GDP, with a downward trend from FY 90/91 to FY 93/94 that was reversed in FY 94/95. The public sector share of legal merchandise export revenues fell from 63% in FY 89/90 to 38% in FY 93/94, but rose to 48% in FY 94/95. The central government’s share of outstanding legal domestic credit rose from a low of 79.5% in FY 92/93 to 81.9% in FY 94/95, increasingly crowding out legal domestic credit to the private sector.

• Area under opium poppy cultivation, which increased by about two-thirds between 1987 and 1990, has remained in the range of 150 to 166 million hectares since then. The value of Burma’s opiate exports, at Burma’s border, may now approximate Burma’s total declared legal goods and services exports receipts. Burma continues to export more opiates than any other country in the world, and to be the source of most of the opiates consumed in the United States. Barriers between the opiates sector and the legal econo-
my appear to have weakened in recent years, a
trend that may have accelerated in the past few
months.
From FY 89/90 to FY 94/95, Burma's accumulat-
ed external arrears quadrupled in current U.S.
dollar terms, to $1.5 billion. Burma's stock of
declared external debt grew steadily, to US $5.5
billion, equivalent to about 112% of legal GDP,

at the end of FY 94/95; this appears to exclude substantial
debt financing of military imports, which may have been
the fastest-growing category of
GOB external debt since 1989. Ostensible improvement in
Burma's debt service capabili-

ty ratio may be overstated, or
altogether illusory, due to the
apparent omission of military
import debt service obliga-
tions from the external debt
service obligations given by
GOB data in recent IMF and
World Bank reports.

• With real interest rates in the
legal banking system remain-
ing steeply negative, and pub-
lic confidence in that system
remaining low, domestic-
currency-denominated

deposits remained only about
40% as large as domestic cur-
currency in circulation, from FY
89/90 to FY 94/95.

• Gross legal investment appears
to have declined, as a share of
GDP, from more than 20% in
FY 90/91 and 91/92, to about
18% in FY 92/93, 93/94 and
94/95. Realized net foreign
direct investment, chiefly in
oil and gas exploration and
hotels, ranged between US
$248 million, equivalent to
9.3% of legal GDP, in FY
91/92, and US $96 million or
2.5% of GDP in FY 93/94.

Due to the relatively low and
decreasing levels of legal investment, diverse infra-
structural bottlenecks increasingly constrain eco-
omic growth.

However, the SLORC has increasingly supple-
mented this investment with uncompensated
"people's contributions," chiefly of labor, to build
or maintain irrigation, transportation and
tourism infrastructure projects. The market value

| Table C.1: Declared legal balance of payments (GOB import data), FY 89/90-94/95. |
| (In millions of current U.S. dollars. Extralegal transactions excluded, some military imports and related financial
flows also appear to be excluded. Figures for FY 93/94 and 94/95 are not final.) |
| BOP component/GOB FY | 1989/90 | 90/91 | 91/92 | 92/93 | 93/94 | 94/95 |
| Declared legal current account balance | -78 | -527 | -344 | -275 | -292 | -339 |
| Declared legal merchandise trade balance | -119 | -492 | -412 | -420 | -606 | -737 |
| Declared exports, mainly F.O.B. | 424 | 477 | 431 | 591 | 696 | 810 |
| of which: legal border trade (IMF) | 140 | 79 | 101 | 104 | 79 | 77 |
| Declared imports, mainly F.O.B. | -543 | -969 | -842 | -1,010 | -1,302 | -1,547 |
| of which: legal border trade (IMF) | -157 | -231 | -260 | -250 | -258 | -316 |
| Declared legal service trade balance* | -13 | -110 | -15 | 22 | 41 | 86 |
| Declared receipts | 141 | 190 | 180 | 274 | 247 | 315 |
| of which: travel* | 17 | 24 | 35 | 117 | 118 | 170 |
| Declared payments due | -154 | -301 | -195 | -252 | -206 | -229 |
| of which: declared interest due | -102 | -88 | -95 | -101 | -81 | -110 |
| Net legal unrequited private transfers | 54 | 77 | 83 | 122 | 273 | 312 |
| Declared net non-monetary capital inflows | 337 | 165 | 158 | 35 | 14 | 296 |
| Grants from other govs. or UN agencies | 29 | 29 | 64 | 71 | 98 | 166 |
| of which, debt relief from Govt. of Japan | - | 24 | 37 | 32 | 59 | 125 |
| Other long-term capital inflows, net | 307 | 136 | 94 | -37 | -84 | 130 |
| Net foreign direct investment | 20 | 219 | 249 | 138 | 96 | 245 |
| Declared net long-term borrowing | -16 | -76 | -151 | -170 | -179 | -112 |
| Declared disbursements | 135 | 122 | 61 | 89 | 89 | 134 |
| Declared amortization payments due | -151 | -198 | -212 | -251 | -268 | -246 |
| Other capital, net | 304 | -7 | -4 | -4 | -3 | -3 |
| Errors and omissions (net) | -14 | -9 | -47 | -41 | 5 | -7 |
| Overall balance of payments (obligations basis) | 273 | -233 | -281 | -273 | -50 |
| Financial inflows, net | -273 | 370 | 233 | 281 | 273 | 50 |
| New accumulation of external arrears | 74 | 217 | 218 | 294 | 241 | 137 |
| Net monetary movements | -348 | 154 | 15 | -14 | 32 | -87 |
| Memorandum item: |
| Net international reserves (end of period) | 415 | 260 | 246 | 260 | 228 | 315 |
| (in months of declared merchandise imports) | (9.2) | (3.3) | (3.5) | (3.1) | (2.1) | (2.4) |

Note: *Travel receipts for FY 92/93 appear to be overstated by about US $60 million
Sources: 1995 IMF and World Bank reports, based chiefly on Burmese Central Bank data, except for Japanese debt relief
line item, which is based on published Japanese Gov’t. data.
of these uncompensated "contributions" appears to have increased sharply since FY 92/93, to about 3% of GDP in FY 93/94 and FY 94/95.

- Since 1994, growing public concern in the U.S. about political conditions and about narcotics production and trafficking in Burma has posed increasing U.S.-market risks not only to U.S. firms, but also to non-U.S. firms operating in the U.S. market, that invest in, import from, or sell to Burma.

1995/96 Performance

Little useful macroeconomic data for FY 95/96 are available. The information needed to estimate national income and public sector financing in meaningful terms becomes publicly available only with the publication of the IMF’s Recent Economic Developments report, at least half a year after the close of the GOB's fiscal year.

The average official exchange rate for FY 95/96 was about 5.693 kyat per U.S. dollar. The Embassy's monthly observations of the market exchange rate in Rangoon during FY 95/96 averaged 120.38 kyat per U.S. dollar, up about 7% from FY 94/95. The period-end (March 1996) official rate was about 5.877 kyat per dollar; the period-end market exchange rate was 126.0 kyat per U.S. dollar, up about 18% from 107 kyat per dollar in March 1995.

According to Burma’s government press, the GOB provisionally estimates (legal) unadjusted GDP growth in excess of 9% for FY 95/96. Whether exchange-rate-adjusted legal GDP growth will turn out to have been higher or lower than that figure depends largely on whether export receipts grew by 9% despite the 60% decline in the value of legal rice exports, which made up almost 20% of the value of total merchandise exports in FY 94/95.

Economic Outlook

Burma's economic growth may continue to fall well short of its potential so long as defense spending remains high and continues to be funded disproportionately by implicit or explicit taxes on the external sector. These conditions, in turn, appear likely to persist until Burma has a government with sufficient popular support to reduce defense spending in the absence of external threats and to collect internal revenues effectively.

The GOB may continue to find it difficult to gain access to financial assistance, from the IMF, World Bank, and Asian Development Bank, and to official bilateral debt relief from the Paris Club unless it substantially reduces its real military expenditures, broadens its revenue base away from the external sector (without egregious levels of coercion), and greatly increases the transparency of its economic management, not only by abolishing its vestigial official exchange rate, but also by making available reliable data on military imports and related expenditure and external debt. With the GOB's known stock of external debt (apparently excluding debt related to military imports) at US $5.5 billion or about 112% of legal GDP, and with external arrears at US $1.5 billion and still accumulating at the end of FY 94/95, the GOB's access to private medium- and long-term external credit is likely to remain severely limited in the absence of Paris Club debt relief, which is normally available only in the context of an IMF financial program.

Most potential bilateral foreign aid donors — including the U.S., the E.U., Japan, and Australia — having cut off most financial assistance to the GOB in the 1988-90 period, have publicly stated that visible movement toward democracy is a precondition for any resumption of lending to the GOB for anything other than humanitarian purposes.

The prospective augmentation of public sector export receipts from piping natural gas to Thailand after 1998 (discussed below, in the section on the nature of the bilateral relationship) may be largely offset by a substantial increase in external debt service obligations, due to the GOB's recently increased medium-term external borrowing at near-market interest rates (discussed below, in the section on the balance of payments). Moreover, much of these revenues will not materialize until after the year 2000, because the GOB's first gas export receipts are obligated to fund the GOB's equity share in the gas export project.

In recent months the GOB has openly welcomed investment in infrastructure, especially transportation infrastructure, by cash-rich firms closely associated with major opiate exporting organizations based in Burma's border regions. Nevertheless, since private equity financing of most kinds of public infrastructure facilities is normally problematic,
infrastructure constraints may become increasingly binding on economic growth. Moreover, overt reliance on narcofinancing of physical infrastructure investment could augment the political risks to external trade, investment and financing that are already increasing due to growing public concern in the U.S. and other countries over the GOB’s violations of human rights, including the right of people to choose their own government.

Consequently, short- and medium-term prospects for Burma's legal economy are uncertain. Burma's economic growth could either be accelerated by economic and political reforms that its military leadership does not yet seem disposed to contemplate, or slowed by an intensification of actions in other countries to restrict the growth of Burma's external sector pending substantial political liberalization.

The long-term sustainability of Burma's economic growth is still more questionable, due to the persistence of both macroeconomic instability and the potential for political instability as well as grossly inadequate human infrastructure development, especially in the field of basic education. Each of these problems appears closely related to the high cost of governing by force rather than consent, which appears to be the principal and fundamental economic problem in contemporary Burma.

Finally, if barriers between Burma's legal and extralegal economies continue to weaken, real exchange rate increases due to opiate export rents could discourage production of other exports and import-substitutes, much as has happened in some economies earning large petroleum export rents.

Principal Growth Sectors

In addition to the three growth sectors — defense, tourism and agriculture — discussed in this section, two other important growth sectors, natural gas and garments, are discussed... in the section on the nature of the bilateral relationship in Chapter III.

Tourism

Foreign tourism appears to have been Burma's fastest-growing major industry in recent years. Burma's receipts from legal travel service exports rose to an estimated US $169.7 million in FY 94/95, having increased at an average annual rate of 62.4% in current dollar terms from FY 90/91 to FY 94/95.

According to published GOB data, the number of (legal) foreign visits, excluding (low-spending) arrivals by land on tourist visas, was 86,695 in FY 94/95, having increased at an average annual rate of 49.4% from FY 91/92 to FY 94/95. The number of legal foreign tourist visits, excluding arrivals by land, was 50,056 in FY 94/95, having increased at an average annual rate of 84.7% from FY 91/92 to FY 94/95.

During the first eleven months of FY 95/96, the number of foreign visits, excluding overland arrivals on tourist visas, was 119,114, up about 55% from the first eleven months of FY 94/95. There were 73,681 legal tourist arrivals by sea and air during the first eleven months of FY 95/96, up about 68% from the first eleven months of FY 94/95.

Average travel service export earnings per legal foreign visit, excluding tourist arrivals by land, were US $1,361 in FY 91/92, $3,425 in FY 92/93, $2,127 in FY 93/94, and $1,957 in FY 94/95. The increase in average legal receipts per sea and air arrival from FY 91/92 to FY 93/94 appears to be due largely to the GOB’s decision, in February 1993, to allow domestic goods and services to be bought with kyat exchanged for dollars at the parallel market rate rather than the official rate. However, the spike in average earnings per non-land visit in FY 92/93 is anomalous.

Since 1988, Burma's tourism infrastructure has expanded rapidly. From 1988 to November 1995, the number of hotels increased from 19, with a total of 800 rooms, to 256, with a total of nearly 4,000 rooms. The fleet of civil aircraft operating in Burma expanded rapidly in 1994, when Burma imported US $157 million worth of aircraft and aircraft engines, making aircraft and parts the country's most valuable category of non-military imports. The hotels-and-tourism sector's share of the realized legal foreign direct investment for which sectorally disaggregated data are available increased from 1.1% (US $2.7 million) in FY 91/92, to 6.5% in FY 92/93, to 21.9% in FY 93/94, to 32.8% (US $37.6 million) in FY 94/95.

During the peak tourist seasons (November through March) of FY 94/95 and FY 95/96, Burma's hotels and civil aircraft were full. Outside Rangoon and Mandalay, hotel accommodations that meet
international tourist standards are expected to remain in short supply, due to lack of infrastructure. However, a surplus of hotel accommodations in Rangoon is generally expected in FY 96/97 and FY 97/98, due to a dramatic acceleration of hotel construction during FY 94/95 and FY 95/96.

Why investors have continued to build hotels, despite widespread expectations of a short-term glut, is not clear. Allegations of money-laundering abound, and have been reported in the international press, but have yet to be substantiated by hard evidence. Nevertheless, some hotels are being built with funds from individuals and organizations that have had close ties to opiate-growing or opiate-exporting organizations. Moreover, for the purpose of legitimizing extralegal export receipts, any legal investment that loses less than 40% yields an economic profit, relative to paying the GOB's official 40% fee for "whitening" (legalizing possession of) hard-currency that cannot be shown to have been legally earned.

The GOB created a Ministry of Hotels and Tourism in 1992. Since then, Burmese military authorities have spruced up Burma's main tourist attractions by renovating buildings, whitewashing pagodas, building new roads or widening existing roads, and relocating low-income housing areas. As international human rights groups have alleged, many Burmese have been forced to contribute either uncompensated labor or cash to tourism infrastructure construction projects. Some people have been relocated without notice. A new rail link to Pagan from the main Rangoon-Mandalay trunk line is being built, reportedly with the use of forced labor, in order to facilitate tourism to Pagan. The dredging of the moat around Mandalay Palace was accomplished through massive use of forced labor.

Several of the larger hotels both in Rangoon and in provincial cities (the Strand, New World Inya Lake, Ngapali Beach and Sandoway Hotels, for example) continue to be owned in whole or part by state economic enterprises. Several other hotels are believed to be owned in whole or part by senior military or ex-military figures or their relatives. Train transport remains a state monopoly. Domestic air transport is provided both by state-owned Myanmar Airways "and by airlines, such as Myanmar Airways International, Mandalay Air and Yangon Air, owned in part by foreign firms and in part by the GOB.

Several years ago, the SLORC designated 1996 as "Visit Myanmar Year" and announced the goal of attracting 500,000 foreign visits. In 1995, the GOB, recognizing that this goal might prove unattainable, postponed the start of "Visit Myanmar Year" to the start of the peak tourist season in November 1996, and lowered its foreign visits target to 250,000...

Defense appears to be one of the fastest-growing sectors of Burma's economy, although the lack of transparency in the defense sector impedes analysis. The number of active-duty personnel in the GOB's armed forces is estimated to have grown from about 175,000 in FY 88/89, when the SLORC came to power, to about 325,000 in FY 94/95. The stated intent of the SLORC is to expand the number of armed forces personnel to 475,000.

