

MYANMAR: A NEW PEACE INITIATIVE

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EXECUTIVE SUMMARY

Since taking office in March 2011, President Thein Sein has moved remarkably quickly to implement reforms. He has reached out to opposition leader Aung San Suu Kyi, released significant numbers of political prisoners, cut back on media censorship and signed a new law allowing labour unions to form. On the eve of U.S. Secretary of State Hillary Clinton's early December visit, key benchmarks set by Western countries imposing sanctions, such as releasing political prisoners and creating the conditions for Suu Kyi's National League for Democracy (NLD) to join the political process, appear well on their way to being met. Now, a bold peace initiative has given hope the country's biggest challenge – the devastating 60-year-long civil war between the government and ethnic groups – can also be resolved.

Until very recently, the conflict situation had not been looking positive. As preparations for the new civilian government were being made in recent years, the outgoing military administration aggravated already fraying relationships with the ethnic minorities. Ceasefires collapsed as it tried to impose a new border guard force scheme on the armed groups that would have brought their soldiers under national army command. Stepped up fighting and treating their long-standing political grievances as a security problem did not address core concerns of making peace, promoting equality, ending human rights abuses, providing economic opportunity, equitable resource sharing and strengthening regional autonomy. President Thein Sein came to power pledging to make the ethnic issue a national priority, offering dialogue with all armed groups and dropping key preconditions for talks but found these words were not enough. He now needs to follow through on the new peace initiative with actions that convince sceptical ethnic communities that he means what he says.

Myanmar has been at war with its own minorities almost since independence in 1948. The military regime that came to power in 1988 temporarily neutralised its largest military threat in the borderlands by signing ceasefire agreements with a number of ethnic armed groups. The ceasefires should have been a watershed, from war to peace and armed to political struggle, but this failed to happen. Instead, these agreements grew stale as promised political

talks never materialised and then collapsed when the military government tried by decree to incorporate ethnic armies into a border guard force ahead of a long-planned transition to a new structure of constitutional government.

In his inaugural speech in March, the president laid out a broad reform agenda to catch up with a changing world. As part of this, he acknowledged the importance of the ethnic minority issue, and pledged to make it a national priority. The upsurge in fighting around the same time he took office contradicted his rhetoric and cast a shadow over the reform efforts. It also led to great scepticism on the part of ethnic minority leaders, who felt that once again their grievances were not being accorded genuine national priority.

After his initial speeches on ethnic reconciliation did not promote the kind of dialogue hoped for, the president moved decisively to build momentum behind a new peace initiative. His government has reached out to all armed groups, offering first more flexible terms, including dropping the demand for the groups to become border guard forces, and then an unprecedented national conference to seek political solutions to ethnic divisions. This has convinced some of the major ethnic groups to sign peace agreements and others to agree to verbal ceasefires, with written agreements to be signed in the coming weeks.

While these developments mark one of the most significant moments in the six decades of conflict, lasting peace is still not assured. Ethnic minority grievances run deep, and bringing peace to the country will take more than reaching agreements with the armed groups – it requires addressing the grievances and aspirations of all minority populations, whether or not they are pursuing armed struggle. Renewed clashes with one large group, the Kachin Independence Organisation, have been intense and have created further bad blood on both sides, making any peace agreement more difficult. The new more open political process offers a framework within which these issues could be addressed, but it will require an honest reckoning with the failures of the past and a fundamental re-thinking of the way the country deals with its multi-ethnic make up. A lasting solution to the problem requires going beyond just stopping the wars. Multi-ethnic, multi-lingual and multi-

religious Myanmar can only achieve genuine national unity and reconciliation by embracing its diversity.

As the international community takes stock of the situation, it must understand the complexities of the conflict. There is a positive role for outsiders to play, especially neighbours such as China and Thailand, but it would be foolhardy for the West to make resolving such deep-seated domestic grievances a prerequisite for improving bilateral relations or beginning to lift sanctions. Encouraging the government in Myanmar to find its own way to stop the fighting and address key political concerns of ethnic communities, however, would simultaneously help meet key Western benchmarks on political prisoners, human rights and democracy, as fixing these problems would also be an important part of reconciliation with the country's ethnic constituencies. The greatest improvements to human rights observance would come from tackling these conflicts. Once peace agreements are reached, there is an important role for donor countries in providing development assistance and peacebuilding support to these areas.

This report, Crisis Group's first focusing exclusively on the ethnic conflict since 2003, is based primarily on field research carried out in Myanmar, as well as in China and Thailand, over the past several months.

Jakarta/Brussels, 30 November 2011

MYANMAR: A NEW PEACE INITIATIVE

I. HISTORICAL LEGACY

Since the transition to a semi-civilian government at the end of March 2011, major reforms have taken place in Myanmar.¹ The president and the legislatures are moving ahead with significant changes: cancellation of the controversial Myitsonne mega-dam; release of a second batch of political prisoners; further meetings with opposition leader Aung San Suu Kyi; talks with a delegation from the International Monetary Fund (IMF) on currency reform; new legislation granting workers the right to form independent trade unions and to strike; amendments to the political party registration law to address the concerns of the opposition National League for Democracy (NLD); and an opening of the space for public debate on national issues. As a result, the NLD announced that it would register as an official party and participate in the forthcoming by-elections; Aung San Suu Kyi may contest one of the seats. These are extraordinary developments in a country that has been under authoritarian rule for half a century, especially as they are being driven by people who until recently held senior positions in the former military regime.

Yet, on the question of the 60-year-old ethnic conflict, the picture was much less positive. In June 2011, after months of rising tensions, the conflict in ethnic Kachin areas reignited, shattering a seventeen-year-old ceasefire agreement. Fighting had also been taking place between government forces and another former ceasefire group, the Shan State Army-North. Along with the fighting came reports of serious rights abuses against the civilian population, mostly on the part of government forces, as well as significant internal displacement. To fully understand the importance of the current peace initiative and the potential pitfalls, an appreciation of the contemporary history of the conflicts and previous efforts to resolve them is required.

¹ Crisis Group Asia Briefing N°127, *Myanmar: Major Reform Underway*, 22 September 2011. The constitutional and leadership changes leading up to the transfer of power were the subject of a series of earlier analyses: Crisis Group Asia Report N°174, *Myanmar: Towards the Elections*, 20 August 2009; Crisis Group Asia Briefings N°105, *The Myanmar Elections*, 27 May 2010; and N°118, *Myanmar's Post-Election Landscape*, 7 March 2011.

A. COLONIALISM TO THE PANGLONG CONFERENCE

Myanmar is a country of great ethnic diversity, at the crossroads of multiple migrations through the ages; the histories of these different ethnic people are complicated and contested.² It is also geographically very diverse, with fertile central plains surrounded by a horseshoe of densely forested mountains. During British colonial times, the country was governed as two distinct administrative units: the central plains of “Ministerial Burma”, which came under direct colonial administration; and the hill tracts or “Frontier Areas” that remained largely administered by hereditary chiefs. There was significant migration of Indian skilled and unskilled workers to Burma, and there has also been migration from China over the years, including a recent significant increase.

During the Second World War, Burman³ nationalists sided briefly with the Japanese in order to fight against colonialism and achieve independence, but then switched sides to support the allies. Most ethnic minority forces remained loyal to the British throughout, and at various times Burman and ethnic minority troops fought each other. There were many reports of brutal retribution by Burman forces against ethnic communities. Thus, by the time of post-war discussions on the shape of a future independent country, there were already serious tensions between the majority Burmans and ethnic minorities.

At the 1947 Panglong Conference, Shan, Kachin and Chin representatives from the Frontier Areas agreed to the formation of a Union of Burma in return for promises of full autonomy in internal administration and an equal share in the country's wealth.⁴ However, the Karen – one of the largest minorities – did not participate in these negotia-

² For a detailed account of the events in this section, see Martin Smith, *Burma: Insurgency and the Politics of Ethnicity* (Zed Books, 1999), 2nd edition; also, Crisis Group Asia Report N°52, *Myanmar Backgrounder: Ethnic Minority Politics*, 7 May 2003.

³ “Burman” denotes the majority ethnic group in Myanmar; whereas “Burmese” (or “Myanma”) denotes all people of the country.

⁴ Independence leader Aung San, the father of Aung San Suu Kyi, famously assured the frontier peoples that “If Burma receives one kyat, you also will receive one kyat”.

tions, sending only an observer team. There were strong critics also among other ethnic groups. The 1947 constitution, which came into force following independence the following year, deepened the divides.

The most important – and problematic – aspect of the 1947 constitution was its provisions for power sharing between the centre and various ethnic states. These were the result of hasty, fragile and inconsistent compromises with ethnic leaders. The Shan and Kayah states, for example, were given the notional right to secede from the union after a ten-year trial period, while others gave up this possibility in return for concessions or were never offered it. The powers and degree of autonomy delegated to the ethnic states varied considerably or, in the case of the Karen, were unresolved. No special provisions were made for a number of major groups (the Mon, Rakhine, Wa and others). The upshot was that several ethnic rebellions had begun to simmer even before independence, and post-independence Burma was thrown into chaos.

B. THE FIGHT AGAINST COMMUNISM AND MILITARY RULE

The first major group to go underground, three months after independence in January 1948, was the Communist Party of Burma (CPB), which felt that its socialist partners in the anti-colonial movement had sold out to the British and failed to secure real independence. Soon after, Karen, Mon, Karenni (Kayah), Pao, Rakhine and “Mujahid” Rohingya⁵ nationalists also rebelled, in part due to the minimal input they had been allowed on the shape of the new country, and in part due to dissatisfaction with the rights of self-determination provided for them in the constitution. The incursion by thousands of Chinese Nationalist Kuomintang remnants into Shan State in 1949 further aggravated problems for the central government.

Other ethnic minority groups initially rallied around the government. For example, the Chin and Kachin Rifles – key units of the Burma Army – were deployed against the rebellious CPB and Karen and may have been instrumental in preventing the break-up of the country. However, during the late 1950s and early 1960s, more groups rebelled – including the Shan, Kachin and Chin – as dissatisfaction grew with an increasingly centralised form of government in Rangoon that they felt was ignoring ethnic needs. A key turning point was when these three groups, which had signed the Panglong agreement and had been loyal to the concept of a union, turned to rebellion. Dec-

ades of conflict were to follow. The military coup of 1962, ostensibly a move to prevent the country from breaking up, provided added impetus to rebellion.

The new military government, the “Revolutionary Council”, abrogated the 1947 constitution and placed all legislative, executive and judicial power in the hands of General Ne Win. Radical economic and social policies were instituted with the aim of creating a socialist state isolated from outside influences. A state political party (the Burma Socialist Program Party) and mass peasant and worker organisations were created to promote socialist ideology.