Neither the absence of any evident external military threat nor the signing of cease-fires-in-place with sixteen armed ethnic insurgent groups appears to presage any slowing of the SLORC's military build-up. Moreover, these cease-fires can sometimes be illusory: during the, 1995/96 dry season, the SLORC conducted a relatively large-scale military offensive against the major Karenni insurgent group, with which it had previously negotiated a cease-fire, while continuing to maintain publicly that the cease-fire remained in effect.
Within the Ministry of Defense, supervised by the Directorate of Defense Industries (DDI) and funded as part of the central government budget, are twelve distinct "defense industries" that make products ranging from weapons to sports balls. DDI operates complexes of factories in and around Rangoon and at Malun, west of the Irrawaddy River near Magwe. During the early 1990s, the GOB, cut off from most of its traditional arms suppliers, launched a substantial import substitution effort in the defense sector. DDI is in charge of this effort. It has expanded and modernized its defense industries, and is reported to have imported substantial amounts of capital goods for this purpose. The GOB has also modernized two iron and steel mills at Ywama, outside Rangoon, and Maymyo (Pyin-Oo-Lwin), a town east of Mandalay that is near a large state-owned iron ore mine and is home to the GOB's new Defense Services Institute of Technology.

The other economic agency of the Defense Ministry is the Directorate of Defense Procurement (DDP), which procures imports of finished goods for the military, including most weapons other than small arms. During the first four years of the SLORC's rule, the Director of Defense Procurement, Colonel David Abel, was also Minister of Trade and Minister of Planning and Finance. Now a brigadier general, Abel has resigned the Defense Procurement directorate, and serves as Minister of National Planning and Economic Development. DDP owns 40% of Union of Myanmar Economic Holdings, a joint venture partner for many foreign investors, which is managed by the Director of Procurement. DDP also owns the Myawaddy Enterprises group, including such firms as Myawaddy Travel and Tours and Myawaddy Trading Company. UMEH and Myawaddy Trading are co-located with DDP in central Rangoon.

The U.S. Arms Control and Disarmament Agency (ACDA), in its most recent (1993-94) edition of its World Military Expenditures and Arms Transfers, valued the GOB's military imports at US. $20 million in 1988, $20 million in 1989, $110 million in 1990, $390 million in 1991, $140 million in 1992, and $120 million in 1993. These figures are estimates of the market value of current-period deliveries of military imports, including services, building of defense production facilities, and dual-use equipment identified as being primarily for military use, but excluding foodstuffs, medical equipment, and petroleum products; they are based on observations and credible reports of specific deliveries of goods and services.

These ACDA figures may exaggerate the decline in the value of the GOB's military imports since 1991, because these imports appear to have consisted increasingly of dual-use capital goods, raw materials and intermediate goods used in the domestic manufacture of military weapons and equipment, rather than finished military goods. Since the military nature of the former is much less readily apparent to observers, an increasing proportion of the GOB's military imports may not have been counted in the ACDA data. Since 1992, while the ACDA-estimated value of military imports has decreased, both military expenditures generally and hard-currency-denominated defense expenditures in particular appear to have increased in current dollar terms, although not relative to legal GDP. This appears to be due partly to import substitution in the defense sector, and partly to growing debt service payments related to prior-period military imports.

Since FY 90/91, China has been by far and increasingly the largest supplier of the GOB's military imports. However, in FY 95/96, Russia also became a major arms supplier of arms and military technical assistance to the GOB. The U.S., the E.U. member governments, Australia, Japan and South Korea have not approved applications for licenses to export military equipment to Burma in recent years.

Many of the GOB's recent military imports from China are credibly reported to have been financed concessionary and on a long- or medium-term basis. However, an unusually high volume of military imports in FY 90/91 and FY 91/92 may have been funded in part by proceeds of the GOB's sale of part of its Tokyo embassy in 1989.

In FY 88/89, the year the SLORC assumed power, declared defense operating disbursements were only 1.763 billion kyat, and constituted 22.9% of central government operating disbursements, and 2.3% of legal GDP, in exchange-rate-unadjusted terms. By FY 93/94, declared defense operating disbursements had increased to 13.884 billion kyat, and constituted 41.3% of central government operating disbursements, and 4.0% of legal GDP, in unadjusted
terms. In FY 94/95, defense disbursements may have amounted to as much as 19.533 billion kyat, and constituted 41.3% of central government operating disbursements and 4.5% of legal GDP, in unadjusted terms. (This estimate of FY 94/95 defense disbursements tentatively includes 5.4 billion kyat of "unidentified expenditures" that the GOB excluded from the GOB budget accounts it presented to the IMF in 1995, but which the IMF found implied by Central Bank records of lending to the GOB.) From FY 88/89 to FY 93/94, unadjusted defense operating disbursements grew at an average annual rate of 51.1% in current kyat terms, or 16.0% in real terms derived by applying the GOB’s overall GDP deflator. From FY 88/89 to FY 94/95, unadjusted defense plus "unidentified" disbursements grew at an average annual rate of 49.3% in current kyat terms, or 16.7% in real terms derived by applying the GOB’s overall GDP deflator.

Provisional FY 95/96 GOB budget data suggest that FY 95/96 defense operating disbursements may have been about 20 billion kyat, up about 42% in current kyat terms from 14.1 billion kyat in FY 94/95, and constituted about 33% of central government operating disbursements, in exchange-rate-unadjusted terms.

However, the GOB's defense expenditure account excludes hidden subsidies to the Ministry of Defense from other parts of the public sector. For example, the Ministry of Defense receives but does not pay for about one-sixth of Burma's centrally generated electricity, with a value in FY 94/95 of about two billion kyat at prevailing domestic prices. The Defense Ministry also purchases large amounts of fuels from the state petrochemical monopoly at official prices far below market prices: 20 kyat per gallon for diesel and 25 kyat per gallon for gasoline, for which the market prices were about 150 kyat and 200 kyat respectively. This implicit subsidy, too, appears equivalent to about two billion kyat. Together, the Defense Ministry's fuel and electricity subsidies from state-

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Table D: Composition of declared legal merchandise trade, GOB data, FY 90/91-94/95.
(In millions of current U.S. dollars, figures for FY 93/94 and 94/95 are not final.)

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</thead>
<tbody>
<tr>
<td>Legal merchandise exports, mainly F.O.B.</td>
<td>477</td>
<td>431</td>
<td>591</td>
<td>696</td>
<td>810</td>
</tr>
<tr>
<td>Government -monopolized exports</td>
<td>202</td>
<td>201</td>
<td>215</td>
<td>267</td>
<td>368</td>
</tr>
<tr>
<td>Rice</td>
<td>28</td>
<td>40</td>
<td>41</td>
<td>44</td>
<td>197</td>
</tr>
<tr>
<td>Volume in '000 metric tons</td>
<td>139</td>
<td>183</td>
<td>199</td>
<td>261</td>
<td>1,034</td>
</tr>
<tr>
<td>Teak Wood</td>
<td>119</td>
<td>106</td>
<td>104</td>
<td>121</td>
<td>124</td>
</tr>
<tr>
<td>Volume in '000 cubic tons</td>
<td>251</td>
<td>172</td>
<td>193</td>
<td>220</td>
<td>127</td>
</tr>
<tr>
<td>Hardwood by port, not border trade</td>
<td>42</td>
<td>42</td>
<td>53</td>
<td>82</td>
<td>19</td>
</tr>
<tr>
<td>Volume in '000 cubic tons</td>
<td>364</td>
<td>310</td>
<td>324</td>
<td>486</td>
<td>56</td>
</tr>
<tr>
<td>Rubber</td>
<td>15</td>
<td>12</td>
<td>15</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Metal and ores</td>
<td>12</td>
<td>8</td>
<td>5</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Goods exported privately and by govt.</td>
<td>91</td>
<td>75</td>
<td>121</td>
<td>129</td>
<td>143</td>
</tr>
<tr>
<td>Pulses and beans</td>
<td>93</td>
<td>68</td>
<td>110</td>
<td>119</td>
<td>133</td>
</tr>
<tr>
<td>Volume in '000 metric tons</td>
<td>195</td>
<td>195</td>
<td>449</td>
<td>514</td>
<td>410</td>
</tr>
<tr>
<td>Fish and fish products</td>
<td>6</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Volume in '000 metric tons</td>
<td>12</td>
<td>10</td>
<td>14</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Animal feedstuffs</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Other goods, exported privately (mostly agricultural)</td>
<td>186</td>
<td>153</td>
<td>256</td>
<td>300</td>
<td>299</td>
</tr>
<tr>
<td>Disaggregated legal merchandise imports, mainly C.I.F. or customs basis**</td>
<td>889</td>
<td>851</td>
<td>883</td>
<td>1,297</td>
<td>1,547</td>
</tr>
<tr>
<td>Capital goods</td>
<td>307</td>
<td>250</td>
<td>288</td>
<td>455</td>
<td>632</td>
</tr>
<tr>
<td>as % of total declared legal imports</td>
<td>32</td>
<td>29</td>
<td>29</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>Intermediate goods</td>
<td>267</td>
<td>243</td>
<td>186</td>
<td>348</td>
<td>387</td>
</tr>
<tr>
<td>as % of total declared legal imports</td>
<td>28</td>
<td>29</td>
<td>18</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>315</td>
<td>357</td>
<td>409</td>
<td>494</td>
<td>529</td>
</tr>
<tr>
<td>as % of total declared legal imports</td>
<td>33</td>
<td>42</td>
<td>41</td>
<td>38</td>
<td>34</td>
</tr>
<tr>
<td>Declared legal border trade deficit (IMF/95)</td>
<td>152</td>
<td>159</td>
<td>146</td>
<td>179</td>
<td>239</td>
</tr>
<tr>
<td>Public sector share of legal declared exports, %</td>
<td>54</td>
<td>43</td>
<td>44</td>
<td>38</td>
<td>48</td>
</tr>
<tr>
<td>Public sector share of declared legal imports, %</td>
<td>58</td>
<td>48</td>
<td>42</td>
<td>37</td>
<td>39</td>
</tr>
<tr>
<td>Percentage change in terms of declared trade</td>
<td>-4.3</td>
<td>-4.2</td>
<td>-14.1</td>
<td>-4.1</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Note: *Wood exports were mostly unprocessed through FY 93/94, semi-processed in FY 94/95.
**For FY 90/91 and FY 92/93, much less than declared legal imports FOB in Table C.1
Sources: 1995 IMF and World Bank reports based on GOB data, and GOB Annual Review.
owned monopolies appear to have amounted to at least four billion kyat, equivalent to 0.9% of legal unadjusted GDP, and to 28% of the GOB's declared unadjusted disbursements for defense in FY 94/95. Similarly, a substantial and growing share of the GOB's declining real expenditures on health is said by health industry experts to be used to provide medical services to military personnel, and is not included in the defense budget.

The true magnitude of defense disbursements cannot be inferred with confidence from the GOB's BOP accounts, in which military imports and related financial inflows are either omitted or not explicitly identified as such. However, based on all sources of information available to it, the Embassy estimates that the GOB's on-budget defense disbursements, including both declared operating expenses and service of undeclared debt related to prior-period military imports, may have been consistently equivalent to between 8% and 10% of legal GDP, on an exchange-rate-adjusted basis, from FY 91/92 through FY 94/95, and to more than 10% for FY 90/91. These estimates exclude implicit subsidies to the Defense Ministry from other parts of the public sector,
notably the health system, the petrochemicals monopoly, the electricity monopoly, and the rice quota procurement agency (MAPT).

The Embassy can offer no informed estimate of central government hard-currency disbursements, and, consequently, no informed estimate of the defense share of central government disbursements in exchange-rate-adjusted terms. However, it seems very likely that defense operating disbursements have made up over half of central government operating disbursements, in exchange-rate-adjusted terms, every year since FY 90/91.

The foregoing estimates of defense spending also exclude substantial implicit subsidies to the military from the private sector. Anecdotal evidence from rural rice-surplus regions suggests that regional military commands in those regions may directly procure from village headmen, separate from and in excess of procurement by Myanmar Agricultural Produce Trading (MAPT), a large volume of paddy at the same below-market price that MAPT pays for its paddy.

Midway through FY 95/96, the GOB is widely and credibly reported to have increased by two baskets per acre, in rice surplus regions, the amount of paddy (unmilled rice) that individuals assigned to work designated paddy land must deliver to MAPT, an agency of the Ministry of Agriculture, at a GOB-set price equivalent, in FY 95/96, to about one-third the domestic market price. This extra quota paddy is said to have been sold at cost by MAPT directly at the state and division level to regional military commanders for resale at the market price. Assuming 7 million acres of designated paddy land in rice surplus regions, an MAPT procurement price of 90 kyat per basket, and a market paddy price of 280 kyat per basket, this may have yielded up to 2.7 billion kyat in additional defense revenues.

The foregoing estimates of defense spending also exclude military rent-seeking that effectively substitutes for on-budget military personnel expenditures. The visible consumption and investments of many officers and their immediate relatives suggest personal incomes greatly in excess of official wages and benefits. Some private rent-seeking by military personnel appears to be institutionalized and openly tolerated, for example, in the black market for gasoline.

Finally, this section's estimates of defense spending exclude substantial social costs related to military activities, such as the deaths, mutilations and population displacement incurred by military conflicts that might be avoided by alternative political arrangements, as well as uncompensated labor contributions to defense, notably forced porterage, which is widespread.

**Agriculture**

According to GOB data, agriculture generated about 65 percent of employment and about 55 percent of legal unadjusted GDP in FY 94/95, and the agricultural sector's share of GDP has grown steadily and substantially throughout the 1990s in exchange-rate-unadjusted terms. Although much of the sector's recent growth has been the result of farmers' voluntary responses to a substantial albeit incomplete liberalization of agricultural production and marketing from 1987 to 1991, much of the growth in the important rice sub-sector has been achieved by state coercion, which appears to have increased since about 1992.

Burma's two most valuable crops are diverse strains of rice and diverse beans and pulses. Exports of both are large and growing sources of foreign exchange. However, whereas bean and pulse cultivation and exportation is largely privatized, nearly the whole burden of the state on the agricultural sector is borne by the rice subsector. The resulting tension, between private efforts to increase bean and pulse cultivation and exports, and state efforts to increase rice cultivation and exports, has been a central theme in the development of Burmese agriculture under SLORC rule.

Between 1987 and 1991, the GOB for the first time allowed private domestic trading of agricultural surpluses and private exportation of all crops except rice, and promised to allow farmers to manage their own production, subject to the constraint that paddy must be grown on designated paddy land. However, the GOB continues to own all farmland, to monopolize export marketing of rice, and to require paddy to be grown on "designated paddy land," which appears to constitute nearly 12 million of the 22 million acres sown in FY 94/95.
Paddy (unmilled rice) production

According to the GOB's published statistics, national production of paddy (unmilled rice) rose from 13.2 million metric tons (mmt) in FY 91/92, to 18.8 mmt in FY 94/95. The U.S. Department of Agriculture (USDA) estimates that production rose from around 12 mmt in FY 91/92, to 16.0 mmt in FY 94/95 — an increase of one-third in three years. USDA provisionally estimates that national paddy production may have risen to about 17.0 mmt in FY 95/96.