All other parties were banned, and the Revolutionary Council severely curtailed civil liberties and took control of all media, publishers and printers. Fears over the unity of the state were addressed by abolishing the ethnic councils set up under the 1947 constitution, thereby dissolving local governments and bringing all areas of the country under centralised and uniform administrative control. Ethnic rights were framed in terms of equality of all minorities within a unitary state.

In parallel, the armed forces began relentless counter-insurgency operations in areas controlled by the ethnic nationalist armies. In the mid-1960s, a new strategy known as the “Four Cuts” was drawn up that aimed at cutting off the rebels from the four main links (food, funds, intelligence and recruits) between them and local villagers. The program proved extremely effective but at the expense of the local population, who suffered serious rights violations and lost their livelihoods as numerous villages were forcibly relocated and food and crops destroyed. Many civilians were killed in its implementation. Although the term “Four Cuts” is no longer officially used, the strategy is still a key component of the army’s counter-insurgency operations and results in continued violations of human rights and international humanitarian law in conflict areas.

In the late 1960s, the Chinese Communist Party stepped up support for its Burmese counterpart. The CPB had been struggling to maintain a foothold in central parts of the country, but with new resources it launched a successful operation from Chinese territory into northern Shan State, where it soon absorbed several border-based ethnic armies, including those of the Wa and Kokang, becoming the strongest anti-government force in the country. Several groups in adjoining areas formed looser strategic alliances with the CPB to take advantage of the flow of weapons from China, while others took a strong stand against the communists on ideological grounds. The main counter-balance to the CPB was the National Democratic Front

⁵ The term “Rohingya” to refer to the Muslim population of northern Rakhine State appears to have gained currency around this time (the 1950s), although community leaders claim that the word is of ancient origin, a cognate of “Rakhine”.

(NDF), an alliance of the key ethnic nationalist forces formed in 1976.⁶

The history of the rebellions is extremely complex, with scores of groups and alliances forming, splitting, reuniting and dissolving at various times. Some of these groups have fought each other over territory or access to resources. Some smaller groups, while purporting to have ethnic nationalist objectives, have essentially become criminal organisations. The counter-insurgency operations of the 1960s and 1970s gradually pushed ethnic nationalist armies into the hilly borderlands, where they no longer presented a direct threat to the centre. A status quo developed. Several of the main ethnic armies established what were essentially independent mini-states, complete with local administration, schools and clinics, and focussed on defending their “liberated areas”. Funds were raised through taxation of the local population and of border trade, logging and mining operations, as well as more illicit activities – including, for some groups, the production and trafficking of drugs. The national army, despite regular dry-season offensives, was unable to dislodge the nationalists from these strongholds.

C. POST-1988 AND THE CEASEFIRE AGREEMENTS

The armed struggle underwent a brief revival in the aftermath of the 1988 demonstrations and 1990 elections, when thousands of Burman activists fled to the jungle bases of ethnic armed opposition groups, raising expectations for the emergence of a more powerful, truly national alliance. This did not happen, and the status quo began to shift in favour of the government. A new military regime, the State Law and Order Restoration Council, had taken power amid the tumultuous events of 1988. This group of younger military officers embarked on a rapid enlargement and modernisation of the Myanmar armed forces and more vigorously pursued the goal of bringing the hinterlands under central control to achieve what they termed “national reconsolidation”.

A key development occurred in 1989, when ethnic minority troops in the north east of the country mutinied against the largely Burman leadership of the Communist Party of Burma. The CPB collapsed, and the troops formed several new organisations along ethnic lines, including the United Wa State Army (UWSA) and the Myanmar National Democratic Alliance Army (Kokang). The government was

quick to seize the opportunity, offering advantageous ceasefire agreements to the new groups, thereby neutralising its largest military threat.

These initial ceasefires freed the Myanmar army to increase the military pressure on other ethnic armed groups, and by 1991 several of the weaker groups felt compelled to end their armed struggle. The following year, the government unilaterally called off all offensive action against the remaining groups and invited them for ceasefire negotiations. Members of the NDF, on the initiative of the Kachin Independence Organisation (KIO) in particular, also opened contacts with the government in the early 1990s. Their strategy was to negotiate a nationwide ceasefire on behalf of all groups fighting the government, as part of an overall political solution. But unity soon broke down, and the KIO, unable to convince the NDF as a group to enter dialogue with the government, signed its own agreement in early 1994. Several other groups, including the New Mon State Party (NMSP), soon followed. This left the Karen National Union (KNU) and the Shan State Army-South as the main groups still in armed rebellion, joined by the Karenni National Progressive Party (KNPP) when its ceasefire collapsed after a few months.

⁶ The members included the Kachin Independence Organisation (KIO), Karen National Union (KNU), Karenni National Progressive Party (KNPP), New Mon State Party (NMSP, from 1982), Pao National Organisation (PNO), Shan State Progress Party (SSPP) and Chin National Front (CNF, from 1989).

II. THE FAILURE OF THE CEASEFIRES

The ceasefires should have been a watershed, from war to peace and armed struggle to political struggle. But this failed to happen.

A. LESS WAR, BUT NO PEACE

From 1989 to 1996, the government agreed ceasefires with seventeen major groups, including six members of the NDF, as well as a number of smaller breakaway factions.⁷ There were significant differences in the status accorded these groups under the agreements, reflecting differences in strength and the timing of their ceasefires. Details of the agreements were not made public, but the larger groups and the groups that signed early tended to get more expansive deals. These included autonomous control of territory (called “special regions”), promises of government assistance in developing the areas and, in some cases, material support and business concessions.⁸

All the ceasefires were security agreements: truces, not political settlements. They froze the conflicts rather than ending them. The groups kept their military forces and continued to hold arms.⁹ The military government always maintained that it was an interim administration and therefore not able to discuss political matters. The groups were invited to participate in the government’s political roadmap – a National Convention to draft a new constitution, to be followed by a referendum and elections. The government also established a new Border Areas Development Program in 1989 (later upgraded to a ministry) to assist with the development of the borderlands. This went some way to meeting its development pledge, but the program focused on hardware (roads, bridges and so on) more than social and economic progress, and some ethnic leaders felt that the new infrastructure served as much to further a government security agenda. The ceasefires did, however, create a space in which civil society actors could re-emerge.

There were failures by the ethnic leaders themselves, with many prioritising business opportunities for their organi-

sations and themselves over development. The international donor community also failed to recognise the political significance of the ceasefires and provided little aid or development assistance to these areas. The lack of political support, a failure to ensure a greater peace dividend and a lack of support for peacebuilding were missed opportunities that had an impact on the sustainability of the peace.

After 1989, the ceasefires freed up a significant number of troops for redeployment to other areas. This, together with the rapid expansion and modernisation of the military, gave the government the capacity to conduct counter-insurgency operations deep into the border regions. Neighbouring countries also adapted to the new post-Cold War realities. They began to place higher priority on good relations with the capital, Yangon, and put increasing pressure on ethnic armed groups to reach ceasefire agreements.

By the end of the 1990s, a combination of Myanmar army offensives, ceasefire deals and the splitting or splintering of armed groups had radically transformed the nature of the conflict. There were three main groups of any appreciable size that were still fighting the central government: the Karen National Union, Karenni National Progressive Party and Shan State Army-South, all based along the Thai border. None were any longer able to hold meaningful fixed territory, and they shifted to low-intensity guerrilla warfare against the Myanmar army. Increasingly, they also clashed with some ceasefire groups or local militias over territorial influence and resources or as part of a government war-by-proxy. At the same time, united fronts between ethnic opposition forces and democracy activists in exile did not succeed within the country.¹⁰ Their main effectiveness was in international lobbying, leaving ethnic groups to fight on largely alone.

In these areas of continued armed conflict, the breakdown of the relatively stable front line between government forces and ethnic troops meant that in general populations were less secure than in the past. While the level of fighting may have decreased, communities now often found themselves caught between armed groups in a more fluid and unpredictable security situation. The government greatly expanded its troop strength across the borderlands, building up its forces adjacent to the ceasefire areas and seeking to consolidate its control of areas where conflict continued. An increasing number of government-backed militias – of which there are now dozens – were also formed in an attempt to contain the influence of other forces. The result has been increased militarisation of many border areas. This in turn has led to an increase in various forms of abuse

⁷ The six members of the NDF to agree ceasefires were the Shan State Progress Party (1989), Pao National Organisation (1991), Palaung State Liberation Party (1991), Kachin Independence Organisation (1994), Kayan New Land Party (1994) and New Mon State Party (1995).

⁸ For a detailed discussion of the ceasefire process, see Tom Kramer, “Neither War nor Peace: The Future of the Ceasefire Agreements in Burma”, Transnational Institute, Amsterdam, July 2009.

⁹ Smaller groups were not offered ceasefires, but instead “exchanged arms for peace” – disarming and usually being given land, material support and/or business concessions to provide a livelihood.

¹⁰ For example, the National Council of the Union of Burma, established in 1992.

and demands for resources, since all these actors have some degree of predatory relationship with the population.

From the perspective of many ethnic leaders and their communities, then, two decades of ceasefires led to increased militarisation, failed to bring real peace and did not result in significant improvements in the development of their areas. They had been able to have very little influence over the National Convention process or the shape of the new constitution. Many ceasefire group leaders held out the hope that the 2010 elections would bring the possibilities of some ethnic minority representation and political discussions of the grievances and aspirations of ethnic communities.

B. THE BORDER GUARD FORCE ISSUE

The next step by the military government was unexpected. In April 2009, it issued a new instruction, requiring ceasefire groups to transform into “Border Guard Forces” (BGFs) under the partial command of the Myanmar military.¹¹ It said each such unit would be made up of 326 personnel. Of these, 30 would be from the Myanmar army, including one of the three majors in charge of the unit.¹² It was indicated that all members of the force would draw regular army salaries from the date they commenced training. Those who were over the statutory retirement age of 50 would have to retire. The transition process was to start immediately.

This surprising development was of considerable concern to the ceasefire groups, as they had always been told that they would have the opportunity for political discussions with a new government before surrendering their arms. The groups have recognised that their weapons are their key bargaining chip and guarantee of security in the interim and have been unwilling to disarm without a political settlement. Now they were being told to take a step that would greatly reduce their autonomy, a major concession in return for which they were being offered no political quid pro quo. None of the major ceasefire groups – with the exception of the Democratic Kayin Buddhist Army (DKBA) – agreed. The decision by the DKBA leadership to accept the proposal led to a split in the group. Its 5th Brigade, commanded by Saw Lah Pwe (aka “Mr Moustache”), rebelled in the most spectacular way, invading and briefly occupying parts of the key Myanmar border town of Myawaddy on 7 November 2010, the day of the national elections.

The ceasefire groups that were holding out came under increasing government pressure, as a series of deadlines to agree to the BGF scheme came and went. Major groups included the UWSA,¹³ KIO, NMSP and the Shan State Army-North (SSA-N, also referred to as the Shan State Progress Party). These came under increasing economic and political pressure, and the Myanmar military adopted a more assertive posture. When a definitive deadline of 1 September 2010 passed, the government – in line with earlier warnings – declared the ceasefire agreements “null and void”. The state media then began referring to these groups as “insurgents”. Economic pressure was also stepped up: the military government blocked Chinese border trade through the KIO’s Laiza headquarters, a crucial source of income for the group. The authorities also ordered the closure of all but two of the KIO liaison offices in government-controlled areas. Pressure was put on the Wa, with the Myanmar aviation authority refusing to renew the operating licence of Yangon Airways, a domestic carrier owned by a relative of the UWSA chairman.

These groups also sent their own messages to the regime, putting their forces on alert, resuming active recruitment and making it known they were prepared to fight if necessary. In November 2010, an alliance between several of the armed groups – both ceasefire and non-ceasefire – was announced. Called the Committee for the Emergence of a Federal Union, it was made up of six groups: KIO, NMSP and SSA-N (ceasefire groups); and Chin National Front (CNF), KNU and KNPP (non-ceasefire groups).¹⁴

The basic problem from the outset with the ceasefires was the lack of a process to turn these security agreements into lasting peace. The political roadmap failed to accommodate the views of the ceasefire groups and other ethnic delegates. Then, on the eve of the elections, the groups were pushed to give up most of their autonomy without the promised political discussions taking place. If the intention was to “resolve” the issue of armed ethnic nationalist opposition prior to the transfer of power, it was a grave miscalculation. While in most respects the transition to the new semi-civilian government and new institutional setup was remarkably smooth and stable, in the borderlands the picture was very different. The military government’s insistence on the BGF scheme and the pressures that it had put on groups to agree, severely undermined trust and critically damaged the fragile peace. As a result, in the first weeks of the new administration, serious clashes erupted between the Myanmar army and the KIO, and there were renewed clashes with the Shan State Army-North.

¹¹ Border guard force instruction, 28 April 2009 (on file with Crisis Group).

¹² The major in charge of “administration” would come from the Myanmar military, the commander and deputy commander from the ceasefire group.

¹³ United Wa State Army.

¹⁴ See Section VII.B below for further discussion.

III. THE KACHIN SITUATION

The resumption of fighting in Kachin areas – the Kachin State itself and Kachin-majority parts of northern Shan State – is the most serious threat to peace in Myanmar. An understanding of the Kachin ceasefire experience since the 1990s can help explain the reasons for the deep disillusionment and suspicion felt by the leaders of different ethnic communities. The Kachin Independence Organisation was the group that approached the ceasefire with probably the greatest strategic thought, and they went very far in cooperating with the military government's roadmap. The consequences of that ceasefire failing are grave. As the government moves to agree peace deals with various armed groups, potentially the most difficult to arrive at will be with the KIO.

A. THE 1994 CEASEFIRE

At the time it agreed a ceasefire with the military government, there was considerable war-weariness among the Kachin population and in the KIO itself. The previous years had seen some very heavy fighting, costing many lives on both sides and having a huge impact on local communities. The KIO was also convinced that in order to further its aims, it had to be part of the national political process, rather than excluded from it.¹⁵ In the early 1990s, in addition to the unilateral ceasefire announced by the military government and agreements with several groups, the National Convention was getting underway with the participation of the NLD. The KIO decided to seize the opportunity to resolve the issues in a different way.

After a long series of discussions over several years aided by a three-person "facilitation team", including five meetings in the course of 1993, a ceasefire agreement was signed between the KIO and the government in February 1994. The agreement was short, stating that there would be peace between the two sides, followed by development and economic improvements in Kachin areas and efforts to promote national peace. Liaison offices were established to ensure close communication between the two sides, and KIO troop deployments and territories were specified.¹⁶

Significantly, the KIO agreed to participate in the military government's political roadmap. Following the ceasefire, it attended the National Convention, which had begun the

previous year. Despite the fact that it and the other ethnic minority delegates were able to have very little influence on proceedings, the KIO continued to attend the Convention until it ended in 2007. That year, the KIO submitted to the chairman of the Convention a nineteen-point proposal for the inclusion of certain provisions in the future constitution.¹⁷ The proposal was not discussed in the Convention, and the KIO received no response from the authorities. A similar proposal, jointly submitted by thirteen ceasefire groups at an earlier stage of the National Convention, had also been ignored.

Despite this rejection, and the fact that the final constitution did not take account of these proposals, the KIO continued to take a cooperative stance. It instructed its members and their families to boycott the constitutional referendum but advised the public to vote.¹⁸ The military government had been extremely concerned that the KIO would take a stand against the referendum and constitution and had sent several envoys to urge it not to do so. In the subsequent election process, the KIO went very far in adhering to the requirements of the constitution and electoral legislation. In particular, a provision of the political party registration law prohibited parties from having contacts with organisations "in revolt with arms against the state".¹⁹ Thus, the KIO's vice-chairman, Dr Tu Ja, resigned from the organisation in order to lead a Kachin political party, the Kachin State Progressive Party.

This party was denied registration by the Myanmar Election Commission, so was unable to take part in the elections. (Similarly, a party representing the Kachin areas of northern Shan State, the Northern Shan State Progressive Party, was also denied registration.) Informally, it was made clear by the authorities that registration was contingent on the KIO accepting the border guard scheme. KIO leaders were surprised and deeply unhappy that, having cooperated with all stages of the government's political roadmap, the border guard demand had suddenly been imposed on them. This was done with no prior discussion, and the provisions of the scheme were seen as unworkable and in contradiction with the assurances they had been given when they signed the ceasefire. Dr Tu Ja and other leaders of the unregistered party subsequently tried to register as independent candidates, but this was also blocked by the

¹⁵ See the comments of the then KIO chairman, Brang Seng, reported in Smith, *Burma*, op. cit., pp. 442-443.

¹⁶ "Agreement between government peacemaking group representatives and KIO representatives", 24 February 1994 (on file with Crisis Group). It is understood that of all the ceasefires concluded in that period, this is the only written agreement; the others were verbal.

¹⁷ "The KIO proposal for constitutional provisions and clauses", KIO Central Committee, July 2007.

¹⁸ Crisis Group interview, KIO leader, Yunnan, February 2009.

¹⁹ Section 12(a)(iii) of the 2010 Political Parties Registration Law, which repeated a provision (section 407b) of the 2008 constitution.

Commission. This meant that there was no structured political representation for the Kachin people in the election.²⁰

Cooperation with the government's political agenda came at no small cost to the KIO. It was criticised by the NDF alliance and expelled from the grouping, after entering peace talks with the government. And while there was broad support in Kachin communities for an end to the fighting, as time went on and expectations went unmet, the KIO faced increasing criticism. Many in Kachin society reproached its leaders for pursuing business opportunities rather than political aims, as local communities saw only limited gains from resource extraction by the KIO.

Such comments reflected a broader failure of a ceasefire process that did not produce economic and social benefits for the population. The responsibility for this must be borne by the military government and the KIO, as well as the international community. In the minds of much of the Kachin population, the ceasefire came to represent not only an end to the fighting, but also an increased Myanmar military presence, the incursion of outside economic interests, the erosion of societal mores in the context of an explosion in drug abuse and HIV/AIDS and lack of opportunities for youth. It also came to be viewed as political capitulation.

Many KIO leaders entered the ceasefire process genuinely believing it could work. They had seen that decades of armed struggle led to political marginalisation and was thus not an effective way to promote ethnic political aims. At the time of the ceasefire in 1994, however, several other ethnic leaders, and some within the organisation, warned the KIO that it was being naïve in trusting the government. A long-time observer of the process subsequently concluded that "the military government led by General Than Shwe confirmed all the warnings by hardline ethnic nationalists as to why the KIO was naïve to enter the process".²¹ Hardliners within the KIO and in other organisations have used this to promote a more radical agenda. Those who promoted a progressive agenda have been seriously undermined.²² And the KIO leadership has not been very successful in articulating to a broader audience in the country the extent to which they tried to cooperate with the government.

B. RESUMPTION OF CONFLICT

In late-2010, confrontation increased after the government took a series of hostile steps towards the KIO: it declared the ceasefire "null and void", ordered the closure of KIO liaison offices, began referring to the organisation as "insurgents" and refused registration to the Kachin political parties. In February 2011, there was a serious incident in which a Myanmar army battalion commander was shot dead by the KIO after he led his troops into a KIO-controlled area unannounced. Escalation was avoided, with the army apparently determining that its troops had acted improperly.²³

Tensions were building, and both sides were aware that a resumption of fighting was a real possibility. The flash-point came on 9 June, with clashes between government troops and the strategic KIO outpost of Bumsen in Kachin State – close to the site of two Chinese-operated hydroelectric dams at Tarpein. The same day, a KIO representative from its nearby liaison office was arrested and killed by soldiers. The KIO alleges that his corpse showed evidence of severe torture. The Myanmar army overran the outpost on 12 June, and when it ignored a KIO deadline to withdraw, the KIO placed all its troops on a war footing and destroyed a number of bridges in the area to hamper the resupply of government forces. Since then, there have been regular clashes in several parts of the Kachin and northern Shan states. There have been allegations of serious human rights abuses and violations of international humanitarian law, particularly on the part of government forces, and thousands of civilians have been displaced.²⁴

There were three rounds of peace talks between the KIO and a team from the Kachin State government, on 30 June, 1 August and 2 August. The KIO indicated that it was not ready to sign a new ceasefire without neutral witnesses and a public commitment from the government to starting a political dialogue with all groups. As a KIO leader put it, "to have political discussions as a single organisation is meaningless; the ethnic issue is a nation-wide issue".²⁵ These points have not yet been accepted by the government. The KIO requested China to be the neutral witness, but received no response. For its part, China is careful not to appear to give official recognition to armed groups in Myanmar, which would be implied if any official response were made to such a request.²⁶

²⁰ The only Kachin party to stand was the Unity and Democracy Party of Kachin State, an offshoot of the military government's Union Solidarity and Development Party.

²¹ Crisis Group interview, Yangon, October 2011.

²² Crisis Group interview, local NGO representative, Yangon, October 2011.

²³ Crisis Group interview, a Kachin community leader, Yangon, April 2011.

²⁴ Crisis Group interviews, KIO leaders, Laiza, October 2011.

²⁵ Crisis Group interview, a KIO military commander, Laiza, October 2011.