Neither area cultivated nor average yield (per crop per acre) has increased much. The increase in paddy output from FY 91/92 to FY 94/95 was achieved almost entirely through the expansion of multiple cropping.

Before each cropping season, the GOB extensively publicized, through all the state media organs, nationwide instructions to farmers of when and what to cultivate on designated, paddy land. The GOB deployed a force of 7,000 "agricultural supervisors" throughout the countryside, chiefly to communicate these instructions, ensure compliance, and procure quotas of paddy at below-market prices.

In FY 92/93 and FY 93/94, the SLORC instructed farmers assigned to paddy land with year-round access to water to double-crop paddy. In many cases, this involved replacing traditional dry season crops, such as beans and pulses, export of which had been privatized, with unfamiliar, and for some farmers, less profitable dry season paddy, export marketing of which the state continued to monopolize. Dry-season paddy planting increased from negligible proportions in FY 91/92 to 3.2 million acres in FY 94/95, according to GOB statistics, and was targeted to reach 4.0 million acres in FY 95/96. According to GOB statistics, dry season output made up 23 percent of total paddy production by weight in FY 94/95, and was targeted to reach 27 percent of total paddy production by weight in FY 95/96.

In FY 94/95, the SLORC instructed farmers to double-crop wet season paddy, and to triple-crop paddy in areas with year-round access to water. This involved replacing one wet-season crop of slow-maturing long-stalked paddy with two wet season crops of fast-maturing short-stalked paddy that is more vulnerable to flooding. Moreover, the first wet-season crop had to be harvested midway through the rainy season, usually in the absence of either mechanical dryers or humidity-controlled storage areas.

In some regions, multiple-cropping increased farm incomes with little risk and farmers complied willingly and successfully with the government's new production directives. In some other areas, including regions near the sea in Irrawaddy, Rangoon and Pegu divisions — Burma's rice-surplus region — salinity problems, high flood risks, and seasonal pest problems made multiple cropping inappropriate; it was nevertheless imposed on villages, with sometimes disastrous results, by regional and local military authorities who had production targets to meet...

...The introduction of multiple-cropping of paddy required a rapid expansion of irrigation systems. From FY 91/92 to FY 94/95, according to the GOB's published statistics, total irrigated area increased from 2.5 to 4.1 million acres, and from 2.8 to 5.0 million crop acres. Irrigated paddy cultivation increased from 2.1 to 4.3 million crop-acres per year, that is, from 75% to 86% of total irrigated crop-acres. The yearly addition to irrigable area achieved by the Ministry of Agriculture's Department of Irrigation's projects increased from 1,200 to 209,000 acres.

This rapid expansion of irrigation systems was achieved through a large increase in the GOB's use of uncompensated "people's contributions," largely of labor, and of labor compensated at wages far below market, in state irrigation construction projects, chiefly during the dry season. During FY 93/94 and FY 94/95, the official assessed value of new irrigation works constructed by local projects was about 100 million kyat, compared to only 126.7 million kyat for the entire 31-year period from FY 62/63 to FY 92/93. Of this value, "people's contributions," evaluated at GOB shadow prices, accounted for 49%, up from an average of 38% during FY 62/63 through FY 92/93. Moreover, the value of these "people's contributions" of labor appears to be evaluated in GOB statistics at a government day labor contract wage that fell from parity with the market wage for dry-season rural day labor before 1988 to about one-third the market wage for dry-season rural day labor in FY 93/94 and FY 94/95. Consequently, the real increase in "people's contributions" to these local irrigation projects appears to be about three times
greater than the already large increase indicated by official GOB statistics.

**State paddy procurement**

Since the marketing liberalization of the late 1990s, households assigned to work designated paddy land — virtually all the land on which paddy is grown — have remained obliged to deliver a per-acre quota of paddy to MAPT at a price set by the SLORC. This quota has increased steadily from year to year. In FY 94/95, it was set at 12 baskets per acre in rice surplus regions, and 5 baskets per acre in rice deficit regions, although, in practice, the amount of “quota” paddy procured per acre reportedly deviated from these levels in some regions. The official quota due appears to have amounted to about 109.5 million baskets, or 2.3 mmt, equivalent to about 14% of the 16.0 mmt of paddy production estimated by USDA for FY 94/95.

GOB data indicate that MAPT collected 2.087 mmt in FY 94/95, up from 1.926 mmt in FY 93/94, 1.649 mmt in FY 92/93, 1.558 mmt in FY 91/92, 1.505 in FY 90/91, and 1.313 in FY 89/90. As a share of USDA’s estimate of national paddy production, these paddy quota collection figures represent 12.3% for FY 92/93, 12.8% for FY 93/94, and 13.0% for FY 94/95.

In FY 95/96, the SLORC raised the official quota to 14 baskets per acre in rice surplus regions; this appears to have raised the total amount of quota due, before exemptions for crop failure, to 123.8 million baskets, or 2.6 mmt, roughly 15% of the 17.0 mmt of total paddy production provisionally estimated by USDA for FY 95/96.

Because the paddy quota has been based on land acreage rather than total or surplus production, without respect to the number of crops of paddy sown per year, its burden has fallen disproportionately on farmers assigned to relatively low-yielding land, especially low-yielding land not well suited to multiple cropping.

Households assigned to designated paddy land may satisfy their quota obligation by purchasing paddy on the market. Paddy prices tend to rise every...

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### Tables H: Public investment and uncompensated contributions thereto

**Public investment and uncompensated contributions thereto**

*(In millions of current kyat. Figures for FY 93/94 and 94/95 are not final.)*

<table>
<thead>
<tr>
<th>GOB FY</th>
<th>1962/63-92/93 cumulative</th>
<th>1993/94</th>
<th>1994/95</th>
</tr>
</thead>
<tbody>
<tr>
<td>62/63</td>
<td>71/72</td>
<td>86/87</td>
<td>87/88</td>
</tr>
<tr>
<td></td>
<td>89/90</td>
<td>90/91</td>
<td>91/92</td>
</tr>
<tr>
<td></td>
<td>92/93</td>
<td>93/94</td>
<td>94/95</td>
</tr>
<tr>
<td>Roads &amp; bridges</td>
<td>75.0%</td>
<td>25.0%</td>
<td>486.5</td>
</tr>
<tr>
<td>Agricultural (irrigation)</td>
<td>61.2%</td>
<td>38.3%</td>
<td>126.7</td>
</tr>
<tr>
<td>Education</td>
<td>66.9%</td>
<td>33.1%</td>
<td>151.4</td>
</tr>
<tr>
<td>Total</td>
<td>71.0%</td>
<td>29.0%</td>
<td>842.4</td>
</tr>
</tbody>
</table>

**GOB FY | 88/89 | 89/90 | 90/91 | 91/92 | 92/93 | 93/94 | 94/95**

| Stone quarried by prisoners, in millions of unspecified units | 69.3 | 86.3 | 167.5 | 143.3 | 160.9 | 182.9 | 292.6 |
| Prison Department revenue | 8.1 | 20.0 | 60.7 | 56.9 | 56.8 | 59.9 | 103.3 |

Average annual percentage increase in units of stone quarried by prisoners: 27.1
Average annual percentage increase in Prison Dept. revenue from stone quarries: 52.9
Average annual increase in nominal kyat unit price of stone quarried by prisoners: 20.2

Source: Prison Department Exhibit, Defense Services Museum, Rangoon

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*Note: The official government contract day labor wage was 10 kyat per day until 1988, 15 kyat per day from 1989 to 1993, 20 kyat per day since 1993; it has fallen relative to the market wage.*

March, when the paddy quota falls due, because of this additional demand.

The consequences of failure to supply one's quota appear to vary from place to place. In areas near Rangoon, where land is relatively valuable, households may lose their access to the land. In other areas, such as Irrawaddy Division, which has typically produced a paddy surplus about three times greater than the national paddy surplus, heads of households that have failed to meet their paddy quota have reportedly been required to work off their quota debt in labor camps.

GOVERNMENT ROLE IN THE ECONOMY
The limits of liberalization
...The pace of economic liberalization since 1993 appears to have slowed, and, in some instances, to have been reversed. Importers continue to be required to import GOB-designated "priority" goods in amounts equivalent to one-fourth of their total imports. In FY 94/95, the GOB began to give import licensing preferences to firms that import at least 50% "priority" goods. As gross investment has declined relative to legal GDP, forced prison labor and uncompensated people's "contributions" to state construction projects appear to have increased. In the agricultural sector (as noted in the preceding section), the GOB has increasingly resorted to coercion in order to increase public sector exports, notably of rice, and has recently moved to block private sector exports of gram (chickpea) and rice products such as vermicelli. So far, the GOB has declined to comply with the exchange-rate-regime precondition of a prospective IMF staff monitoring program, namely a single market-determined exchange rate. Subsequently, the GOB appears to have intensified its efforts to mobilize sources of internal financing. The GOB also appears increasingly unconcerned that funds originally garnered through narcotics activities could find their way into Burma's legal economy.

The number of state economic enterprises (SEEs) fell only slightly, from 1,765 in FY 90/91 to 1,675 in FY 94/95. No large SEE has been privatized, and no major privatization initiative appears imminent. The SEEs, many of which enjoy monopolistic privileges, continue to dominate Burma's economy. The SEE sector appears to contribute positive net non-tax revenues equivalent to more than 3% of GDP to the central government at prevailing relative prices, and to be profitable even after allowing for large implicit fuel and interest subsidies from the central government.

In Burma, publicly available economic data are inadequate to permit meaningful estimation of the public sector share of GDP. However, GOB ministers, during 1994 through early 1996, repeatedly stated publicly that the public sector share of GDP was in the range of 22% to 24%, although much smaller figures are implied by the GOB's exchange-rate-unadjusted economic data.

Fiscal problems, not the exchange rate regime, are the main obstacles to macroeconomic stability in Burma. The country's exchange-rate problems have been largely solved by a gradual de facto devaluation of the kyat to a market-determined rate. For more than a year, the role of the official rate in the dual exchange rate system has been so restricted that it is no longer a major impediment to international competitiveness or growth (although it may deter foreign investment by complicating the calculation of joint venture equity shares and of limits on repatriation of profits). However, large fiscal deficits caused largely by military spending have fueled rapid money supply growth and inflation, while the fiscal burden has fallen disproportionately on the legal external sector, which no longer leads legal GDP growth.
First of all I would like to apologize for hastily calling this press conference to inform you of certain trends that have developed in Myanmar relating to the economic sector. As my ministry is the Ministry for National Planning and Economic Development, I would like to explain two matters this afternoon.

The Embassy of the United States of America issued two documents which I received last night. One document is the Country Commercial Guide: Burma and the other document is the Foreign Economic Trends Report.
[Regarding] the Economic Trends Report on Burma: first of all, it is clearly written in this document that all statistics in the report are unofficial and are only Embassy estimates, not official government statistics unless quoted or unless otherwise specified by the document in its text.

These two reports were brought to my attention last night at about 10:00 P.M. Of course, I read it throughout the night, and today I [am having] this press conference to clarify matters on this report. This type of report, although it mentions that the United States embassies in countries around the world do report by law to the respective governments on various aspects in countries where the embassies are open, this is the first time I have received such a report... I have been the Minister for Finance, the Minister of Planning and now Minister for National Planning and Economic Development since 1988, and this is the first time I have received a report of this nature.

As far as my evaluation of the report, Foreign Economic Trends: Burma, and the various charts that have been appended to this report: I have studied [it], as I earlier mentioned, throughout the night. First of all, my comment on this report is that it is not an official study based on official statistics. It is just something that has been picked up and written off of newspapers and other documents or other news that has been floating around. So, I think that this report does not have much credibility.

You can see that it has been orchestrated from the State Department itself, because it specifically asks for feedback from readers and this feedback is to be addressed to the Embassy in Yangon or to the U.S. State Department in Washington, D.C. So, I think that normally the State Department would know such a report has been circulated in Yangon or other places, I don't know where. Since the statistics are unofficial, as stated, we can come to the conclusion that the intention of floating such a report is only to seed doubt or to cause mischief and maliciously discredit the State Law and Order Restoration Committee [sic] in its successful economic endeavors and national building programs.

As you very well know, visitors to Myanmar have seen for themselves what is happening. Most of them come with preconceived ideas or pictures of the country. After the visit their ideas are completely changed. They often say: "How different it is from what the press reports! It is a peaceful, progressive country with great potential. Keep it up!" If this report is read by people who have not been to Myanmar, they will only be blinded and will not be able to make sense of what is written here.

So, in the sense of this report every sector, every table, does not always indicate, economics of the report, but it is more slanted towards political tendencies. I feel that the essence of the report in nature is politically slanted, and a bit adventurous also, trying to convince the man on the street by appending documents or appending tables which are not authenticated.

After making a detailed study of the reports and various tables attached — you can see that it goes up to Table M in this document — I have come to notice that what has been written in the report, the main salient factor that has been written in the report, is that SLORC, the State Law and Order Restoration Council, is not transparent in its financial dealings or financial policy... I don't know what they mean by not being transparent. They don't specify exactly what they want to say.

[The report's] Second point is that the major portion of the budget is being used for defense
spending. Well, I have my Director-General of Planning, U Sang Khup, here together with me, and also I have my Director-General of the Central Statistical Organization, Dr. Sein Tin, also my Director General for the Foreign Economic Relations Department, U Ohn Lwin. And we have been transparent in that every year we have always granted reports on the financial economic and social conditions for the country. And in this report we clearly show what has been done, what has been used, for the country. Of course, every country does have defense spending, and I would tell you that in Myanmar defense spending is between 8% to 10%.

Why not? We don't have [a policy of aggression]. We have been friendly with all our neighbors, friendly with all countries in the region. I think ASEAN has appreciated that very much and therefore, as you know, taken us in as an observer. Why shouldn't a country have its own defense force to protect its national interests? Every country does have a defense force. We are not spending money to be aggressive or to put it to waste, as Prime Minister Mahathir said on the 14th of May in Tokyo when we had the Conference on the Future of Asia. In his speech he very clearly indicated, he said: "You know, they accuse Malaysia of arming itself: what for? Whom is Malaysia going to fight? Whom is Malaysia going to go to war with? With India? With China, with the People's Republic of China? With Singapore? With Thailand?" He said it is an inconceivable idea, especially when the world today is turning more towards globalization, more towards trade and economics. The only reason for defense spending, to a certain degree, is that every nation would like its armed forces to be alert and to bring them up to date. So that is the second point that I would like to stress that has been written in this report about defense spending.

And therefore they feel — three — that the social sector is being neglected. I have given you, I think I have asked U Sang Khup to distribute these books [Annual Review of the Financial, Economic and Social Indicators, published in July 1996 by the Government of Myanmar's Ministry of National Planning and Economic Development's Central Statistical Office] to you after the conference. And you will see that in the social sector, in education and health, the country has invested quite a sum of money. Starting from the four year plan 1992/93 to 1995/96 we have invested yearly, starting from 1992/93 4.7 billion [current kyat], 93/94 5.5 billion, 94/95 5.8 billion, 95/96 6.8 billion, and for the coming year, 96/97, we have planned to invest 7.8 billion in the education sector. I will distribute these books to you later on. In the health sector, in 92/93 we invested 2.9 billion [current kyat], 93/94 1.9 billion, 94/95 2.1 billion, 95/96 2.7 billion, and in 96/97 we have planned to invest 2.5 billion. That does not include major projects. That is just for only current health expenditures.

[Regarding] the sustained growth — point four — that is mentioned in the report. The report states that they are skeptical whether Myanmar could sustain its present growth. I have an article here just published in the Singapore Straits Times today: "Myanmar Reports Spectacular Economic Growth of 10.2%." And here over the past four year plan, as we have earlier mentioned, the plan for the economy was an annual growth rate of 5.1%. And, of course, over the four years we have been able to maintain this 5.1 and, I think, have done very well by performing to the amount of 8.2% annually. In the five year plan which we have under print — I will get it, and when I get it I will distribute it to you — we have planned for growth rate of 6% annually. And I
am sure that with the direct foreign investments that are coming on stream within this five year period, the growth rate will not be less than what we have achieved in the past four years.

In this report also, and in its Tables — point number five — they have also mentioned forced labor, points on forced labor, labor contribution, prison labor, et cetera. They have also calculated some figures which have not been — I don’t know from where they picked up these figures, but they have been calculated and included in some tables which, we don't know where they got them from. Well, they are just pointing again to the issue of human rights which they have been using all along.

In point number six, they have brought up the narcotics problem. The Foreign Minister explained this issue [during] the 31 of July press conference on narcotics... As you know, Myanmar has sacrificed life and limb in the fight against drugs. I have met many Senators and Congressmen and I have personally asked them: "How much sacrifice in life and limb has the United States made towards the prevention of consumer side?"[sic] And I couldn't get an answer from them. As you know, in Myanmar, we have taken this responsibility as a national task: to eradicate the drug menace for the human race. And this has been brought about by the understanding of the 15 armed groups which have come to an understanding with the government, and also by the surrender of Khun Sa, the drug lord. Here, in the second report, in the Country Commercial Guide, they have mentioned that they are skeptical even about Khun Sa's surrender, whether he would still be producing drugs or not, that they are still skeptical and it has to be seen. So, I think some of our newsman and some foreign correspondents should also interview the DCP [United Nations Drug Control Program] people and ask them how they feel about Khun Sa's surrender. And I think you'll get the answer from them. The endeavors of the Myanmar Government towards eradication of drugs have really never been brought to the attention of the United States public.

Another point they have mentioned here is — point seven — that a change of government and a democratic system are essential elements to Myanmar's economic growth. Well, that is what we are exactly doing. We have the National Convention to draw up a constitution, to change the government to [move toward] a multiparty democratic system. That is what we are actually doing. Of course we have to follow what the Constitution wants us to do.

But, at the same time, even before the promulgation of the constitution, I think that we are on the road to a very strong economic progress, because, as you know, in 1998 [sic], when we came to government, 96% of the economy was controlled by the state, and 4% was under the umbrella of the co-operatives. Today the situation today is that 76% of the GDP is controlled by the private sector, 22% by the state and 2% by the cooperatives. Of the 22% that is controlled by the state, we have embarked on a privatization program which gradually will privatize as much as we can. So the economy has picked up very well, the gross domestic product has been very encouraging and Myanmar's private sector has developed to a certain stage where I think in the next five years it will be the leading partners in Myanmar's economy. So, if they think that a democratic government only can change the economy, they should have a look around the world also, and see how economic changes are taking place as well.

In point number eight, [they] have also mentioned that the extralegal economy has played a considerable role in the economy. Well, that I will deny, that it has played in a considerable role in the economy. There might be a certain portion of extralegal economic undertakings, but I think it has not played a considerable role in the economy.

Point number nine states that the real GDP growth was between 4.6% to 6%. That is bare estimates, and, as you know, when we declare, when we put up to the government and also publish these documents for the people and for whoever is interested in the economy of Myanmar to study. First of all, they are estimates, the first estimates are collected from the various economic sectors of the country. After the first estimates, there's a preliminary audit of all accounts. Therefore, after receiving the preliminary audits of accounts, we gave a provisional figure. You would see it in this book. And after the provisional figure, when everything is audited and cleared, the figures are correct; only then we give the actual figures. So the 4.6% to 6% growth, which they have stated in their report,
depends on what basis they have calculated. Since they have not given the basis of calculation, we can not say what basis they have calculated on.

The tenth point that they brought up in this report is that the World Bank, the International Monetary Fund, and the Asian Development Bank, are being pressured by the U.S. not to extend help to Myanmar. And in the statement it says that by law, they are pressured not to help Myanmar. I think that is quite true, too. I don't know what law the United States has that forces them to pressure the World Bank and IMF and ADB; it has not been mentioned under what law. But no help since 1988 has been rendered by the World Bank or IMF or ADB except technical assistance. We still have our Article Four consultations with them every year, and apart from that, I think that is all. So further dealing with the World Bank or IMF or even the Asian Development Bank will still not be productive for Myanmar.

The eleventh point that they have mentioned is that there is no macroeconomic transparency. When the IMF has consultations here, they have access to open books. And if they don't call that economic or macroeconomic transparency, I don't know what they mean by not having macroeconomic transparency. When the IMF has access to open books, it is macroeconomic transparency...

...As for the Asian Development Bank, it was created to support the Asian countries in endeavors for economic development. Today Japan and the United States have the largest shares in the Asian Development Bank, but the additional funding which we call the ADF has always been put up by Japan. That is, Japan funds the major portion of the Asian Development Bank's operations. But although Japan has openly asked the United States to legalize the ADF funding into shares, the United States refused because they [the U.S.] would feel that they would lose control of the bank. Therefore, ADB is under the shared control of the United States, so they can veto any proposal put up to the Board of Directors.

The twelfth point that they mentioned in this report is justification of the text. This has been justified by the various tables they have shown here, and of course the statistics of these tables are not official, as mentioned in the earlier document, so this document is not justified. I see it that way. As mentioned earlier in the document itself, these statistics are unofficial; it is research work done by the United States Embassy in Yangon. It is not the statistics of the United States Government or any other government. So therefore, if they just try to justify

When the IMF has consultations here, they have access to open books. And if they don't call that economic or macroeconomic transparency, I don't know what they mean by not having macroeconomic transparency.

that this document,[by saying that] the tables support the contents of the document, it is not justified, because it is not authentic. So any document that is circulated as a document without having support or legal backing or legal documentary support, I think is just another piece of paper. For our reports here, in this report [the Annual Review], for every figure reported in this report, we have a justification and we have supporting documents, otherwise we don't enter the figure into the document at all.

The thirteenth point raised in the report, is the sectoral studies, which are not regular; the facts are not regular, and there has been no verification of such facts. For instance the cultivation in the agriculture sector. They have only said that 12.12 million acres of lands have been under cultivation. They have not taken into consideration the double cropping and triple cropping or extension farming etc. They have not taken into consideration the per-
percentage that agriculture plays in the national gross domestic product or gross national product. So in that sense also these figures here need to be verified.

The Ministry of National Planning and Economic Development wishes to state that we publish documents or publications which are authentic reports, and can be obtained by anybody who is interested in these reports. For instance, these are the financial economic and social conditions for 1995-96. They are out now; they are translated into English. There’s a Myanmar version also and it can be bought anywhere outside. The plan, which is under print now, will be out very soon — the five year plan, the salient points of the five year plan — that also. If I have your names I will send them to you gratis, free of charge, but the rest of course will be sold. I will send them to you, to everybody, to every one of you. The Central Statistical Organization [sic] has published the Statistical Year Book 1995 also with a computer diskette. And all the statistics can either be taken from the manual or from the diskette. By the end of this year we’ll have a com-
plete CD ROM on the national economic issues also.

Every fortnight we produce the Selected Monthly Economic Indicators, which are also available, and every month or as [needed] we circulate the "Economic Development of Myanmar." These are authentic documents which we have authentic figures and backing for every figure that we put in this document.

They also mentioned in this report that the foreign investment situation in Myanmar has dropped sharply. For your information, to date we have eight sectors of investment: that's agriculture, fisheries, mining, manufacturing, oil and gas, transport, hotel and tourism, real estate, industrial estates and others. To date we have 197 foreign direct investments totaling US $4,132 billion. Altogether 20 countries have invested in Myanmar, that is: Australia, Austria, Bangladesh, Canada, China, Denmark, France, Germany, Hong Kong, Japan, Macao, Malaysia, the Philippines, the Republic of Korea, Singapore, Sri Lanka, The Netherlands, Thailand, the United Kingdom and the United States of America. The amount of investments that have been made: in 1989/90, US $449.49; in 1990/91, US $80.57 million; in 91/92, US $5.89 million; in 92/93, US $103.78 million; in 93/94, US $377.60 million, in 94/95 US $1,351.88 million; in 95/96, US $668.17 million; and in 96/97 up to the end of July, US $895.00 million. For this year, 96/97 we estimate that the investments will be US $1.5 billion — for this year alone.

These are the actual contracted and pledged amounts of money. If we come to the final audit of the pledged amount, take for instance, the Traders Hotel they pledged US $50 million in the contracts the audit is going on they estimate that they have spent about US $85 million. The Sedona, they pledged US $50 million the audit is going on now they have spent already US $90 million. So the added-on costs on all these projects, when the 197 projects are completed, will be about US $7 billion. That is up to the end of July 1996/97.

The [number] of foreign investments according to the Foreign Investment Law: 100% owned foreign investments are 67; joint ventures with the state 81; joint ventures with state economic enterprises 50; with Myanmar Economic Holdings (UMEH) 11; with the Yangon City Development Committee 1; with private enterprises 16; with the co-operative societies 3; and on a production-sharing basis altogether 21.... That is the main breakdown of foreign investments in Myanmar. They have also stated in the document that they don't know the amount of foreign investments that have been invested sector-wise. So for your information, I will give [this to] you: agriculture 1; fisheries 12; mining 33; manufacturing 51; oil and gas 15; transport 9; hotels 33; real estate 11; industrial estate 2; and others 28; [total] 197.

There are one or two points in the report I would like to point out in particular. For instance, in Table H, they have said that the Government of Burma does not publish a value for people's contributions. We don't.... Because there is no monetary transaction with the people if they give contributions, labor contribution or material contribution, there's no monetary value, although we do say that it's worth so much. But in physical terms there are no monetary transactions to put into the budget or receipts paid out, therefore we don't put in this figure.

And here also they have said that these figures have been adjusted or not adjusted I don't know what adjustment has been done in these figures. So it makes it very [questionable] as to how they have come to get these sets of tables or figures.

Another very trying point for us is that, it is stated here that, although the Central Government has made salient economic plans for the central part of the country, for the states and divisions there have been or little or no plans whatsoever. Now, this set of documents are the plans that we produced and distribute every year for the various states and divisions. For instance, this is for Ayawaddy Division, this is Bago Division, this is the Kachin State, this is the Kayah State, this is the Kayin state, this is the Chin State, etc. We have all fourteen plans for all fourteen states and divisions drawn up every year, circulated to every state and division, and the senior staff of my Planning Department. They go down to work at grass root levels with the divisional and district planning teams and they see that the plans are implemented. And here also, in the report, is mentioned there's no documentation on the development of Mon State. Every year, we produce the economic devel-
Development of the Mon State. This is the economic development of the Ayawaddy Division, and these are the Shan State, Yangon Division, the Bago Division, the Taninthayi Division, the Sagaing Division, the Kayin State, the Kayah State, [and] the Chin State. Based on that you can see how unauthentic the essence and contents of the of this report is.

So my message is that such documents quoted are not in the interest of the state or the people; it is in the interest of certain governments only towards certain political parties. And you will read that in the final conclusion of this document it mentioned this. That's why I say that this report is not an economic report, but a political report that tries to justify political actions by economic figures. And these figures also are not justified. On the second report, the "Country Commercial Guide" we will also, see [this]. For instance, on page 82 [sic, really page 62]: "First, the form of government contributes greatly to Burma's macroeconomic instability and retards development of a healthy and educated work force. The government's reliance on armed forces rather than popular support is directly related to its disproportionately high levels of defense spending. Its lack of popular support and administrative integrity and competence needed to collect internal revenues effectively underlies its reliance on the external sector for a disproportionately high share of its revenue."

Concerning the status of revenue, I would like also to clarify that also with you. In 1991 I requested technical assistance from the International Monetary Fund to restructure the taxation laws and the taxation structures of Myanmar. Late that year, I requested the International Customs Council to introduce to "HS," the harmonized system, on customs duties in Myanmar. On that basis, with the IMF team's study here and recommendations and restructuring of the tax basis in Myanmar, the revenue that we have collected, we have reduced the amount of tax and broadened the base. Therefore, in base year 1985/86, we collected 7.3 billion kyats of tax. In this year 1995/96, we have collected 18 billion kyats, that means people paid less, but the base is broader. We are going to a market system; therefore, we pay less and the base is broader. So the projection of tax collection is that by next year we should be collecting over 20 billion kyats in internal commercial taxes.

And also, in this report [the Annual Review] all the taxes are in there also.

Another point that I would like to bring to your attention here is on the domestic economy. The American Embassy in Yangon prefers to offer no current statistical data rather than circulate Government of Burma data in uncorrected form. But this is the report. The American Embassy in Yangon prefers to offer no current statistical data rather than Government of Burma data in uncorrected form. Here they are: collected, entire, corrected and also circulated—these statistics. So I don't understand.

The third point is on U.S. country contacts. In Table E it says the U.S. Embassy and trade-related contacts and they have given the Embassy in Yangon. And the U.S. government does not encourage trade with or investment in Burma by U.S. firms and nationals. And in the investments, I have just read out to you, there are 15 large U.S. companies investing in Myanmar. I think they are about 243.57 million U.S. dollars already invested in Myanmar. This is the note I made. And of the Union Chamber of Commerce and MCCI, they say: "Neither of the above-listed associations is effectively independent." And they have given some other country contacts in the Ministry of Trade, the Customs Department, the Directorate of Defense Industry, the Directorate of Defense Procurement, Ministry of National Planning and Economic Development, and Myanmar Investment Commission. That is their U.S. and country contacts. They say that the U.S. Government does not encourage trade or investment in Myanmar by U.S. firms and nationals, yet they give contact points where they can trade or invest Myanmar.

So, to sum up the entire briefing, before I open the floor to questions: these two documents circulated by the Embassy of the United States — the first ever which I have received — are not official documents. It does not portray the real economic progress or economic situation in Myanmar. It is only a presumption or permutation of figures that they think is correct for foreign business entrepreneurs or for foreign businessmen or investors or even for statistics applications or for educational purposes. I think this data should not be used. It is a very misleading document.
'When Economists Get Together for a Chat'

HANA, a Burmese language magazine published in Rangoon, conducts a roundtable discussion with Burmese economists at the end of each year. The roundtable for 1995 was held on December 16, at the Orient Tea House, and was attended by retired professor William Pau, U Thet Tun (former ambassador and current director of the Tun Foundation Bank), Dr. Sein Maung (chairman of the First Private Myanmar Bank), U Thein Aung (retired lecturer of the Institute of Economics), U Thein Oo (Ace Computer Company), U Chan Aye (aka Maung Suu Sann), and the editor of Dhana Economic Magazine.

This conversation was originally featured in the February 1996 issue of DHANA and was translated for BURMA DEBATE.
company has a closing balance of $100, it must post that balance at the official rate of K6.50. The balance could not be shown at the prevailing market rate of K122.00. Now it can be done. If the balance is $100, it can be shown in the accounts at the prevailing FEC rate. That profit may be called "profit from FEC operations."

U CHAN AYE • Whatever it is called, we now have two types of currencies circulating in the country. The first currency is the kyat and the other currency is the FEC. What are the benefits of using two currencies simultaneously?