²⁶ Crisis Group interview, Chinese academic, Kunming, October 2011.

After the negotiations hit an impasse, fighting escalated once again. In late September, the KIO suffered a significant setback, when government forces overran the headquarters of its 4th Brigade and several other bases in northern Shan State. While the two sides claim to be exercising restraint, both are taking actions that the other sees as provocative. The KIO claims that the government is trying to weaken it by capturing strategic positions and blocking communications between KIO areas, rather than through a full-scale assault.²⁷ It also points to alleged serious abuses by government troops against the civilian population in KIO areas – particularly by mobile infantry units brought in from other parts of the country. The government claims that the KIO is ambushing its troops and using snipers to target officers.²⁸ There can be no doubt that the longer the present cycle of violence continues and the greater the military build-up, the harder it will be to resolve the situation.

The legacy of the previous ceasefire process means that it is extremely difficult for the KIO to agree a new ceasefire deal today without guarantees that the negative experiences of the past will not be repeated. It is critical for the government to understand this and to ensure that the concerns are adequately addressed. It is also critical for the KIO to recognise that momentum is now building behind the new peace initiative and that the political context has significantly changed. There is unlikely to be a better national context for discussion of ethnic and political challenges – as well as resolution to armed conflicts – than appears to be developing now. The KIO should not allow past injustices to prevent it from taking advantage of present opportunities.

C. THE MYITSONE DAM

One of the most dramatic, positive and unexpected steps taken by the new government was the suspension of work on the Chinese-built Myitsone dam that had been strongly opposed by many segments of Myanmar civil society and was one among several reasons for the recent increase in tensions in Kachin areas.

The massive project was the largest in a cascade of seven hydroelectric dams being constructed in Kachin State, just below the point where the N'Mai and Mali rivers come together to form the Irrawaddy. After a 2007 agreement between China and Myanmar, construction started in 2009, with an anticipated completion date of 2019. It was being built by China Power Investment Corporation

in partnership with the Asia World Company of Myanmar and the state-owned Myanmar Electric Power Enterprise.²⁹ On completion, the \$3.6 billion dam was to be the fifteenth largest hydropower station in the world, with an installed capacity of 6 gigawatts.³⁰ The whole cascade was to have an installed capacity equivalent to that of the Three Gorges Dam in China.³¹

The vast majority of the electricity was to be exported to China's Yunnan province, under a 50-year build-operate-transfer agreement, as the antiquated Myanmar grid would have been unable to absorb more than a tiny proportion of the electricity.³² Nevertheless, Myanmar commentators pointed out that if their country's economy was to develop, it would in future need access to such sources of power for itself.³³

The KIO had agreed to the construction of the other dams in Kachin State and had allegedly received around \$2 million from a Chinese company in "compensation".³⁴ It had always strongly objected to the Myitsone dam, refused to accept any payments in relation to the cascade and called in public and private for the project to be scrapped.³⁵ Opposition stemmed in particular from the fact that the river confluence that would have been flooded by the dam is a site of historical and cultural importance to the Kachin people. There were also no indications that any benefits from the project would go to local communities or Kachin

²⁹ Twelve other Chinese hydropower companies were also involved, including Gezhouba, Sinohydro and Changjiang Design Institute, an indication that the Chinese hydropower industry was strongly behind the project. Crisis Group interview, analyst, Beijing, November 2011.

³⁰ Information from the environmental impact assessment for the project, commissioned by China Power Investment Corporation, "Environmental Impact Report of Hydropower Development in Upper Reaches of Ayeyawady River", Changjiang Survey, Planning, Design and Research Limited, March 2010; and from www.internationalrivers.org.

³¹ According to the environmental impact assessment, the installed capacity for the cascade was to be 18.4 GW. The Three Gorges Dam has a current capacity of 20.3 GW.

³² Crisis Group interview, Chinese academic, Kunming, October 2011.

³³ Crisis Group interview, journal editor, Yangon, October 2011.

³⁴ This claim was made by the Myanmar information minister at a press conference on 12 August 2011. "Government already acceded to peace proposals of KIO to the most possible degree", *New Light of Myanmar*, 13 August 2011. Non-government sources interviewed by Crisis Group have also indicated that money was paid to the KIO.

³⁵ For example, the KIO expressed its opposition to the Myitsone dam in letters to the head of the Myanmar military government in 2007, to the Yunnan Province State Council in 2007 and to the Chinese head of state in 2011. (Letter from the KIO chairman to the chairman of the Communist Party of China, 16 March 2011.)

²⁷ In a press conference on the sidelines of the ASEAN summit in Bali, President Thein Sein said of the KIO: "We told them we could attack their headquarters easily but we would not do so". Thein Sein, transcript of media conference, Bali, 19 November 2011.

²⁸ Crisis Group interviews, Yangon, October 2011.

State. Some 47 villages would have been displaced by the reservoir. The extent of tensions was made clear by a grenade attack on the construction site in April 2010. It is not known who carried out the attack.

While there had long been local opposition to the dam, it did not become a national issue until after the new government took power in March 2011. In an environment of more relaxed media censorship and greater freedom of expression, a national movement in opposition to the dam quickly developed. This was the first issue in Myanmar in decades on which there was a real national debate. It played out in the non-government media, which was permitted to carry strident criticism of the project and of members of government, and in town hall meetings attended by environmentalists, political activists, social critics and politicians. The Yangon-based *Weekly Eleven* journal published commentary on the subject from a number of people: its CEO was quoted as saying, “inappropriate words coming from the responsible person of the Union Government are extremely disappointing”, and dissident journalist Ludu Sein Win as saying, “if the just demands of the people are ignored and the dam project continues, then the people will defend the Irrawaddy by whatever means possible”.³⁶

The dam campaign caught the public attention for a number of reasons. The authorities allowed an unusually free debate on the issue to take place in public. The Irrawaddy River has a powerful symbolism in Myanmar as the lifeblood of the nation, and its damming was seen by many as damaging this natural heritage. In some quarters, it also touched a nationalistic nerve, reinforcing fears of rapacious Chinese encroachment into Myanmar. Others had environmental or safety concerns. It appears that many in government, and probably the president himself, shared some of these concerns.³⁷

It nevertheless came as a surprise when, on 30 September 2011, President Thein Sein announced suspension of work on the dam. The decision – in effect a cancellation – was conveyed in a letter read out in the upper and lower houses by the respective speakers.³⁸ In his letter, the president cited “public concern” as the reason. While the decision affected only the Myitsone dam, China Power Investment Corporation is said to be re-evaluating the entire project, possibly with a view to reconfiguring the cascade of dams.³⁹

Can the decision to suspend construction of the Myitsone dam help to restore peace between the KIO and the government? It does resolve one important issue of contention, but unless the two sides proactively make use of this to help bridge the divide between them, it is unlikely tensions will automatically ease. Many in the Kachin community had long insisted that they could never accept the dam. The view of several leading military figures in the KIO, however, is that it was never the main reason for the increase in tensions. Thus resolving the issue only deals with one of the flashpoints, not the underlying problem.

³⁶ Crisis Group translation of extracts from *Weekly Eleven News Journal*, vol. 6, no. 50, 14 September 2011.

³⁷ Crisis Group interviews, Yangon, October 2011.

³⁸ The letter was published the following day in the state press. “The government is elected by the people, and it has to respect the people’s will”, *New Light of Myanmar*, 1 October 2011.

³⁹ Crisis Group interview, Chinese academic, Kunming, October 2011.

IV. ETHNIC MINORITY CONCERNS

To make headway on a political settlement with the ethnic groups, the government will need to address their core concerns of peace, equality, human rights, economic opportunities and regional autonomy. Dealing with these issues comprehensively will require a real national peace process, to rethink the nature of the relationship between the Burman majority and the other ethnic groups in the country.

A. PEACE

Myanmar's border regions have experienced armed conflicts since independence. The cost has been huge. The lives of many combatants on both sides have been lost, and the civilian toll has perhaps been higher still – mostly ethnic minority villagers, but also Burmans, including porters.⁴⁰ No detailed data are available, but a Western analyst estimated an average of around 10,000 deaths per year over the five decades from independence to the 1990s – over half a million in total.⁴¹ The figures for those whose lives have been devastated – people maimed, families who have lost breadwinners or other members, the populations of villages destroyed or displaced, communities dislocated – are in the millions. The financial costs for the government, the armed groups and the economy as a whole have also been significant. The conflict has hampered development not only in the border regions, but also in the country as a whole, with an enormous additional indirect burden on lives, health and livelihoods.

All sides have recognised this high cost, and there have been numerous efforts over the decades to resolve the conflicts, but none has brought lasting peace. The reasons are numerous and complicated. Some key factors holding back a resolution include:⁴²

Failure to address underlying issues. Armed conflict broke out and has been sustained for a diversity of reasons, including political grievances and local self-defence. For decades, however, peace has been pursued via military accords. Over the years, some groups have disarmed or become government-allied militias when they had no choice, and others were not pursuing political agendas (such as

Khun Sa's Mong Tai Army, essentially the private militia of a narco-criminal enterprise). Major groups have refused to disarm until they have achieved a political settlement that addresses the aspirations and grievances of the minority people. It has so far proved impossible to move beyond ceasefires to lasting solutions.

Conflict agendas. There have always been those on both sides, as well as influential third parties – business interests and criminal networks – that have benefited politically or economically from the armed conflicts. The conflicts have also given armed groups a disproportionate influence in comparison to other elements of ethnic minority society.⁴³ They are, according to an ethnic community leader, wars “where communities are used as pawns”.⁴⁴ Some have also suggested that, for previous military governments, managing conflicts rather than resolving them has helped to ensure continued military rule.⁴⁵

War requires huge economic resources, which has been a justification for significant military involvement in the economy and self-reliance policies that require field units to be self-financing. Ethnic armed groups have had to finance their activities by licit and illicit means. All sides have regularly resorted to informal taxation, plunder, illicit trade and illicit resource extraction, leading to predictable, deleterious effects on local populations. Powerful business interests and criminal actors can benefit from such decentralised, unregulated war economies and be a major obstacle to peace.⁴⁶

Lack of a national peace movement. Through decades of armed conflict, there has never been a national movement for peace in Myanmar. At different times, the government, army, ethnic nationalist forces, religious and civil leaders and affected communities in the borderlands have all tried to resolve the conflict. These efforts have never translated into a national movement that could put pressure on military and political leaders to make it happen. Authoritarian military governments and often similarly-structured ethnic nationalist forces are not easily influenced by popular sentiment. The ethnic nationalist groups were not united on the primacy of peace, and Myanmar society as a whole was not well-informed about the na-

⁴⁰ In the past, in addition to local ethnic minority villagers in the conflict areas, these were often young men rounded up on the streets of the country's major cities; more recently, young male convicts have mostly been used.