WILLIAM PAU • This amounts to a devaluation of the kyat. But it is not done directly. The official exchange rate of the dollar is K6.50 and now the official exchange rate of the FEC is K120.00 to the dollar. The exchange rate for the FEC must also be considered official. So, we now have two official exchange rates.

U THET TUN • I like this two exchange rate system. In China, they later abolished the FEC system, and floated the foreign exchange rate, leaving them with only one exchange rate. However, I think it is still too early for us to adopt a one exchange rate system. If the exchange rate of kyats 122.00 is floated as a single exchange rate, it will enable us to freely convert to the dollar. Full convertibility to the dollar may lead to conversion of kyats to the dollar, thus depleting all foreign exchange reserves. We will not be able to bear the consequences. I don't think the IMF [International Monetary Fund] will be prepared to say, "Go ahead, don't worry, we will supply the foreign currency!"

DHANA • Since it is considered the most interesting development for many people, let's first discuss the issue of the FECs.

U THET TUN • I went over to observe the trading in FECs. I thought it would be a big building like the Universal building. It was not so. It was just a one-story building.

DR. SEIN MAUNG • I was there on the day of the opening ceremonies. There was a separate counter for those who have been given licenses to trade in FECs. There are about ten counters, I think. On the first day, the selling rate of the FEC was kyat 123.00 to a dollar. Buying rate was K122.50.

DHANA • What are the benefits of opening a FEC market?

DR. SEIN MAUNG • One is that you can legally post your dollar accounts at the prevailing FEC exchange rates. For example, in the past, if at the end of the financial year, a joint venture company has a closing balance of $100, it must post that balance at the official rate of K6.50. The balance could not be shown at the prevailing market rate of K122.00. Now it can be done. If the balance is $100, it can be shown in the accounts at the prevailing FEC rate. That profit may be called "profit from FEC operations."

DHANA • Now that the FEC market has been opened, will the FEC exchange rates go up or down?

DR. SEIN MAUNG • What is important is the amount of FECs in circulation. The licensed dealers in the FEC market will be looking at the amount of FECs being circulated, because...
they will be speculating on the market. Since the FECs are now part of the market economy, their supply and demand must be taken into account. FECs in circulation and FECs issued will be the supply side of the market.

U THIN OO • I understand that the FECs must be fully backed by foreign currency. For example, if FEC 100 dollars have been issued you must really have 100 green dollars. The value of the FECs in circulation will have to be equal to the value of the green dollars that the country has.

U THEIN OO • Will it be possible to give FECs to someone who comes to convert 1 billion kyats? If so, the next step would then be, whether those FECs can be converted into green dollars. This must be taken into account.

DHANA • Will the stock exchange that is being established with Daiwa come to fruition?

DR. SEIN MAUNG • It will take time. Nevertheless, it is good to have a stock exchange. There are two problems, however. The first is the number of public companies registered at the stock exchange. The shares of private companies that are not registered cannot be traded in the stock exchange. The second problem is, whether the shares of the public companies will be traded or not. This is related to the profit that will be shared by these public companies.

U THEIN OO • At present, if the government joint ventures are not included, there is only one or two genuinely publicly owned companies. Also, we must have an international standard financial reporting system in place, together with the stock exchange. Only then will the investors be able to compare performances of the public companies.

DR. SEIN MAUNG • Whatever it is, we can start by trading government issued securities and saving bonds. At the same time, before you register and start selling shares, the joint venture between Daiwa and Myanmar Economic Bank can take commission and sell the shares as a broker, trading over the counter. They can conduct trading of shares on behalf of the public companies.

DHANA • Please talk a little about setting up joint ventures with foreign banks.

DR. SEIN MAUNG • As far as I know, to set up a joint-venture bank between Burmese private banks and representatives of foreign banks, the first requirement is that you must have capital in the amount of 10 million dollars.

We now have two types of currencies circulating in the country. The first currency is the kyat and the other currency is the FEC.

DHANA • How will a joint-venture bank be established? Must the Burmese bank invest in dollars or FECs or kyats or in kind?

DR. SEIN MAUNG • I think the foreign representative bank and the Burmese private bank may form a private merger, or may establish a separate joint-venture bank. The Burmese bank can invest in terms of buildings as part of its share of the capital. Authorities have said that these will be accounted for in terms of dollars, which means they can invest in kind. The ratio of capital investment is to be negotiated between the parties concerned.

DHANA • Since the joint-venture bank is being established with a foreign bank, that joint venture bank will have to be given the legal status of a foreign bank. However, there is a law prohibiting for-
igners and foreign entities from owning land and buildings, so wouldn’t it be difficult to value buildings and land and commit them as shares in the investment?

DR. SEIN MAUNG • I also asked this question. It most likely would not be considered as ownership, but looked upon as leased property.

DHANA • Now in Burma, a market economy has been established. Privatization is being encouraged. What do you think the consequences will be?

U CHAN AYE • A market economy has been established; foreign investments have been allowed; exports have been encouraged. Accordingly, there also has been increased development. On the other hand, you see locally owned industries being closed down or struggling to stay open. In Upper Burma, industries producing consumer goods such as cooking oil, flour, beans and pulses, and fabric industries are being closed down. At the same time, in the farming sector, we see farmers switching to grow better priced crops. They are no longer growing traditional crops. You cannot blame them. This can be seen as a change in the crop selection system. What I want to say is that while there has been development due to moving towards a market economy, there are also social costs. Traditional industries, those which cannot be substituted by foreign countries, are dying. And Burma’s industrial sector cannot yet compete with imported goods.

U THEIN AUNG • The government could encourage young people who take risks and set up manageable industries by providing venture capital to produce finished goods. This is necessary. The fact that they cannot compete with imported goods at this point is understandable.

U CHAN AYE • It has been six years now that the market economy and the private sector have been encouraged. It is true that there has been some increased development. But, in the last two years, traders have been complaining that sales have been slow. Therefore, there are two questions to be asked: Whether this recession is similar to that of China which was the result of an overactive economy or whether it is part of the cycle of alternating recession and economic boom. Has the success of the market economy reached its peak and now is declining? If it is on the decline, we must ask whether there will be another peak.

U THET TUN • I don’t think we have peaked. But there is the potential to peak soon.

U CHAN AYE • Which sectors have this potential? Can you not highlight them specifically?

DR. SEIN MAUNG • I don’t think we have reached the apex. Sales are down, they are stagnating. This is happening because the economy is just beginning to kick in during this transition period before it materializes into a fully fledged market economy. We have not peaked as yet.

U THET TUN • The sector which is reaching its peak is currently the tourist industry. Investment in this sector is doing quite well. Tourism is not the same as the industrial sector. It is not time consuming, nor does it require a lot of effort or entail many disappointments. Promoting the manufacturing industry is not at all easy. It is difficult. The problem of electricity is not minor either.

U THEIN AUNG • I don’t think the tourist sector can be considered a real investment for long-term development. We must seek out development based on human resources. When I talk about human resources, I am not talking about the abundance of "coolies" (note: physical laborers). I am talking about labor with real know-how. Beginning from tourist guides who are well-versed in Burmese culture, society, able to make expert presentations. Technical know-how is a necessity. Otherwise, the tourist sector will be useless and damage the reputation of the country. It is the manufacturing industry that needs the technical know-how.
Now we are concentrating only on making money, therefore we are weak in encouraging the manufacturing industry where enhanced technical know-how must be utilized. Young people who take risks and start enterprises with venture capital must be encouraged.

U CHAN AYE • We usually say that "today's youth are tomorrow's leaders." What the experts are saying now is that creating tomorrow's leaders is not important. They are saying that, what is more important is, "Knowing what is happening to the youth today." Are they followers or are they "unplugged" without any sense of direction?

WILLIAM PAU • The view is that they don't know anything! It is as if they have been weak in basic education for about three decades. In the past, there were a lot of good points and advantages. All those advantages have now been erased.

U THET TUN • We are being too greedy. We want quality as well as quantity. Just the opposite of the Japanese Meiji Era. In the Meiji Era, the Japanese island was closed off for 200 years. They did not export nor import anything. But they did import a lot of books. Now we are exporting and importing everything we can. But we are importing fewer books and documents. Our part is over. We must look at how Burma is going to enter the 21st century. Just now U Thein Aung said that we must encourage enterprises using venture capital and home industries. Our Tun Foundation Bank has kept that goal in mind and tried to operate in this way. But it is difficult. How can we give encouragement when we cannot count on our loans being repaid? So, we provide loans only to those people who are concerned that their reputation will be affected if they do not repay their loans.

Now the construction sector is booming. The hotel construction industry will be finished at the end of 1996. We will have to wait and see what will happen to the Burmese economy when the construction boom loses its momentum.

U THEIN OO • You cannot say the construction work will be over in 1996. An improvement in other commercial, manufacturing and service industries will require a lot more construction work. If those other sectors do not improve, then everything will come to a standstill. We can now say that the income levels of the farmers have increased considerably. Since DHANA magazine conducted a field study, could you tell us what you found?

DHANA • According to our enquiries, we found that, with the high prices of crops, the incomes of land and farm owners increased, but the situation of the farmers who do not own land or farms did not change much. This means that the gap that exists in rural income levels has widened.

U THET TUN • That is not the only the case in the rural sector. There also exists a huge gap in the urban income levels. Pensioners in particular, complain a lot.

DHANA • Maybe, it is because there are price increases without a corresponding rise in income levels.

DR. SEIN MAUNG • One of the reasons for the present inflation level is the increase in the prices of imported goods or "imported inflation." This is because imported goods are sold for kyats, and with those kyats, people scramble to buy exports at high prices. Therefore, the prices of locally manufactured goods go up. And since the value of the imported goods are priced at the open market exchange rate, the prices of imported goods become high.

U THET TUN • I do not agree with that point. My son and daughter-in-law have come from England. They were surprised that all the things that they can get in England can be found here as well. Also, they found that the prices here were less than those in England, so they are going to buy everything from here before they go back to England. The real problem is that even the price of domestically-produced crops has risen.
U THEIN AUNG • It is true that you can get everything here in Burma. But these goods do not come from our own sources. All of them are imported. People prefer imported goods. It so happens that the prices of those goods are controlled from abroad. Even the prices of domestic crops seem to have been influenced from abroad. I don't think that is a good sign.

Without foreign aid, infrastructure modernization and development cannot be achieved. We must also have good international support. If we can achieve national reconciliation, it is like getting the "green light." It is like gold.

WILLIAM PAU • We have accepted the principle that the ability to mold the whole economy should be in the hands of the State and the people. In reality, we must look at all the sectors individually, in detail. In the financial sector, it is true that there are more banks, but not many job positions have been created. It is important to have a liberal policy. If a person has the ability, he should be given permission to work without any prejudices.

DHANA • In Asia, the economies of countries like South Korea, Taiwan, Hong Kong and Singapore have developed. I wonder which country we should take as an example.

U THEIN AUNG • The South Korean development model started with big businesses. Those big businesses were used to surge ahead. We have here in Burma, people who also have the idea of starting with big businesses. I don't want us to duplicate the Korean model. We must start with small industries. In Korea, by starting with big businesses, the President got involved in a scandal. They seem to think that, it is worth such scandals in the name of economic development.

U THEIN OO • Looking at it from the economic development point of view, South Korea does not seem to be too bad.

U THET TUN • Because of cold-war politics, South Korea and Taiwan received American aid for infrastructure development. Now in the post-cold war era, aid for infrastructure is no longer there. Without foreign aid, infrastructure modernization and development cannot be achieved. We must also have good international support. If we can achieve national reconciliation, it is like getting the "green light." It is like gold.

DHANA • How do you foresee the economic prospects for 1996-97?

DR. SEIN MAUNG • I am optimistic. Foreign investment will not come from America or from Europe right now. It might come from countries like Japan, Singapore, Taiwan, and Korea. This could be enough for Burma.

U THET TUN • It will be nice if Burma gets the "green light." A "green light" means getting international support. On the one hand, we need both foreign investments and aid to develop our infrastructure, such as assistance from the IMF and the World Bank. If we have international support it is easy to receive investment and foreign aid.

WILLIAM PAU • I endorse that view. In an era where isolationism is not workable, inter-
national support is a basic requirement. What I also want to say is that we are doing easy things in a difficult manner.

U THEIN AUNG • The bureaucratic red tape is too long and by complicating things, progress is stunted.

U THEET TUN • The red tape is being used as if it is a way of living, a way of survival. It is sad that red tape is posing a major problem in both business and social matters.

DR. SEIN MAUNG • It is now two months since I applied to have the telephone changed in our bank. I have not heard anything as yet. We can talk about a lot of examples where red tape is long and where things are deliberately made difficult. Nothing is efficient and quick. There is no argument that it affects the economic development of the country.

DHANA • Well, we have discussed several issues here. In conclusion, I would like to ask your views with regard to Burma's entry into ASEAN.

DR. SEIN MAUNG • I welcome this. We should join ASEAN. Our domestic market now consists of a population of only a little over 40 million. If we join ASEAN we will be part of a market with a population of 400 million. As the market is expanded, we must also face competition. But we can only improve with competition. Also, labor mobility of workers, technicians and intellectuals, will be enhanced. Capital mobility will also increase. There will be wider job opportunities for our people. If you look at Burma's exports and imports, intra-regional trade is an important factor. It is easier for industrial and agricultural output from the region to be exchanged within the region.

U THEIN AUNG • Competitiveness is an advantage in regional mergers. If Burma is not competitive, Burma will suffer. Therefore, Burma must strive to be competitive.

U THEET TUN • I welcome Burma's entry into ASEAN. We must take note of the freedom of mobility of labor. We must strive to change the fact that Burmese workers are presently working in ASEAN countries at wages which are practically at slave-labor levels.

DR. SEIN MAUNG • There will be an increase in the mobility of capital. Presently, investments from Singapore are on the rise. It is brisk. There also seems to be a potential for increased investments from South Korea and Thailand. Taiwan and Hong Kong, which are not ASEAN members, also want to invest in Burma. They are already investing in Burma, but the way they invest is through their relatives here in Rangoon. There are many forms of investment activities. No matter how these investment activities are conducted, if they can take place freely; if Burmese businesses can operate competitively in the ASEAN markets; if the Burmese can move freely amongst ASEAN countries; there exists the potential for increased benefits. We must not be afraid because we are not competitive. We must strive to be competitive. Competition is the driving force for development. The Burmese are not really that bad. We can compete if we are given the opportunity. Of course, a learning period will be needed.

WILLIAM PAU • For me, I am not concerned with FECs, stock exchanges or joint-venture banks with foreign companies. If we can tackle simple things in an easy manner, that in itself is not bad at all.

'EDITORS NOTE: AS of the end of August, 1996 the exchange rate for Foreign Exchange Certificates (FEC) was 160.00 Kyats to the dollar.
SLORC's ILO TRAVAILS

BY PHILLIP FISHMAN

Phillip Fishman is the Assistant Director for International Affairs of the American Federation of Labor/Congress of Industrial Organizations (AFL-CIO) and a member of the ILO Committee on the Application of Conventions and Recommendations.
In the belief that universal peace "can be established only if it is based on social justice," the International Labour Organization (ILO) was founded in 1919 to promote basic human rights and improve working and living conditions. It is unique among the UN family in that it is the only tripartite international organization where governments meet with workers and employers as equal and autonomous partners. To accomplish its mission, the ILO has established a body of minimum labor standards which are called Conventions and Recommendations, negotiated by the three social partners. Member states are encouraged to adopt Conventions and, once a Convention is adopted, it has the force of a treaty.