⁴¹ See Smith, *Burma*, op. cit., pp. 100-101.

⁴² A detailed and more historical analysis for the endurance of insurgency in Myanmar can be found in Martin Smith, “State of Strife: The Dynamics of Ethnic Conflict in Burma”, *Policy Studies* 36, East-West Center, Washington, 2007.

⁴³ For detailed discussion of how this has played out in the Karen context, see Ashley South, “Burma's Longest War: Anatomy of the Karen Conflict”, Transnational Institute/Burma Centrum Netherlands, Amsterdam, March 2011.

⁴⁴ Crisis Group interview, Yangon, October 2011.

⁴⁵ For example, see Mark Duffield, “On the Edge of ‘No Man's Land’: Chronic Emergency in Myanmar”, Centre for Governance & International Affairs Working Papers, 01-08, University of Bristol, 2008.

⁴⁶ For a detailed discussion, see Mary Callahan, “Political Authority in Burma's Ethnic Minority States”, *Policy Studies* 31, East-West Center, Washington, 2007.

ture of the conflict in the borderlands and the reasons underlying it. These factors have combined to make peace an issue between the government and the armed groups rather than a matter of national concern.

One reason for the success of the ceasefire process in the late 1980s and early 1990s was that the Myanmar army, ethnic nationalist organisations and ethnic communities were weary of war. They felt that with the end of Ne Win's disastrous socialist experiment and the beginnings of rapid economic progress in Asia, a new way forward was possible. It was thought that peace could be consolidated through development and economic growth, and subsequently political discussions.

The experience of the ceasefires was mixed for many ethnic minority communities. The initial peace dividend was significant and welcomed. An end to large-scale armed conflict was a major development in itself, and along with it came a reduction in the more egregious human rights abuses that accompany conflict, an end to conflict-induced displacement and a possibility to resume more normal economic, social and community life. But for all this, the ethnic leaders and the communities did not feel that the ceasefires led to real peace. In many areas, militarisation increased, tensions remained, exploitation of natural resources by different interests escalated, and various forms of human rights abuse continued. Against such a backdrop, the ceasefires ultimately failed because of a lack of economic and development dividends in these areas, compounded by the fact that the border guards scheme was seen as a denial of the political discussions that the groups had been promised.

It is also relevant that under successive military governments, senior posts have almost always been filled by men.⁴⁷ It is widely recognised that the exclusion of women from institutions of power has a significant negative impact not only on poverty and development, but also on the prospects for peace and security.⁴⁸

In 2012, there may be new opportunities to resolve the conflicts, as the government rolls out a major new peace initiative. But the obstacles to achieving real and lasting peace should not be underestimated. At the time the last

set of ceasefires was agreed, there was a generation in the borderlands that was fed up with war. Now, two decades on, there is a generation that is fed up with the ceasefires. This is an extremely dangerous development, particularly as many younger people who grew up in ceasefire areas have no memory of the horrors of the war.

This is particularly obvious in relation to the conflict between the government and the KIO. An increasing proportion of Kachin society supports a resumption of armed conflict. As a KIO youth leader put it, "if there is a ceasefire without ethnic rights, it is better to have no ceasefire".⁴⁹ This is a widely-held view, not only in KIO areas, but also in the Kachin State capital of Myitkyina. The head of a local organisation that works extensively in Kachin areas said, "at this moment, when you speak about peace, it's like you are a traitor to the Kachin cause". An international NGO staff member who travels regularly to Kachin areas described the youth as being very emotive at this time, "blaming the older leaders for being too much in favour of negotiation". For the civil and religious leaders trying to get their people behind peace efforts rather than war, it is an uphill struggle. A Kachin humanitarian worker said that many members of the community felt that "to get peace, we must fight".⁵⁰

For many armed groups, including the KIO, there is a sense that renewed conflict has put the ethnic minority issue back on the domestic and international agenda, and they worry that if they sign new ceasefires, attention will shift away.⁵¹

B. EQUALITY

Minority communities across Myanmar feel strongly that they are not treated as equals by the Burman majority or the government. This includes not only ethnic minorities, but also populations of Chinese and Indian origin and religious minorities – particularly several distinct Muslim populations across the country. Most of these groups have lived in Myanmar for generations, and many of these people have national registration documents.⁵² There are

⁴⁷ There are no women on active duty in the Myanmar military or in its leadership; no members of the ruling regimes since 1962 have been women, and no women have occupied cabinet positions in this period. The country has had only one female ambassador since independence: Daw Khin Kyi, Aung San Suu Kyi's mother, from 1960-1967 (although a female ambassador may be appointed imminently). Few senior civil servants are women. In the current legislatures, only 43 of 1,544 representatives (including the military bloc) are women, less than 3 per cent.

⁴⁸ This is the basis of UN Security Council Resolution 1325 on women, peace and security.

⁴⁹ Crisis Group interview, KIO headquarters, Laiza, October 2011.

⁵⁰ Crisis Group interview, senior member of a Kachin humanitarian organisation, Maijayang, October 2011.

⁵¹ Crisis Group interviews, Kachin youth from Myitkyina, KIO leader, senior member of a local organisation, and international NGO staff member who had recently visited Myitkyina, October 2011.

⁵² In addition to the Myanmar people of Chinese origin who have lived in the country for a long time, there are many Chinese migrants, particularly in upper Myanmar, who have arrived more recently. Some of these have apparently purchased national registration documents without meeting the formal requirements under Myanmar laws and administrative rules. For more

some notable exceptions, and the minority Muslim population concentrated in northern Rakhine State near the Bangladesh border, generally known as Rohingya, are particularly discriminated against. They are not accorded any official minority status, and the vast majority are also denied citizenship even though many families have lived in Myanmar for many generations.

The extent to which minority communities feel discriminated against is often not well understood by the Burman majority. A senior member of a (Buddhist) Rakhine political party explained the depth of feelings in his community: “Rakhine people feel they have never been treated as equals in their life. We feel inequality in every sector. Real decentralisation of decision-making is very far away, and without this equality is impossible”.⁵³ This is a sentiment shared widely in minority communities. A Shan community leader noted: “We ethnic peoples get a second-class education, so we will always be second-class citizens”.⁵⁴

There are two key issues that ethnic minority communities often point to as factors that help perpetuate inequality, one cultural and one political:

Burman nationalism. There is a strong element of Burman nationalism in the mainstream culture. This can range from a natural pride in Burman cultural and historical achievements to in some cases more extreme views of cultural superiority and chauvinism. Decades of authoritarian rule have tended to strengthen such views.

Centralisation of political power. Since independence, and particularly since the military coup in 1962, political power has been concentrated in the hands of the Burman elite. The main centres over the years – the regime, the military, the cabinet and senior civil servants – have been dominated by Burmans, and it has been very difficult for ethnic or religious minorities to rise to senior positions. What developed was a Burman-Buddhist identity for the country.

These two factors are to some degree linked. Governance over the last 50 years was defined by a combination of authoritarianism and centralism. The 1962 military coup was justified partly on the basis of fears that Shan State might secede from the Union, as the independence constitution permitted but which the military felt could lead to the break-up of the country. But it was also justified on the grounds that the rights enshrined in the constitution allowed “every adult citizen [to be] equally free to express

his views and desires upon all subjects in whatever way he wishes”. The military feared that these rights were being taken advantage of to promote sedition.⁵⁵ This led to the abrogation of the constitution after the coup and to a socialist-flavoured authoritarian centralism that was later enshrined in a new constitution.

Subsequently, two struggles were played out:

The democracy movement, mostly at the centre of the country, was fighting against authoritarianism but not against centralisation of political power or the Burman-Buddhist-based vision for the country. This is not surprising given that the NLD and the broader democracy movement have been led overwhelmingly by Buddhist Burmans.

The ethnic nationalist movement, mostly around the periphery of the country, was fighting against centralism and discrimination but not against authoritarianism. This is also not surprising, given that most of the ethnic nationalist movements were themselves authoritarian structures: the goal was greater autonomy, not democracy.⁵⁶ Even for ethnic democrats, there is a sense that “democracy will only be a small step towards equality”.⁵⁷

This distinction is one that has not been widely recognised or understood by the Burman majority. Ethnic minority representatives have often said that the Burman majority has little understanding of their struggle or any real appreciation of what life is like for minority communities. In a context where information was strictly controlled by the state and travel to remote areas very difficult, few Burmans were aware of the intensity of the conflict and the accompanying abuses in the borderlands.⁵⁸ There was often a sense on the part of Burmans that ethnic minority peoples had suffered no more than they themselves at the hands of successive regimes and that the solution was democracy.

Ethnic minority communities had a very different perspective. For similar reasons, remote minority communities had little understanding of the lives of the Burman majority. For many, the only Burmans they encountered were soldiers, and few in remote ethnic communities made any distinction between these generally uneducated and often

on recent Chinese migration, see Thant Myint-U, *Where China Meets India: Burma and the New Crossroads of Asia* (Faber and Faber, 2011).

⁵³ Crisis Group interview, Yangon, October 2011.

⁵⁴ Crisis Group interview, Yangon, October 2011.

⁵⁵ Quotation from a paper by the army’s directorate of education and psychological warfare, “Some Reflections on Our Constitution”, 17 October 1958, cited in Mary P. Callahan, *Making Enemies: War and State Building in Burma* (Ithaca, 2003), p. 189.

⁵⁶ There had never been a tradition of modern or parliamentary governance in the periphery, which had been left to continue traditional self-governance under the colonial administration.

⁵⁷ Crisis Group interview, senior member of an ethnic political party, Yangon, October 2011.

⁵⁸ These points were made in numerous Crisis Group interviews for the present report, as well as in other interviews over the years.

abusive infantrymen and Burmans in general. There was thus great suspicion on the part of ethnic communities about the possibility of a political system that would accommodate the diverse interests of Burman and minority communities. This was particularly true before 1988, the year when thousands of students and other political activists from the cities fled to border areas under the control of the ethnic armies, establishing new links and fostering better mutual understanding.⁵⁹ A Burman activist and former political prisoner noted that “until 1988, many ethnic communities didn’t know that there were Burmans opposing the military regime”.⁶⁰

The result is that ethnic communities have tended to want to be left alone to administer their own affairs without interference – either as de-facto mini-states protected by their own armies, or preferably as autonomous ethnic states within a future federal union. The current shift to greater political pluralism and the establishment of ethnic political parties, as well as the move towards greater decentralisation, have the potential to bring greater equality. But they will not be successful in achieving unity and peace unless they are accompanied by a shift in thinking on the part of all peoples in Myanmar on the nature of their shared political future.⁶¹

C. HUMAN RIGHTS

The human rights situation, including lack of basic freedoms, is grave in Myanmar as a whole but particularly in conflict-affected minority areas, where it is a key concern of ethnic representatives. Combined with elements of ethnic inequality or discrimination, it means that minority populations suffer more than most. The worst abuses take place in areas of insecurity or armed conflict, which are almost exclusively in ethnic minority areas. Though human rights abuses – and even atrocities – have been committed by all sides, the Myanmar army is responsible for the vast majority of such incidents.