At the ILO's annual conference held each June in Geneva, countries suspected of violating conventions they have ratified are requested to appear before the Committee on the Application of Conventions and Recommendations (CACR) where they are questioned by the tripartite members of the Committee on their failure to fulfill their treaty obligations. The Committee then adopts conclusions that must be approved by both employer and worker members urging governments to change their laws to conform with the Convention in question and, equally as important, to enforce these laws. Needless to say, the most serious cases involve the violation of the ILO's core Conventions that address such fundamental worker rights as freedom of association, the right to bargain collectively, prohibitions against forced labor and child labor, and non-discrimination in employment.

A number of governments have been singled out through the years by the ILO as the most extreme violators of fundamental worker and human rights, Iran's Ayatollah, Poland's martial law government of the early eighties and South Africa's apartheid regime to name a few. But perhaps no government has been cited more frequently and in stronger terms during the last ten years than Burma's military regime.

At this year's ILO conference, Burma was called before the CACR for the second year in a row to explain why it continues to ignore its obligation to respect Convention No. 29 on Forced Labor. It was also asked to explain once again why there were no free trade unions in Burma in direct violation of Convention No. 87 on Freedom of Association. This was the ninth time in the last sixteen years that Burma was called before the Committee on Convention No. 87. Burma ratified both of these core ILO Conventions in 1955.

Last year the Committee found the SLORC's arguments — that there is no forced labor in Burma and that independent trade unions do in fact exist despite all evidence to the contrary — so unconvincing that it was compelled to set aside in Special Paragraphs of its final report the conclusions that forced labor must be eliminated once and for all and that unions, independent of the government, must be allowed to exist if workers so choose. This put the SLORC in rather select company with Nigeria's notorious military rulers, also cited in a Special Paragraph, who were in the process of brutally suppressing their political opposition, including Nigeria's long established trade union movement.

SLORC's defense this year took on a new twist. The SLORC representative no longer denied the existence of forced labor. Nor did he explain to the Committee as he had in the past that there had been a small misunderstanding, that what the international community sees as widespread, systematic use of forced labor to rebuild the country's decaying infrastructure is actually the Burmese age-old cultural tradition of "voluntary labor" to gain Buddhist merit. This time he triumphantly announced that because the 45-year war with the country's ethnic minorities was virtually over, the government had to find something to do with Burma's 400,000-man-strong military. From now on, he reported, the soldiers' labor would be used to rebuild the country's infrastructure, not the labor extracted by force from the Burmese people.

This new ploy had little effect. After reviewing the growing body of evidence on the use of forced labor, much of it collected from the victims with the courage to speak out at their own peril, the Committee once again decided to cite SLORC in Special Paragraphs, this time mentioning the case in its report "as one of persistent failure to implement Convention No. 29... and Convention No. 87." In ILO parlance, this is the strongest terminology available to the Committee. The conclusion stated that
"the Committee was deeply concerned by the serious situation prevailing in Myanmar over many years where systematically recourse was had to forced labor. The Committee once again firmly required the Government formally to abolish and urgently to cancel the legal provisions and to abandon all practices that were contrary to the Convention."

But this was not the end of it. The extreme nature of the abuses combined with the utter disdain shown by the SLORC through the years toward the entreaties of the ILO resulted in worker members of the ILO’s Governing Body from 25 different countries filing a complaint under Article 26 of the ILO Constitution against the SLORC for its contravention of Convention 29 on forced labor. This seldom used procedure, reserved for the most egregious cases of abuse such as General Jaruzelski’s oppression of Solidarnosc in 1983, requires the ILO to establish an official Mission of Inquiry to investigate into the alleged use of forced labor by the Burmese government. Public hearings will likely be held.

And so the travails of the SLORC at the ILO will continue. In addition to the likely establishment of the Mission of Inquiry this November followed by a one to two year investigation into allegations, the Burmese government will continue to be challenged for its utter failure to implement Convention No. 87 on Freedom of Association. Companies doing business in Burma under conditions where the provisions of the convention are clearly ignored also face the possibility of being cited in complaints.

This ongoing effort by a 173-member UN organization to pressure a member state to honor its international commitments or be singled out for explicit criticism has provided an impetus for a much broader international campaign against the SLORC. Many of the same European governments that spoke out against the SLORC at the ILO are now considering a petition filed by the International Confederation of Free Trade Unions (ICFTU) to suspend Burma tariff benefits under the European Union’s Generalized System of Preference (GSP) program. A ruling on this may come in the next six months with hearings scheduled to begin in September. United States GSP was suspended six years ago for worker rights violations making Burma one of only a handful of countries to have lost GSP benefits because of non-observance of basic worker rights as spelled out in the core ILO Conventions.

Actions such as these demonstrate a growing international concern with outlaw regimes like the SLORC that yearn to join the family of nations and avail themselves of the benefits of the global economy yet in their treatment of their own people refuse to abide by even the most minimum international standards of human decency and respect. As this concern deepens, the SLORC will be faced with the same dilemma that confronted former South African Prime Minister Botha and former Chilean dictator, General Pinochet: Whether to do what it apparently does not want to do — enter into a dialogue with the civilian government overwhelmingly elected in 1990 — or face increasing international ostracism and disgrace.
In June, the International Labour Organization (ILO), the oldest member of the United Nations family, held its annual Conference in Geneva, Switzerland. The ILO’s Committee on the Application of Conventions and Recommendations once again took up the case of Myanmar and its failure to meet its obligations under Convention No. 29 (forced labor) and Convention No. 87 (freedom of assembly). Following is the official summary of the proceedings from that Committee.

CONVENTION NO. 29: FORCED LABOR, 1930

A GOVERNMENT REPRESENTATIVE OF MYANMAR referred to the government report provided to the Conference Committee last year wherein it had been mentioned that a board had been formed to monitor the progress made in reviewing the Village Act of 1908 and Towns Act of 1907. During the first half of 1996, the board had held three meetings as a result of which the draft of a new unified law had been submitted to the Laws Scrutiny Central Body for approval.

With regard to the practical application of the Convention, he recalled that the use of porters was the consequence of a decades-long armed conflict between the Government and insurgent groups. However, today 15 out of 16 insurgent groups had abandoned armed struggle to join hands with the Government in national development. This encouraging situation had led to greatly diminished military operations and correspondingly the use of porters would come to an end. Indeed, concrete measures had been taken by his Government to this end. Specific instructions had been issued since 1995 to the local authorities, regional commanders and ministries concerned, prohibiting the recruitment of the local populace in carrying out national development projects such as the construction of roads, bridges and railways as well as the building of dams and embankments without proper and fair remuneration or compensation. Henceforth, members of...
the Myanmar armed forces would take part in these development projects to serve the interest of the people, in addition to their primary responsibility of defending the country.

Thus he sincerely believed that substantial progress had been made in the observance of the provisions of Convention No. 29.

**The Workers' Members** pointed out that the Government of Myanmar had a long-standing reliance on forced labor with no improvements to date. Indeed, there was total denial by the Government that there was any problem at all. Moreover, there was no effort at sincere cooperation with the ILO and no access for those from the ILO who attempted to visit the country.

**The Workers' Members** indicated that this was the third time that Convention No. 29 had been discussed since 1992. In 1993, there was a representation under Article 24 of the ILO Constitution which resulted in the Governing Body urging the Government to amend the Village Act and Towns Act and to ensure the formal repeal of the powers to impose compulsory labor in practice. Moreover, in 1993 the experts noted the report by a Special Rapporteur to the UN Commission on Human Rights, which documented the testimony of persons who were forced to provide labor in the construction of railroads and of roads, or the clearing of jungle areas for the military. However, the economic crisis caused by the regime's policies had created a desperate need for hard currency which had led to a continued and massive use of forced labor. One of the more insidious aspects of this development was that it was serving the interests and needs of Western multinational corporations. After all, 1996 was the "Year of the Tourist" in Myanmar. As a result, special use was being made of forced labor to build roads and hotels for tourists and to renovate temples. More specifically, conscripted workers had built the Mandalay Canal with their bare hands. Houses along the route had been demolished and local people with 2,000 "volunteers" were forced to work 24-hour shifts. Thirty thousand workers had built the new airport in Basang [Bassein]. Pipelines had been built for Unocal and its French counterpart, Total, on lands taken from villages. Overall around 800,000 people had "volunteered" their services to build such infrastructure for little or no remuneration.

To date, there had been no response whatsoever to the experts' request for legislative and practical measures to be adopted to ensure compliance with Convention No. 29. This disdain for ILO standards and procedures required the strongest possible conclusions on the part of the Committee.

**The Employers' Members** recalled that this case had been dealt with on several occasions. They considered it important to mention that the remarks of this Committee were not meant to cover the behavior of enterprises but was directed at the conduct of governments having ratified Conventions and which were thereby held to enforce legislation.

Although Myanmar had ratified Convention No. 29 more than 40 years ago, the situation had only continued to worsen: the population was requisitioned for porterage and public works and subjected to forced labor. While slightly modifying its previous comments, the Government continued to claim that it was a question of voluntary work, in keeping with millenary traditions, without at the same time being able to deny that requisitions of labor took place which were not subject to fines or other sanctions. Although the tripartite Committee set up by the Governing Body had requested immediate revision of the legislation in question and the elimination of any possibility whatsoever of recourse to forced labor, the situation remained unchanged.

Previously, the Government had claimed that the practice of forced labor, an inheritance of the colonial era, no longer existed and that the obsolete legislation in question would be repealed. Today, it affirmed that there was no longer forced labor and that it was the army which was carrying out the work in question. The experts' report showed, however, that it was rather for the army itself that this work was being carried out. The Government no longer said that the legislation would be modified nor that things would change in practice. On the other hand, it rejected proposals for technical assistance from the ILO.

Consequently, the Employers' Members considered that there was no cause for optimism. They expressed their very deep concern and insisted once
more that Myanmar renounce forced labor both in law and in practice.

The Workers' Member of Japan stressed that this was the oldest and most outrageous case outstanding before the Committee. Although it had been discussed time and time again in the Committee, no progress had been witnessed. The Government had practically run out of arguments to defend the notorious system of compulsory porterage and the imposition of labor for public works. In its report, the Committee of Experts had recalled yet again that the Village Act and the Towns Act provided "for the exaction of labor and services, including porterage service, under the menace of a penalty from residents who have not offered themselves voluntarily." The Government had repeated its earlier promises that these laws were being reviewed for possible amendment. The fact remains that these Acts were still in force. He believed that the Committee should support the Governing Body in asking the Government to make the recommended fundamental changes without further delay.

The Workers' Member of Brazil stated that the situation of forced labor in Myanmar was even more serious than in Brazil where at least one was informed about the violations of Convention No. 29 and other human rights violations. The speaker, pointing to the absence of any worker representation in the Myanmar delegation, recalled that trade union organizations in this country did not exist and that those who tried to organize workers did so at great personal risk or by knowing that they would finally go into exile.

The speaker stressed that the violations of human rights and of international labor standards in Myanmar were in direct proportion to the absence of trade unions there. Myanmar, which had no democratic regime, had resorted to forced labor as if it were a state policy. People built roads, railroads and bridges under the threat of bayonets, which was a sad repetition of history when the pyramids were constructed.

The speaker deplored the fact that the Government had tried to make the analysis of the situation much more complex by not responding to the questions raised by the Committee of Experts which also reflected the absence of any consideration for that

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**DIRECTIVE NO. 125**

Prohibiting Unpaid Labor Contributions in National Development Projects

*Unofficial Translation*

**SECRET**

Union of Myanmar
The State Law and Order Restoration Council
Office of the Chairman

No. 125/Na Wa Ta (00)/Nyaka - 2
Date: 2 June 1995
To: State/Division Law and Order Restoration Councils
Subject: Prohibiting Unpaid Labour Contributions in National Development Projects

1. It has been learned that in obtaining labor from the local populace in carrying out national development projects, such as construction of roads, bridges and railways as well as building of dams and embankments, the practice is that they have to contribute labor without compensation.

2. In fact, these projects have been carried out with a view to furthering the welfare of the local people. As such, it is imperative that in obtaining the necessary labor from the local people, they must be paid their due share.

3. Causing misery and sufferings to the people in rural areas due to the so-called forced and unpaid labor is very much uncalled for. The sufferings of the people may in turn create misperception, misunderstanding and misjudgment of the Government and the Tatmadaw (Armed forces).

4. Therefore, it is hereby instructed that the authorities concerned at different levels make proper supervisions so as to avoid undesirable incidents.

Sd/- Lt.Col. Phay Nyein
(for the Secretary)

Copy to: Ministry of Agriculture
Ministry of Railways
Ministry of Construction

Committee. Democracy had to be re-established in Myanmar. Convention No. 29 and other human and workers' rights had to be respected there. In view of the lack of goodwill on the part of the Government, the Committee had no choice but to mention this case once again in a special paragraph.

The Workers' Member of the United States stated that the widespread systematic violation of Convention No. 29 by the Myanmar military regime had been before the Committee twice in recent years. In both instances the case had proceeded in a similar fashion, for it had not been denied by the military regime that hundreds of thousands of Burmese citizens had been mobilized to rebuild the country's crumbling infrastructure with little or no pay. When confronted with this irrefutable and overwhelming evidence, the Government had claimed that contributing labor was a noble "Burmese tradition" and that many of the workers were convicted criminals who had "volunteered" to work in the open air. He pointed out that in Myanmar today the term "convicted criminal" could embrace someone guilty of having been elected to office, of handing out leaflets calling for democracy or attempting to exercise his or her basic right to freedom of association. He further emphasized that what existed in Burma was a vast system of forced labor, which to one degree or another ensnared virtually every family in Myanmar, and that this situation had worsened during this "Year of the Tourist." Although the Committee had repeatedly demanded in the strongest possible terms that the military regime end immediately this widespread use of forced labor, the Government had responded with absolute and total disdain for these proceedings. The speaker saw no other conclusion for this case than one which once again expressed the Committee's extreme displeasure at the Government's continuing failure to bring itself into compliance with Convention No. 29.

The Workers' Member of Greece, alluding to the comparison made between the situation in Myanmar and in Brazil, noted a fundamental difference. While everyone knew that racist practices existed in virtually all countries, the apartheid regime in South Africa had been condemned because it had institutionalized this practice. Likewise, in the case of Myanmar, on reading the report of the Committee of Experts and having listened to the Government representative, the impression was that the Government did not care about the opinion of the international community. It claimed to no longer resort to forced labor, but it remained silent when confronted with proof that its army requisitioned men, women, and children under such conditions and it did not note any change in terms of the legislation. The speaker, alluding to the involvement of multinational corporations in this context, invited the Conference Committee to note the full extent of the dramatic situation in this country, also referring to the Commission on Human Rights session of 24 April 1996 as well as the report of UNICEF on the situation of children in the world, in particular in Myanmar.

The Employers' Members stressed that the discussion in the Committee was limited to the question of the extent to which governments fulfilled their obligations. National legislation applied to every entity in a country, be they national or multinational enterprises. Therefore, it would not be correct to mention individual enterprises by name to level specific criticism against them. If this were to be done, the nature of the Committee would be changed. In that eventuality, individual trade unions would have to be named as well. This Committee, as well as the Committee of Experts, had the mandate of examining what governments did and what they should be doing. Up to now, it had not been customary to name individual enterprises in this Committee.

The Workers' Members pointed out that since the Committee was dealing with a systemic problem, it was perfectly appropriate to note some of the elements of the system that were involved here. Indeed, the experts had noted these elements in their report on Brazil under Convention No. 29. There was a synergistic relationship between organizations that profited from repressive practices in a country and the country itself, which was not to say that those corporations fostered the repressive legislation but, if they were going to be part of the system, then it was perfectly appropriate to note it. The Workers' members could not accept a limitation on their ability to note the elements in a systemic problem.
THE WORKERS' MEMBERS registered their strong reservation to the notion that they could not cite elements of a systemic problem. However, before pursuing this issue any further, they wished to discuss this matter with the Employers' members in order to reach some understanding.

THE EMPLOYERS' MEMBERS stated that they were ready to discuss this issue. However, things would change considerably in the Committee if their previous position which had been the practice followed by the Committee thus far, were not maintained.

THE WORKERS' MEMBERS stressed once again that this was not a new procedure which had just been initiated.

THE WORKERS' MEMBER OF GERMANY supported the previous speakers, and drew the attention of the Committee to the contents of paragraph 7 of the report of the Committee of Experts, which showed how the Government had ignored the Committee's recommendations. While last year these very serious violations were the subject of a special paragraph, now the Government merely reiterated its denials, whereas incontestable sources proved that the army continued to resort to forced labor and direct and indirect threats, as well as other atrocities. The speaker requested that the Committee condemn the situation in the strongest possible terms.

THE GOVERNMENT MEMBER OF THE UNITED STATES stated that this was quite a straightforward if very distressing case. On the one hand, there was legislation that was clearly not in conformity with Convention No. 29. On the other hand, there was voluminous documentation that forced labor was being exacted on a massive scale, including in tourism-related construction projects, to build railroads and to serve as porters for the military. This forced labor was being used under the cruelest of conditions. Many persons had died from lack of food, medical treatment, unsanitary conditions and beatings. Moreover, these violations of human rights had been dealt with not only before the ILO but also before other fora, such as the UN Commission on Human Rights.

However, the Government merely confined itself to asserting that this was not forced labor but voluntary community service. In 1995, the Government had indicated that it had started the process of amending the laws in question. The Committee had tried to encourage the Government by adopting a special paragraph in its report last year stressing that the Government should urgently take all the necessary legal and practical measures. However, the experts had again noted with concern this year that the summary report provided by the Government contained no indication whatsoever that concrete measures had been taken. It was becoming abundantly clear that the situation was nothing less than a continuing flagrant and wilful violation of a freely ratified ILO Convention. Rather, it was becoming more and more evident that the Government was just trying to create a smokescreen to mask the fact that, step by step, the situation in Myanmar was being reduced to a state of total lawlessness. Her Government supported the Committee's censure of the Myanmar Government's continued failure to adopt positive measures to comply with Convention No. 29 in law and in practice. She hoped that this censure would be expressed in the strongest possible terms.
The Government of Myanmar reiterated that a unified Village and Towns Act had been drafted and this draft law had been submitted to the Laws Scrutiny Central Body. This central body had been set up in 1991 with the express purpose of examining those laws which needed to be amended. To date, this central body had already examined a total of more than 200 laws and would examine the unified draft law as soon as possible. With regard to the practical application of Convention No. 29, as pointed out earlier, the contribution of labor for the benefit of the community was part of an age-old Myanmar tradition of voluntary labor. However, today, 15 groups who had been in insurgency against the Government of Myanmar had come back into the legal fold. So, the armed forces were now using its members for major community development projects. Thus, a significant development was that only members of the armed forces would henceforth be taking part in these projects. Moreover, as Myanmar had embarked on a market economy since 1988, private enterprises were now being invited to construct major highways and certain railroads. This would do away with what was referred to as "forced labor" and create new job opportunities for the local populace. It was quite clear from the two above-mentioned developments that there was a positive evolution in Myanmar with regard to the practical application of Convention No. 29.

The Workers' Members pointed out that the reply of the Government representative gave them no reason to change their original point of view. There was no doubt as to the serious nature of the violations that had taken place to date and that were still taking place. In view of the fact that there had been no real response to the recommendations of the special paragraph in the Committee's report of last year, the Workers' members strongly felt that there should be a special paragraph this year citing Myanmar for continued failure to implement the Convention.

The Employers' Members deplored the fact that the second intervention of the Government representative had still not indicated that any progress had been made. A draft law dating back to 1991, the contents of which were not known, was to be submitted for examination to a body, the nature of which was imprecise. Noting the absence of any real progress, the Employers' Members supported the proposal of the Workers' Members to express the concern of the Committee in a special paragraph.

The Committee noted the information provided by the Government representative and the subsequent discussion. The Committee was deeply concerned by the serious situation prevailing in Myanmar over many years where systematically recourse was had to forced labor. The Committee once again firmly required the Government formally to abolish and urgently to cancel the legal provisions and to abandon all practices that were contrary to the Convention. The Committee urged the Government to prescribe truly dissuasive sanctions against all those having recourse to forced labor. The Committee hoped that the Government would, without further delay, take all necessary measures to abolish recourse to forced labor and that it would provide next year all necessary detailed information on concrete measures taken or envisaged to abolish in law and in practice the possibility of imposing compulsory labor. The Committee decided to mention this case in its report as one of persistent failure to implement Convention No. 29 since over a period of several years there had been serious and continued discrepancies in law and in fact.

Convention No. 87: Freedom of Association and Protection of the Right to Organize, 1948


A Government Representative of Myanmar reaffirmed his Government's firm commitment to freedom of association principles. His Government was committed to a multi-party democratic system, a free-market economy and a modern and developed State in which all segments of society would enjoy justice and human rights. To this end, representatives of the people were discussing and setting out the basic and fundamental principles that would have to be embodied in the new Constitution. Workers' representatives were included in this exercise. The Laws Scrutiny Central Body was reviewing a draft trade union law so as to protect the rights...
of workers. In the not too distant future the body of
copyrights would be in line with Convention No. 87. It
was a critical time for the country and the Government
was doing all it could given the complex pre-
vailing situation. He recalled once again that the
Government had formally requested the ILO for
technical assistance in the drafting of the trade
union law. The ILO mission was welcome to visit
Myanmar at a mutually convenient date so that its
input could be incorporated in the new legislation.

THE WORKERS’ MEMBERS pointed out that Conven-
tion No. 87 had been the subject of discussion in
this Committee on nine occasions since 1981. The
Committee of Experts had commented on its appli-
cation in Myanmar in 12 of its last 15 reports. Yet,
the ILO had not received any report from the
Government as requested by the Committee in a
special paragraph of its report in 1995. This was
despite the assurances given by the Government at
last year’s Conference of a willingness to obtain
advice from the Office with regard to its draft Trade
Unions Act. To date, no developments whatsoever,
either in law or in practice, had been conveyed to
the Office. This was a clear demonstration that the
Government lacked the political will to comply with
Convention No. 87.

The events of recent days moreover suggested
that freedom of association was not a high priori-
ty for the military regime which had threatened
peaceful gatherings of people who did no more
than listen to a Nobel prizewinner. In such an envi-
ronment it would be an enormous step towards
social harmony to allow, in accordance with the
Convention, the creation of unions established by
workers in defense of their social and economic
interests. However, this year, rather than sending a
Workers’ representative to the ILO Conference, the
Government had brought a railway supervisor. The
very plain and simple fact was that there were no
trade unions in Myanmar at the present time.

THE EMPLOYERS’ MEMBERS stated that the situation
was very negative since the Government of Myanmar
had not fulfilled the requirements of the Convention
it had ratified. The establishment of organizations
of workers or employers in this country required in
effect prior authorization from the authorities at
each stage. Despite the long discussions on this case,
the Government Representative had merely confined
himself to making a general statement that the coun-
dry was in a state of transition and that changes
would occur in the future without giving any spe-
cific information on legislative reforms. As this state-
ment contained no room for optimism, the
Employers’ Members believed it would be appro-
priate to ask for specific measures in view of the fact
that the situation had remained static for many years.
Since the Government Representative had stated that
he was willing to accept ILO technical assistance, the
Employers’ Members wished to receive some clari-
fication from the Office on its position on this mat-
ter. They reiterated their deep concerns over this case.

THE REPRESENTATIVE OF THE SECRETARY-GENERAL
recalled that in the Committee’s conclusions of last
year, there was a possibility mentioned of a direct
assistance mission by the Office to Myanmar. On
April 4th of this year, the Office received a letter from
the Government of Myanmar requesting such tech-
nical cooperation. The Office responded that it was
ready and willing to undertake a mission to Myanmar
indicating the names and the dates on which design-
nated persons would be present in Myanmar. A high-
level official from the Standards Department did
indeed travel to Myanmar, but while he was in
Bangkok, at a stopover, he received a fax from the
Government of Myanmar informing him of the post-
ponement of the mission due to unexpected cir-
cumstances. Naturally, the Office immediately
acknowledged receipt of this message and expressed regret that the mission could not take place.

The Workers' Member of Sweden stated that, without any confirmation on actual measures being taken in Myanmar, he had no alternative but to conclude that the Government in reality had no intention of complying with the Convention. At the discussion in this Committee last year, the Government representative indicated some changes concerning freedom of association for Myanmar seafarers following the recommendations of the Committee on Freedom of Association. Unfortunately there was no evidence that actual changes had taken place. He therefore hoped that the Government representative could confirm, for instance, that Myanmar seafarers no longer had to sign contracts obliging them not to contact international trade union organizations and that no intimidation or sanctions whatsoever were applied against seafarers who exercised their rights in accordance with Convention No. 87. This year the Government representative made a reference to the work of the national body concerned with the formulation and revision of the Trade Union Act. The speaker doubted, however, its success since the workers' representatives on this body were selected and controlled by the Government.

Due to the continued serious violation of the right to freedom of association in Myanmar, this Committee had to express its strong dissatisfaction of the present situation in a special paragraph.

The Workers' Member from Togo stated that last year the case of Myanmar was already in the report of the Committee of Experts under Convention No. 87, which was certainly a fundamental instrument. This year, the situation was worse in that the Committee of Experts had not received the Government's report requested by the present Committee. Since Myanmar ratified Convention No. 87 in 1955, it had regularly been the subject of comments by the Committee of Experts, and for 40 years had shown its inability to align its legislation and practice concerning Convention No. 87. The necessary measures had not been taken in order to ensure workers the right, without prior authorization, to form organizations of their choice to effectively defend their interests, and to guarantee organizations of workers and employers the right to affiliate with international organizations of the same kind, as provided in Articles 2, 5 and 6 of the Convention.

In Myanmar, human rights violations — of which union rights were a part — were notorious. For 40 years there had not been a single union worthy of this name. Under these conditions, any request by Myanmar for an ILO mission must be ignored and considered as a manipulating tactic. The speaker considered that this case was not making any progress and requested a special paragraph to remind Myanmar of its commitment to bring its law and practice into conformity with the Convention.

The Workers' Member of Greece, associating himself with the previous speakers from the Workers' bench, underlined that the case of Myanmar was unfortunately a very simple one: no progress had been accomplished. It was hardly believable that the ILO technical assistance to Myanmar had not finally taken place. He understood, from the explanations given by the Government representative, that the Office had not been able to provide the required technical assistance because of budgetary restrictions.

Referring to the declaration that seafarers had to sign under oath, the speaker stressed that it contained the following statement: "I declare being fully aware of the danger which prevents any intervention by the International Federation of Transport Workers." There was no trade union in Myanmar and the workers didn't even have the possibility to go to the international trade union organization to ensure that their wages be paid correctly by the employers. The same declaration also stated: "I hereby declare that the following information is correct: the number of the bank account, the property that I own." This sort of thing was equal to reducing people to slaves. This case was horrible and the conclusions should stress profound indignation at this continuous situation rather than express only profound preoccupation.

The representative of the Secretary-General provided additional information in connection with the Office mission to Myanmar stating that there was absolutely no budgetary limitation affecting missions that might be undertaken by the Standards Department with respect to matters involving the
application of ratified Conventions. The restrictions which did affect the Standards Department were applied to other areas but they did not in any way apply to the supervisory system for the application of Conventions.

The Workers’ Member of India recalled that Myanmar has been under military rule for a long time, and now not only the trade union rights but the political and social rights were also being suppressed. The Government should feel ashamed to be accused of such oppression of rights. The statement made by the Government representative did not carry any conviction with this Committee and the speaker requested him to convey these sentiments to his Government so that it would restore the freedom of trade unions in the country.

The Workers’ Member of Japan stated that this was a very serious but a very clear cut case of violation of the fundamental human rights Convention which had already been the subject of a special paragraph last year. However, no progress whatsoever could be noted. On the contrary, the reports which had come out of the country despite the suppression of the free press and freedom of speech, indicated that cruel suppression of freedom of association had not only been continued but also had been aggravated in recent days by massive and arbitrary arrests of the people who just wanted a certain degree of freedom of assembly and speech. This had happened just a month ago and hundreds of these people were still in prison. The Government had repeatedly made a promise to harmonize law and practice with Convention No. 87 but these promises remained empty words, except in one specific area. It promised to abolish the single trade union system and kept this promise by replacing the single trade union system with no trade union system. The persistent refusal by the Government over many years to do anything at all about the observations made by the Committee of Experts deserved another special paragraph in the strongest possible wording expressing great concern and condemnation.

The Government Member of Norway spoke on behalf of the five Nordic Governments represented on this Committee. These Governments made a similar statement on this case, both in 1994 and 1995, expressing great concern for the lack of progress in implementing this Convention in Myanmar. The Nordic countries could only reiterate their great concern as regards the situation in question in the country. They once again urged the Government to adopt as a matter of urgency the necessary democratic measures to ensure fully the right to organize and the right to affiliate with international organizations without impediment.

The Government Member of the Netherlands supported the observations made by the previous speaker. It was clear that the present question was an extremely serious one, and one could only ask how many interventions were still needed in order for the situation to improve. It was virtually unbelievable that a country could remain so insensible to the opinion of the Committee. Some people would like perhaps to see trade measures being adopted, but this would not be an appropriate solution. Rather, what

CONSCRIPTION ORDERS
The following are translations of work orders received by villagers from local SLORC officials.

January 20, 1996
TO: (name withheld)
To construct the building of Infantry Battalion No. 273, you are informed to come to the meeting at the public rest house in the center of the village at 4:00 p.m. You have to take responsibility for your absence.

February 13, 1996
TO: (name withheld)
As it is your turn to work on the construction of the railway line, you are informed to come with your own supplies for fifteen days and gather at the office of the Village Law and Order Restoration Council at 7:00 a.m. on February 17, 1996. You have to bring mattox, axe and pick axe with you.

Quarter Headman
Bogyoke Quarter
Kanbauk Village
was needed was that the Government of Myanmar realized that it could no longer ignore world public opinion and that the declarations of goodwill were not sufficient anymore. He once again urged the Government to undertake concrete efforts to put its legislation in conformity with Convention No. 87.