A key component of that army’s counter-insurgency operations, as noted, is its “Four Cuts” strategy. By explicitly targeting the civilian population in an attempt to cut insurgents off from food, funds, intelligence and recruits, it exacts a heavy toll on the villagers in these areas. They are forced to relocate to areas under army control, their original villages often burned down and their food stocks and other assets looted or destroyed. The army also makes systematic use of convicts to carry supplies and equip-

ment during military operations and regular patrols.⁶² While this may have been intended to replace the use of villagers, it is a violation of human rights and humanitarian law, and, in any event, local people also continue to be pressed into service as porters and guides, exposing them to the risks of war.

There are regular reports of the Myanmar army using villagers and convict porters as human shields, interspersing them with soldiers during patrols to deter attacks or placing them at the head of military columns so they will trigger booby-traps or mines. While it is not clear whether such abuses stem from direct orders by the military hierarchy, they have occurred with enough regularity for decades that they undoubtedly form a part of military culture that senior commanders must be aware of and for which they should be held accountable. The long-standing “self-reliance” policy of the army, whereby units in the field are expected to be self-sufficient – leading to confiscation of land, forced labour for cultivation of food and informal taxation – also has a significant impact on local populations.⁶³

In addition, reports of individual abuses carried out by soldiers, including killings and rapes, are not infrequent. While in non-conflict situations such incidents may be dealt with by normal mechanisms of military justice, there is a prevailing sense of impunity in conflict areas. Soldiers apparently believe the cases may not be thoroughly investigated or reported up the hierarchy, and they therefore face no effective deterrent.

It is important to note, though, that all conflict parties are using the civilian population as a source of financial and logistical support. Not only the Myanmar army but also the armed groups are guilty of human rights violations, even if to a lesser extent, including: forced recruitment, of adults and minors; forced portering; demanding contributions in cash or in kind; and laying landmines in populated areas.

Some attacks on villages by Myanmar army units come after deadly attacks on those units from within or nearby those villages. This has apparently been the case in several recent attacks on Kachin villages.⁶⁴ Ethnic armies some-

⁵⁹ For further discussion, see Crisis Group Asia Report N°27, *Myanmar: The Role of Civil Society*, 6 December 2001, Section VI.

⁶⁰ Crisis Group interview, Yangon, October 2011.

⁶¹ See Section VIII below.

⁶² See “Dead Men Walking: Convict Porters on the Front Lines in Eastern Burma”, Human Rights Watch and Karen Human Rights Group, July 2011.

⁶³ See Richard Horsey, *Ending Forced Labour in Myanmar* (Routledge, 2011), pp. 85, 185-186.

⁶⁴ For example, the Myanmar army fired into a village in Mansi township on 13 October, although the village leader had told it only civilians were there; this followed a deadly KIO attack on those troops using a remotely-detonated bomb on the outskirts of the village. In another incident, a Myanmar army unit raided a village 17 miles from Myitkyina town, detaining twelve male villagers (the four female villagers were released) and interrogating them under torture for several days. This followed the

times station armed militiamen – not always in uniform – in villages, thus heightening the vulnerability of civilians. A KIO military commander explained that in his area, Myanmar army units, unless they receive specific orders to do otherwise, operate under rules of engagement that permit them to attack KIO positions only in response to an attack. This means, however, that when Myanmar troops suffer casualties as a result of landmines or booby-traps, they often take out their anger on the civilian population – targeting nearby villages for retaliation, either on the assumption that they would not be reported, or under the guise of intelligence-gathering.⁶⁵ While there is no possible legal or moral justification for such attacks on villages, which must be condemned in the strongest terms, there needs to be greater recognition that the key to addressing them is a sustainable end to the conflict.

The most serious rights abuses are usually linked with armed conflict, but in northern Rakhine State serious abuses are linked instead to discrimination. There is almost no armed conflict in the three Muslim-majority townships in the region, which borders Bangladesh, but the Rohingya Muslims there have long been subject to severe discrimination from the local Buddhist Rakhine population and the government.⁶⁶ They are mostly denied citizenship, despite having lived in the area for generations, and require official permission to travel beyond their village, which can be difficult or expensive to obtain. This restricts their ability to work, study or receive health services. They also suffer from various discriminatory decrees and practices, including arbitrary taxation and forced labour. As a result, their humanitarian situation has continued to worsen.⁶⁷ A few Rohingya and other Muslim representatives were elected to the legislatures in 2010, but there are so far no indications this will lead to any significant improvement,

shooting of a member of the unit by a sniper, allegedly from the village. These incidents were recounted in detail to Crisis Group by both KIO military officers and sources independent of the KIO, in the course of separate interviews in Yangon, Maijyang and Laiza, October 2011.

⁶⁵ Crisis Group interview, KIO military commander, October 2011.

⁶⁶ An indication of the level of societal discrimination against the Rohingya is clear from a recent incident involving the BBC Burmese Service. When the BBC published an online map of ethnic groups in Myanmar to accompany an article, it included reference to the Rohingya in northern Rakhine State. This led to criticism from Myanmar people, particularly Buddhist Rakhines, objecting to the reference, calling for a retraction and apology from the BBC and even threatening a boycott. See <http://asiapacific.anu.edu.au/newmandala/2011/11/03/bbc-under-fire-on-rohingyas/>.

⁶⁷ Crisis Group interview, head of an international NGO, Yangon, October 2011.

although it has been possible for these representatives to raise the plight of the population in the legislatures.⁶⁸

In order to address these abuses against ethnic groups, several steps are needed. Domestic accountability mechanisms, such as the Myanmar National Human Rights Commission, need to be strengthened to ensure that they can address the full range of human rights issues in the country. Transparent prosecutions of perpetrators and effective penal sanctions for those found guilty are required. There needs to be a process of reform in the military, to ensure that policies and institutional practices that violate the bill of rights in the 2008 constitution, as well as international laws and norms, are ended. Ultimately, there needs to be civilian control of the armed forces, and judicial oversight. This will take time and require amending constitutional provisions that give the armed forces considerable independence from both the executive and the civilian judiciary. Strong, professional and respected armed forces must be part of, not separate from, the democratic institutions of the state.

D. ECONOMIC OPPORTUNITIES

Ethnic minority communities feel that they have not had the economic opportunities they deserve. There are several aspects to this, but first among them is that some of the country's most valuable resources are found in ethnic minority areas. This includes much of the remaining stands of teak and other timber, its jade and gemstones, gold and silver, mineral deposits and hydroelectric potential. Communities believe that they have not benefited from a fair share of the profits from these resources.

Under the new constitution, region/state governments do not control or have authority to tax the majority of these resources. This power lies with the national government in the case of teak and other restricted hardwoods, all underground resources, including gemstones, and all large-scale electric power production.⁶⁹ While region/state budgets receive national contributions, there are no provisions for resource-sharing to factor in the calculation of those contributions. The Myitsone dam project was due to earn a profit for the Myanmar government of \$54 billion over 50 years, according to the operating company, but there were no provisions for reinvesting a percentage of these profits in Kachin State.⁷⁰ The national government points out that if revenues are not shared among the whole coun-

⁶⁸ See, for example, the reports of legislative sessions contained in *New Light of Myanmar*, 30 August and 2 September 2011.

⁶⁹ 2008 constitution, Sections 96, 188 and 254.

⁷⁰ "Project Benefits", briefing note prepared by China Power Investment Corporation, available at the project's official website: www.uachc.com/Liems/esite/content/showDetail.jsp?nid=6854&newtype_no=2247.

try, all poor areas will suffer.⁷¹ This is an important point, but it must be balanced with the rights of communities to share in the profits from resources in their areas, particularly since extracting these resources often comes with a social and environmental cost.

Communities in ethnic border areas also feel that they have not had the same development opportunities as other areas, ever since independence. The post-ceasefire experience tended to amplify this. Despite the pledges made by the government when the ceasefires were agreed, there have been few tangible benefits from the projects implemented by the border areas development scheme, which was under-resourced and focused mainly on infrastructure. Employment opportunities in these areas are extremely limited.

There is, moreover, an element of cronyism or corruption. Many of the concessions to extract natural resources were given to companies from outside the region, often with links to the political elite or foreign firms. And in those cases where local companies were given these concessions – usually controlled by the political leaders of the ceasefire groups – the profits were rarely used to improve services or to develop the area. Nevertheless, the perception remains that local businesses are better for the communities. As a Karen National Union leader put it, “outside business interests benefit the power holders – in government or in the ethnic forces; local business tends to benefit the people”.⁷²

While unequal resource sharing can create dissatisfaction and drive conflict, business and economic opportunities are critical for peacebuilding. By creating a dividend for the population, they can put pressure on those elements that are resisting peace. Some in the government have recognised this, and there are plans for the establishment of Special Economic Zones in border areas to provide jobs and other economic opportunities.⁷³ In the most recent round of peace discussions, the president’s envoy underlined the importance of ensuring that the people saw tangible benefits from any peace deal.⁷⁴

E. REGIONAL AUTONOMY

Successive military governments have been concerned that the ethnic states would seek secession, threatening the integrity of the country, and that the ethnic armed groups were pursuing such an agenda. In 2011, however,

none of the major ethnic organisations or armed groups are actively seeking independence.⁷⁵ They now mostly endorse a federalist policy, with autonomy for the ethnic states within a federal union, though a Karen community leader noted that at least a federalism based on ethnic minority states was not a workable solution for addressing Karen political aspirations, as more than half the Karen population does not live in Karen State.⁷⁶ Past governments were concerned that the greater the autonomy given to ethnic states, the looser the ties binding them to the centre would be and the greater the risk of secession. For this reason, the military has always been adamantly opposed to any form of federalism. The 2008 constitution does provide for some autonomy, in the form of decentralised legislative and executive structures, but within a unitary state.

This history means that federalism has become a loaded term, always rejected out of hand by those at the centre. On the morning of the 1962 coup, General Ne Win was quoted as saying: “federalism is impossible – it will destroy the Union”; a few days later his chief spokesman cited federalism as the main reason for the coup.⁷⁷ During the National Convention that drew up the principles for the 2008 constitution, the military government again rejected the concept, explaining: “It’s not possible to build small houses inside a big house”.⁷⁸

But once use of the term federalism by the protagonists is examined more closely, it is clear that what the ethnic leaders want is different from what the political-military establishment fears. The term has become shorthand for either vague ethnic aspirations or ill-defined establishment sensitivities. A senior adviser to the main Mon political party in the legislatures noted his people had been struggling 60 years for self-determination. This goal had to be re-evaluated, as independence was no longer sought. The aim, he said, was to devolve power to promote and protect the Mon identity and culture; create political space to govern their own affairs; and establish the right to man-

⁷¹ Crisis Group interview, political adviser to the president, Yangon, October 2011.

⁷² Crisis Group interview, KNU leader, Thailand, October 2011.

⁷³ Crisis Group interviews, political advisers to the president, Yangon, October 2011.

⁷⁴ See Section VII below. Crisis Group email correspondence, discussion participant, November 2011.

⁷⁵ In May 2005, a group of Shan elders in exile issued a declaration of independence for the “federated Shan States”. The declaration did not receive wide support, however, and was rejected by most Shan organisations and leaders within the country, representatives of other ethnic minorities and the NLD.

⁷⁶ Crisis Group interview, Yangon, October 2011.

⁷⁷ Smith, *Burma*, op. cit., p. 196.

⁷⁸ A European mediator closely involved in the reconciliation process at the time recalls a Myanmar general using two diagrams to explain this principle to ethnic minority representatives at the National Convention in 2004: one showing a large house with several floors and “rooms for everyone” (what the military government wanted); and another showing a large house with seven smaller houses surrounding it (what the military government was unwilling to accept). Crisis Group email correspondence, November 2011.

age their own natural resources and receive a fair share of the benefits. All these principles were enshrined in some form in the 2008 constitution. The objective should be to push for a more complete and equitable implementation that would lead to greater Mon political representation and local governance by Mon technocrats rather than “the current corrupted bureaucrats who have no interest in the welfare of the Mon people”.⁷⁹

V. KEY NON-GOVERNMENT ACTORS

Apart from the government and the armed groups, three key actors with an influence on the ethnic issue are the ethnic political parties, Aung San Suu Kyi and the democratic opposition, and neighbouring countries.

A. ETHNIC POLITICAL PARTIES

Ethnic-based political parties have been very active in the new political arena, particularly on issues of minority rights and ending the armed conflicts. More than half the registered political parties represent specific ethnic minority constituencies. In the 2010 elections, although the government-backed Union Solidarity and Development Party won in a landslide, ethnic political parties fared relatively well compared to other opposition parties – in most ethnic states winning sizeable minority blocs in the legislatures. Of the 22 parties that won seats in the elections, seventeen were ethnic parties. The second largest party in the lower house is the Shan Nationalities Democratic Party, and in the upper house it is the Rakhine Nationalities Development Party.

Five ethnic parties have formed an alliance, the Nationalities Brotherhood Forum.⁸⁰ As well as coordinating positions within the legislatures, they have put out a number of statements setting forth common views on issues of ethnic minority and national importance – including the need for release of all political prisoners, welcoming suspension of the Myitsone dam and calling for a government peace-making group with more inclusive membership to address the ethnic armed conflicts and find political solutions.

So far, most of the political space for these parties has been at the national level, where there is a possibility to have frank and open debates in the legislatures, influence law-making and submit questions and proposals. Discussions in the region/state legislatures have tended to be less vibrant. Nevertheless, representatives of ethnic opposition parties have been appointed to ministerial positions in most of the state legislatures, improving their access to decision-makers. A Mon community leader explained that “we now know the people in the local government and can discuss issues with them; on their part, they understand that ‘non-government’ does not mean ‘anti-government’”.⁸¹

Two contrasting incidents highlight the new sense of ethnic minority ownership in local governance. The chief

⁷⁹ Crisis Group interview, All Mon Regions Democracy Party senior adviser, Yangon, October 2011.

⁸⁰ The member parties are: Shan Nationalities Democratic Party, Rakhine Nationalities Development Party, Phalon-Sawaw Democratic Party, All Mon Regions Democracy Party and Chin National Party.

⁸¹ Crisis Group interview, Yangon, October 2011.

minister of Kachin State – a Kachin civilian from the government party – won praise from local communities when he visited a camp for internally displaced people (IDPs) fleeing clashes between government forces and the KIO. He spent considerable time at the camp talking to the people in the Kachin language, expressing concern about their plight and pledging assistance. In the past, there were few Kachin people in senior government positions, and they would never speak in the Kachin language in an official capacity.⁸² By contrast, one of the ministers in the Rakhine State government, from the main Rakhine opposition ethnic party, started speaking to villagers in the Burmese language once he assumed his official functions. As a result, he was denounced by many local people, and a proposal was submitted to expel him from the party.⁸³

Ethnic parties face significant constraints. Old attitudes and discrimination from the political establishment persist. Legislators elected to seats reserved for minority representatives are appointed automatically as local government ministers with responsibility for that minority's affairs.⁸⁴ Those in these positions have in general not been regarded as equal to other local government ministers; they are not always invited to cabinet meetings and are not accorded the same protocol at official functions, nor do they receive the same allowances and benefits. As a result, the Yangon minister for Rakhine affairs has threatened to resign from his cabinet position (but not his legislative seat).⁸⁵ A case seeking a ruling on whether such treatment of minority affairs ministers is constitutional has been brought before the Constitutional Tribunal.⁸⁶

Like the other opposition parties, the ethnic parties also face considerable challenges around capacity and cohesion. As very young institutions, set up in an improvised way and with few resources, this is inevitable. In most cases, party candidates in 2010 had to be self-financing, and a number of parties are now finding it difficult to impose

discipline. Most members and representatives have few qualifications and little experience of politics. This will change over time, and they would benefit from greater support and exposure to the practices of other parliaments. Most ethnic parties understand that the future of political organisation in Myanmar should be built around issues rather than ethnicity, but this early in the transition that seems a distant prospect.⁸⁷

B. AUNG SAN SUU KYI AND THE DEMOCRATIC OPPOSITION

Aung San Suu Kyi expressed strong concern over the upsurge in armed conflict following the March 2011 transfer of power. On 28 July, she sent an open letter to President Thein Sein and four armed groups (KIO, KNU, NMSP and SSA) calling for “immediate ceasefires and a peaceful resolution of the conflicts” and undertaking to do everything in her power to achieve “the cessation of the armed conflicts and building peace in the Union”.⁸⁸ Official statements issued following her meetings with the government liaison minister, Aung Kyi, indicate that this is one of the issues being discussed between the two sides.⁸⁹

This initiative was broadly welcomed by different ethnic representatives. Aung San Suu Kyi is widely regarded in ethnic communities as honourable and well-intentioned. The Myanmar opposition has not always given a high enough priority to ethnic issues, and this greater engagement is seen as positive. There is, nonetheless, unease about her involvement in the ethnic issue because many minority people see her first and foremost as a member of the Burman elite. An ethnic armed group leader said, “it is positive that she is working for peace, but we don't know where she will stand on the specific issues. We don't think she has a good understanding of our situation, and we would not want her to be part of the negotiations”.⁹⁰

Some ethnic leaders worry it would be hard to overcome a Burman united front of the government and Aung San Suu Kyi, which they feel could be possible on some issues. Some ethnic parties feel her approach has marginalised other initiatives, such as by the Nationalities Brotherhood Forum, which at the time of her letter was seeking to promote specific policy responses to the ethnic conflict.⁹¹ In

⁸² Crisis Group interview, Kachin community leader, Yangon, October 2011.

⁸³ This proposal has not been acted on so far. Crisis Group interview, senior member, Rakhine party, Yangon, October 2011.

⁸⁴ Section 161(c) of the 2008 constitution provides that ethnic nationality populations that have more than about 57,000 people in any region/state (other than the majority group in that region/state, or any group already assigned a self-administered area in that state) are entitled to one representative in the relevant legislature, who will (Section 262) be automatically appointed ethnic affairs minister in that region/state government.

⁸⁵ This would create a constitutional issue, given that legislators elected to reserved minority seats are automatically appointed to cabinet positions, presumably the reason why he has formulated his threat in this way.

⁸⁶ This is only the second case to be brought before the Tribunal. See “Constitutional Tribunal hears case”, *New Light of Myanmar*, 29 November 2011, p. 2.

⁸⁷ Crisis Group interviews, representatives of ethnic political parties, Yangon, October 2011.

⁸⁸ Aung San Suu Kyi, “Open letter to President Thein Sein, KIO, KNU, NMSP and SSA”, Crisis Group translation, 28 July 2011.

⁸⁹ “Union Minister U Aung Kyi, Daw Aung San Suu Kyi meet, news released after meeting”, *New Light of Myanmar*, 31 October 2011.

⁹⁰ Crisis Group interview, armed group leader, October 2011.

⁹¹ Crisis Group interview, member, Nationalities Brotherhood Forum, Yangon, October 2011.

addition, ethnic parties are often cautious about the NLD leadership, which includes some former senior officers in the Myanmar armed forces.

Such concerns are natural, but it is important not to overstate them. While Aung San Suu Kyi may not be seen by all parties as neutral on the ethnic issue, it seems unlikely that she would seek any direct role in negotiations. She can take a powerful positive part by continuing to highlight the importance of the ethnic issues and pushing all sides to seek a peaceful resolution to them.

C. CHINA AND OTHER NEIGHBOURS

Myanmar's neighbours have a crucial role to play in influencing the dynamics of the ethnic conflict. The main areas of active fighting are along the Chinese border (where the KIO is based) and along the Thai border (where the KNU is based). Neighbouring state policies towards these groups can have a major impact on their ability to sustain military and economic activities, and hence on their policies. Also critical are the economic and development activities of neighbouring states in the border regions. Depending on how they are viewed by ethnic communities, these can create incentives for peace, provoke hostilities or create facts on the ground that can radically transform the dynamics of the conflicts. Given rapid regional economic growth and a focus on "connectivity" between regional economic powerhouses, some of these projects are poised to have a huge geopolitical impact.

For China, the traditional concerns were border stability and cross-border crime.⁹² This has changed as it has started to make major commercial and strategic investments in Myanmar, including twin oil and natural gas pipelines from a new Indian Ocean deep-sea port at Kyaukpyu to Kunming, a network of high-speed rail links and a number of hydroelectric dams. Myanmar also now figures prominently in China's drive for strategic access to the Indian Ocean and in its energy security plans, notwithstanding the suspension of the Myitsone dam. Many of these projects are located in or pass through Myanmar's volatile borderlands, thus giving Beijing a major stake in the dynamics of the conflict.