THE GOVERNMENT MEMBER OF THE UNITED STATES stated that this case was a basic flagrant longstanding violation of ratified Convention. There were no trade unions in Burma as there was no freedom of association. Just as with Convention No. 29, the Government’s failure to apply Convention No. 87 had been recognized not just by the various ILO supervisory bodies, but also by the United Nations General Assembly and the Human Rights Commission. The Government said one thing and then did another. Last year, it had expressed a "genuine" desire to cooperate with the ILO and to obtain technical advice from the Office. It wanted to invite another mission from the Office to their country. That mission never happened and this year the Government had not even sent a report on the Convention. The Committee of Experts had been expressing the very same concerns about this Convention for 40 years now, and over the past 15 years in this Committee, it was the tenth time that it had discussed this case with special paragraphs adopted on three occasions. Was the Government trying to mislead the Committee? That was the inevitable conclusion that it must reach in the face of repeated promises and a persistent failure to turn any of those words into actions. The speaker deplored the Government's deliberate campaign to wipe out democracy and the rule of law in the country. Therefore, as for Convention No. 29, she believed that this case merited the Committee's strongest conclusions in order to draw its attention of the Conference to the continued failure of the Government of Burma to apply Convention No. 87.

THE WORKERS' MEMBER OF PANAMA believed that this was yet one more case of very clear manipulations by the Government of Myanmar. The very fact of having suspended the ILO mission after the official conducting the mission had already left Geneva, clearly pointed to a deliberate manipulation. There was no intention on the part of the Government to correct the violations of trade union rights in the country. The new request for assistance that had been made by the representative of the Government was simply an attempt to once again fool the Committee. This Conference should take a very firm stand against the Government of Myanmar which had shown so much disrespect for the ILO, including its failure to submit the requested reports.

CONCLUSIONS OF THE COMMITTEE. The Committee took note with great concern of the statement made by the Government representative which only repeated, as in previous years, the Government's intention to apply the Convention without giving an account of any positive development in law and in practice. The Committee deplored that the Government had not yet adopted any specific measure to give effect to the observations which the Committee of Experts had been formulating for many years. The Committee deeply regretted the fact that very serious and persistent violations of the fundamental principles of the Convention were continuing in Myanmar. The Committee could only observe that there were no trade unions in the country whose objective was the defense and the promotion of the interests of the workers in the sense of the Convention. The Committee urgently requested the Government to take all necessary measures to guarantee the workers and the employers the right to set up the organizations of their choice, without previous authorization, as well as the right of the organizations to become affiliated to international workers' and employers' organizations.

The Committee regretted that the ILO mission which was scheduled by common agreement for May 1996, could not finally be received in Myanmar. It expressed the firm hope that the Government would now cooperate more intensively with the ILO so that the very serious discrepancies between the law and practice on the one hand, and the Convention, on the other hand, will be eliminated in the very near future.

The Committee had decided to mention this case in its report as a case of continued failure to apply Convention No. 87, taking into account that since many years and despite many encouragements there were very serious and persistent discrepancies in law and a practice.
WASHINGTON, DC — The Burma Roundtable of July 25 featured an excerpt from the documentary, "The Heroin Wars" by Adrian Cowell of Carlton UK TV in London. Mr. Cowell was on hand to answer questions about the film, which focuses on the history of heroin production in the Shan State and the roles of drug kingpins Khun Sa and Lo Hsing Han.


NEW YORK — The guest speaker at the August 23 New York Burma Roundtable was Faith Doherty, director of the Southeast Asian Information Network (SAIN) based in Thailand. SAIN has recently co-authored, with Rainforest Action Network, a report entitled, "Total Denial," which outlines the impact of a gas pipeline project by the corporations, UNOCAL of the United States and TOTAL of France.

The New York Roundtable is a periodic meeting of organizations and individuals interested in Burma. For more information contact: Burma/U.N. Service Office by phone: (212) 338-0048 or fax: (212) 692-9748.

MASSACHUSETTS — The Massachusetts Burma Roundtable of September 10 included a briefing by Simon Billenness of Franklin Research and Development and Shalini Nataraj of the Unitarian Universalist Service Committee on the recent Burma strategy meeting held in San Francisco.

The Massachusetts Burma Roundtable is an informal group of individuals and organizations working to promote human rights and democracy in Burma. Meetings are held the second Monday of every month. For information contact Simon Billenness of Franklin Research & Development Corporation by phone: (617) 482-6655 or fax: (617) 482-6179.

SAN FRANCISCO — The Bay Area Burma Roundtable is held the third Wednesday of every month. For more information contact Jane Jerome by phone: (408) 995-0403 or e-mail: janej@bellmicro.com

SEATTLE — A Burma Roundtable was held on August 22 featuring Dana Dean Doring of the University of Washington, who recently returned from two months in Burma as a visiting scholar. Larry Dohrs also briefed the group on his trip to Burma and Thailand.

The Burma Interest Group is a non-partisan forum attended by representatives of NGOs, business, academia and other interested parties that meets monthly to discuss Burma related topics. For more information contact Larry Dohrs by phone: (206) 784-5742 or fax: (206)784-8150.

LONDON — The August 12 Burma Briefing included guest speakers Seng Suk of the Shan State Organization, Khun Okkar of the National Democratic Front and Ashely South of the Burma Border Consortium. The group discussed the situation in Shan State, the displacement of populations in Karenni State and the status of the Mon following their ceasefire agreement with the SLORC.

The Burma Briefing is a periodic meeting of NGOs working on Burma. For information contact Edmond McGovern by phone: (44-392) 876-849 or fax: (44-392) 876-525.

HONG KONG — Information on Burma Roundtables can be obtained by contacting the Asian Human Rights Commission by phone: (852) 2698-6339 or fax: (852) 2698-6367.

BRUSSELS/PARIS — The NGO communities in France and Belgium host periodic roundtables in Paris and Brussels. For more information on this European forum contact Lotte Leicht of Human Rights Watch by phone: (32-2) 732-2009 or fax: (32-2) 732-0471.

AUNG SAN SUU KYI RECEIVES DEMOCRACY AWARD

The National Democratic Institute for International Affairs (NDI) honored Aung San Suu Kyi with their annual W. Averell Harriman Democracy Award at the Democratic National Convention in Chicago on August 26. Among those attending the ceremony, were over 700 foreign visitors, including heads of governments, diplomats and political party leaders from more than 100 nations. The award, which recognizes those committed to strengthening democratic institutions and protecting human rights, was presented by U.S. Ambassador to the United Nations, Madeleine Albright. Walter F. Mondale, former Vice President and the current U.S. Ambassador to Japan, was also a recipient of this year's award.

SANCTION LEGISLATION PASSES SENATE

On July 25 the United States Senate approved an amendment to the Foreign Operations Appropriations Bill, which would impose economic sanctions on Burma under certain conditions. The amendment was co-sponsored by Senators Cohen, Feinstein, Chaffee and McCain and would allow for sanctions on new investment if the President determines the Burmese regime has in any way harmed Aung San Suu Kyi or committed large-scale repression of the democratic opposition. The Bill will next be taken up by a House and Senate conference committee.
Voices of Burma

BIRTH

During the day, we walked for miles.
We made water circle a halo around our hands,
the maroon sky lighten with a million flowers.
Everyone came to take back the country,
to rescue the deer that stood
silent on the road, to listen to the
owl's steady shrilling. How many times
has this happened, I don't know, but
this is the same as always:
in the evening, the trees begin to
bleed, bones crush, houses burn.
We saw many die before us, and even though
we felt night mark our skins, we did not run.
What we lost could not be stolen again.

The above poem was written to commemorate the violent suppression of the August 8, 1988 student uprising. Name withheld at the author's request.

BRIEFINGS AND DEVELOPMENTS

KOREAN PARLIAMENTARIANS PRESSURE BURMESE REGIME

A press statement signed by 102 National Assembly members of the Republic of Korea was released on June 17 urging the Burmese military regime to improve its record on human rights practices toward the democratic opposition. The statement also criticized the SLORC for increasingly stringent and abusive laws; its unwillingness to abide by the terms of the 1995 UN Resolution; and its failure to respond to Aung San Suu Kyi's requests for a constructive dialogue. The Parliamentarians expressed concern that the regime's actions could jeopardize regional stability for the entire ASEAN region, thereby damaging economic development for Burma and its neighbors. The National Assembly members urged leaders of ASEAN countries to take concerted political and economic action against the SLORC.

SLORC TO HOLD MONTHLY PRESS CONFERENCE

The State Law and Order Restoration Council has established a five-member information committee of military officers and ministers which plans to hold a press conference for foreign reporters at the beginning of each month. This move is a major departure for a regime usually closed to the international media. The shift in strategy is seen to be an attempt to counter the democratic opposition's ongoing relationship with the foreign press.

NLD MEMBER DIES IN CUSTODY

U Hla Than, a member of the National League for Democracy who was elected to parliament in 1990, died in prison on August 2. U Hla Than, a representative for the Coco Islands, had been arrested for his political activities and had been imprisoned in Insein jail for nearly six years. The cause of death was cited as tuberculosis, a complication of the HIV/AIDS virus. According to a recently released report, the prevalence of HIV/AIDS infection in Burmese prisons is high due to a tendency for doctors to reuse needles and syringes.

Media Resources

COUNTRY COMMERCIAL GUIDE: BURMA
U.S. Embassy
Rangoon, Burma
July 1996

FOREIGN ECONOMIC TRENDS REPORT: BURMA
U.S. Embassy
Rangoon, Burma
July 1996

National Trade Data Bank (on CD-ROM)
Internet at www.stat-usa.gov
National Technical Information Service (NTIS) 1-800-553-NTIS
1-800-STAT-USA for more information

The Country Commercial Guide (CCG) discusses Burma's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate, on an annual basis, various reporting documents prepared for the U.S. business community.

The Foreign Economic Trends Report: Burma provides a comprehensive look at economic trends. Statistical tables and graphs are included.

MYANMAR RENEWED REPRESSION

Amnesty International
July 1996

International Secretariat
1 Easton Street
London WC1X 8DJ
United Kingdom
Tel: (44-171) 359-7679
Fax: (44-171) 354-3987

This report (AI Index: ASA 16/30/96) documents SLORC's renewed repression of the political opposition and the recent deterioration in the human rights situation in Myanmar with the arrests of over 300 National League for Democracy (NLD) supporters since May 1996. Among the recommendations made by Amnesty is a call for the immediate and unconditional release of all prisoners of conscience.

COUNTRY REPORT: MYANMAR (BURMA)
The Economist Intelligence Unit (EIU)
2nd quarter 1996

The Economist Intelligence Unit
The Economist Building
111 West 57th Street
New York, NY 10019
USA
Tel: (212) 554-0600
Fax: (212) 586-1181/2

EIU, which publishes quarterly economic reports on 180 countries, provides a briefing on the current political and economic situation in Myanmar as well as an outlook for the future.
MEDIA RESOURCES (CONTINUED)

FATAL SILENCE?
FREEDOM OF EXPRESSION AND THE RIGHT TO HEALTH IN BURMA

Article 19
Lancaster House
23 Islington High Street
London N1 9LH, United Kingdom
Tel: (44-171) 278-9292
Fax: (44-171)713-1356

This report highlights crucial issues of health and human rights in a society under censorship. Since few studies have ever been published on the national health system in Burma, the first part of the book examines underlying health and humanitarian issues against the backdrop of the country's long-running political malaise. The second part looks at three specific areas of concern: humanitarian emergency, AIDS and narcotics, and women's health.

PEOPLE'S DESIRE

• Oppose those relying on external elements, acting as stooges, holding negative views.
• Oppose those trying to jeopardize stability of the State and progress of the Nation.
• Oppose foreign nations interfering in internal affairs of the State.
• Crush all internal and external destructive elements as the common enemy.

The above slogan appears daily in the official newspaper, the New Light of Myanmar, as well as on billboards throughout Burma.

GOVERNMENT IN EXILE SUES U.S. OIL COMPANY

The National Coalition Government of Burma (NCGUB), which is made up of parliamentarians elected during the 1990 elections who are now in exile, has filed a lawsuit against Unocal, a major U.S. oil company, alleging that its joint venture with the Burmese military regime and the French oil company, Total, to construct a natural gas pipeline has caused the forced labor of tens of thousands of villagers, the systematic destruction of villages in the pipeline region and other human rights violations. The suit, filed on September 3 in U.S. federal court, seeks a court order to halt Unocal's role in the project and is asking for monetary damages to compensate the Burmese citizens affected by the pipeline project.

NIELSEN CONDUCTS CONSUMER SURVEY

The results of the first A.C. Nielsen consumer survey in Burma released in August conclude that almost any consumer product can be found in the country's capital. Nielsen, a unit of Dun & Bradstreet Corp., working with the Myanmar Marketing & Research Development Co., quizzed 3,100 people in Burma during November and December 1995. According to the findings: half of those surveyed in Rangoon own television sets and 31% own TVs in the whole country, while 23% of Rangoon residents surveyed own videocassette recorders as compared with 13% countrywide. Ownership of products such as cars, motorcycles and telephones remains very low even in Rangoon, however, where only 8% own a phone and 4% own an automobile.

MYANMAR: ADVERTISERS' NEW FRONTIER

Multinational marketers are viewing Burma as one of Asia's last untapped markets. Myanmar Media International (MMI), a Leo Burnett Co. affiliate, has increased its billings more than 100% in the last year, while another firm, Bates Myanmar Ltd., reported an annual growth rate of 150%-200%. McCann-Erickson Worldwide is taking advantage by representing such clients as R.J. Reynolds, Nestle and San Miguel beer through the company's stake in the local agency, Sann Aung Imaging Ltd. Television, print and billboards are all popular forms open to advertisers. Multinational firms advertising on the local TV include Daewoo, Proctor & Gamble, and Hennessy.

INVESTOR SELLS SHARES IN FRENCH OIL COMPANY, TOTAL, AS PROTEST

Kommunernes Pensionsforsikring, one of Denmark's leading pension funds has sold its $10.45 million holding in Total of France. According to Mr. Neils Huougaard, the fund's chief of investments, the decision had been taken in anticipation of "a possible international boycott of Total due to its engagement in Burma and because of a televised report showing the intolerable living conditions in that country." Total has been under mounting pressure by human rights activists to disengage from a gas pipeline project, a joint venture with Unocal of the U.S., PTT of Thailand and Burma's state-owned Myanmar Oil and Gas Enterprises.

POSITION ANNOUNCEMENT

Asian Pacific Network, a newly formed international radio service is seeking journalists with background and experience in Southeast Asia. Candidates must be fluent in both spoken and written Burmese.

Working knowledge of English required. Positions available in Washington, DC. All qualified applicants will receive consideration for employment without regard to race, creed, color, sex or national origin.

Send credentials and letter of interest to P.O. Box 66002, Washington, DC 20035 or fax to (01)(202) 457-6996.
Burma Debate is a publication of The Burma Project of the Open Society Institute.

Mary Pack, Editor

THE OPEN SOCIETY INSTITUTE (OSI) was established in December of 1993 to promote the development of open societies around the world. Toward this goal, the institute engages in a number of regional and country specific projects relating to education, media, legal reform and human rights. In addition, OSI undertakes advocacy projects aimed at encouraging debate and disseminating information on a range of issues which are insufficiently explored in the public realm. OSI funds projects that promote the exploration of novel approaches to domestic and international problems.

The Burma Project initiates, supports and administers a wide range of programs and activities. Priority is given to programs that promote the well-being and progress of all the people of Burma regardless of race, ethnic background, age or gender.

OPEN SOCIETY INSTITUTE

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Aryeh Neier, President
Maureen Aung-Thwin, Director, The Burma Project