Since being taken by surprise in August 2009, when the military moved against the Kokang armed group, sending 37,000 refugees across its border, China has paid much closer attention to the ethnic situation in Myanmar. It has quietly intervened on several occasions since the Kokang crisis, both with authorities and armed groups, to push for negotiated settlements and encourage all sides to refrain

from seeking military solutions to problems. Beijing's pressure on and mediation with both sides was cited as a factor that prevented tensions from boiling over.⁹³

At the same time, Beijing is keenly aware that some of these projects, and its expanding footprint in Myanmar more generally, are causing rising anti-Chinese sentiments. This was brought home very clearly by the broad-based campaign against the Myitsone dam and its ultimate suspension by President Thein Sein. While the problems faced by the project were discussed, the president's decision to halt the dam was not communicated to China in advance, and this only added to the sense that relations with Myanmar were in a state of flux.⁹⁴ The halting of the dam is prompting significant reflection in China about the way it engages in Myanmar and has led to an effort to reach out to a much broader range of non-governmental actors inside Myanmar to build capacity to influence public opinion in the country in the future.⁹⁵ While China still has strong leverage on Naypyitaw, it has never been a decisive influence.⁹⁶

After fighting resumed with the KIO in June, China declined an active role. It made quiet interventions with both sides, but did not apply stronger pressure. While relations between the KIO and local Chinese authorities are still cordial, at the Beijing level there are more misgivings about the KIO.⁹⁷ Local authorities do not want to see any more refugees crossing the border.⁹⁸ As of late-October, some 12,000 IDPs were taking refuge around the KIO headquarters in Laiza and some 5,000 in other KIO-controlled areas along the Chinese border.⁹⁹ The Myanmar authorities have given an undertaking that they will not attack

⁹² See Crisis Group Asia Report N°177, *China's Myanmar Dilemma*, 14 September 2009.

⁹³ See Crisis Group Asia Briefing N°112, *China's Myanmar Strategy: Elections, Ethnic Politics and Economics*, 21 September 2010.

⁹⁴ Crisis Group interview, Chinese academic, Kunming, October 2011.

⁹⁵ Such initiatives include media delegations, delegations from the National People's Congress, and new aid activities by Chinese organisations working with non-traditional partners. Crisis Group interviews, Beijing, November 2011.

⁹⁶ While China has substantial political, economic and strategic stakes in Myanmar, its influence is limited by many important factors. See Crisis Group Report, *China's Myanmar Dilemma*, op. cit., pp. 26-32.

⁹⁷ Crisis Group interviews, senior KIO political and military figures, Maijayang and Laiza, October 2011; Chinese academic, Kunming, October 2011. Note that China is less alert to the situation of the Kachin than other Myanmar ethnic groups with whom it has stronger ethnic and cultural ties. The Kachin are predominantly Christian, U.S.-friendly, and do not share China's ethnic or communist credentials.

⁹⁸ Ibid.

⁹⁹ Crisis Group interviews, Kachin humanitarian organisations, Laiza and Maijayang, October 2011.

Laiza.¹⁰⁰ Discreet cross-border assistance to the camps is arranged mainly by local humanitarian organisations, with the approval of the Chinese authorities, but funding is insufficient.¹⁰¹

For Thailand, border stability was also traditionally a key concern, and as host to camps holding more than 100,000 refugees from Myanmar, those concerns remain very real. But it too now has major investments in Myanmar, including an existing gas pipeline, a major port and industrial complex under construction and several hydroelectric dams agreed in principle. The companies involved as well as the Thai government have been watching developments on the Chinese border closely. The largest Thai investment is the Dawei Development Project, which would potentially run to \$58 billion – including a 250 sq km industrial estate with a petro-chemical hub, a modern deep-sea port and road and rail links to Thailand.¹⁰² This project has great strategic importance for Thai companies and the region: products produced in the Dawei industrial estate, located on the Indian Ocean seaboard, could be easily exported west and east; and transshipment of goods through the Dawei port would cut several days off the existing sea route through the Straits of Malacca. Construction of this project has started in recent months.

Concerns have been raised about polluting industries that may be relocated from Thailand to the Dawei site and the planned relocation of some 20,000 villagers caused by the project.¹⁰³ The Thai developer, reportedly alarmed at the protest movement around the Myitsone dam and the decision to suspend it, has begun developing a new corporate social responsibility strategy.¹⁰⁴ Bangkok has also begun highlighting the importance that it attaches to the project.¹⁰⁵

These various Thai projects are also located in, or pass through, conflict-affected ethnic minority regions. The companies involved have made payments to the ethnic armed groups, including the Dawei project developer to the Karen National Union. Armed conflict is seen as an ongoing

threat to these projects.¹⁰⁶ In a recent meeting with Thai Prime Minister Yingluck Shinawatra, President Thein Sein requested assistance in reaching peace deals with the KNU, SSA-S and NMSP.¹⁰⁷ According to the KNU, Thailand has not increased pressure on it but has made clear that it wants peace. Bangkok has also made clear to the KNU and other groups that it is not in favour of the United Nationalities Federal Council alliance (discussed in Section VII.B), which it sees as an impediment to peace.¹⁰⁸

¹⁰⁰ This was stated publicly by the Myanmar information minister, Kyaw Hsan, in “‘No intention to retract’ reforms, Myanmar official interview transcript”, *The Wall Street Journal*, 17 November 2011.

¹⁰¹ Crisis Group interview, analyst, Beijing, 24 November 2011.

¹⁰² The first phase of the project will be about \$8 billion and 100 sq km. “Thai-Burma deep sea port project”, *The Bangkok Post*, 11 December 2010.

¹⁰³ Crisis Group interview, Myanmar environmentalist, Yangon, October 2011. See also “Fears over Myanmar deep-sea port plan”, *Straits Times*, 5 June 2011.

¹⁰⁴ Crisis Group interview, Thai diplomat, October 2011.

¹⁰⁵ Crisis Group interviews, Western and Asian diplomats, September and October 2011.

¹⁰⁶ Crisis Group interview, Thai intelligence official, Bangkok, October 2011.

¹⁰⁷ Crisis Group interview, Thai diplomat, October 2011.

¹⁰⁸ Crisis Group interview, KNU leader, Thailand, October 2011.

VI. RECENT DEVELOPMENTS

A. THE GOVERNMENT'S PEACE INITIATIVE

In his inaugural address and subsequent speeches, President Thein Sein has spoken of his determination to “give top priority to national unity” to overcome the “hell of untold miseries” brought about by decades of ethnic conflict. He stated clearly that he was “opening the door to peace”.¹⁰⁹ These positive words did not immediately translate into much optimism in ethnic minority areas. Since March, there has been very little change in the mood on the ground in the periphery of the country, and these communities say that they see very little change in their situation.¹¹⁰ While the government has shown increasing flexibility in negotiations with armed groups, overcoming the legacy of decades of brutal conflict and mutual distrust is a huge challenge.

In the first months of his administration, President Thein Sein shifted the approach to the ethnic minority situation in three unprecedented ways:

- recognising the importance of the ethnic issue and pledging to make it a national priority. No Myanmar leader in recent times has stated so clearly the plight of the ethnic peoples and made addressing it a top national priority;
- offering dialogue with all armed groups. Successive military governments have tended to offer peace parleys selectively. The State Peace and Development Council refused, for example, to have ceasefire talks with the Shan State Army-South because it had been part of Khun Sa's Mong Tai Army, which had already surrendered; and
- dropping key preconditions. The insistence by the State Peace and Development Council that armed groups must transform into Border Guard Forces has been removed. There has also been acceptance that there can be political dialogue following ceasefires – something that previous military governments had always sought to postpone and then pre-empted with the border guard demand.

¹⁰⁹ Thein Sein, “Inaugural address to the Pyidaungsu Hluttaw”, Naypyitaw, 30 March 2011. An English translation was carried in the official media. “We have to strive our utmost to stand as a strong government while conducting changes and amendments in order to catch up with the changing world”, *New Light of Myanmar*, 31 March 2011. For a detailed analysis of the speech, see “President Thein Sein's inaugural speech”, Analysis Paper no. 2/2011, Euro-Burma Office, Brussels, April 2011.

¹¹⁰ This sentiment has been expressed in numerous Crisis Group interviews since March 2011.

The armed groups are still highly sceptical of the new government's real intentions. The credibility of these steps was undermined after tensions that had been building in the previous years erupted into armed clashes with Kachin and Shan ceasefire groups soon after it took office. In addition to battling three long-standing rebel groups (the KNU, SSA-S and KNPP), the military was also fighting three former ceasefire groups – the 5th Brigade of the DKBA, which had resumed fighting on the day of the elections; the Shan State Army-North, with whom clashes had resumed in March 2011; and as of June 2011, the KIO as well.

Given that these tensions had been building for some time, the fighting was not necessarily a reflection of the new government's intentions towards the ethnic issue. Nevertheless, it cast a dark shadow over the early months of President Thein Sein's term and represented a major test of his pledge to achieve national unity and an end to ethnic conflict.

Senior advisers and others close to the president describe him as being genuinely committed to achieving ethnic peace.¹¹¹ In two speeches in August following the upsurge in fighting, he said that he was “holding out an olive branch” and “opening the door to peace” by inviting armed groups to enter into talks with their respective region/state governments.¹¹² This invitation was formalised in an announcement on 18 August inviting the armed groups to have discussions with their region/state governments as a first step. After this, a Union Government Internal Peace-Making Group was appointed to conduct national-level peace talks.¹¹³ The upper and lower houses also set up legislative peace-making committees.¹¹⁴

¹¹¹ Crisis Group interviews, presidential advisers, cabinet minister, Yangon, October 2011.

¹¹² A translation of the president's speech at the Myanmar International Convention Centre in Naypyitaw on 17 August was published in the state media. “Individuals and organisations in the nation that have different views from the government should not take account of disagreements”, *New Light of Myanmar*, 18 August 2011; Thein Sein, “Addresses first Pyidaungsu Hluttaw second regular session, Naypyitaw”, speech to the lower house, 22 August 2011. An English translation was published in the state media. “Nation in smooth transition to new system as Hluttaw representatives discharging duties as public representatives, upholding national interest”, *New Light of Myanmar*, 23 August 2011.

¹¹³ This group is led by Aung Thaung (a USDP legislator and former industry minister), with Thein Zaw (also a USDP legislator and former communications minister) as his deputy. Union Government Announcement no. 1/2011, 18 August 2011; “Shan State Government, ‘Wa’ Special Region (2) sign initial peace agreements”; and “Shan State Government, Mongla Special Region (4) sign initial peace agreements”, *New Light of Myanmar*, 9 September 2011.

¹¹⁴ The lower house committee (the National Race Affairs and Internal Peace Making Committee) is chaired by Thein Zaw.

The government's peace initiative led to new ceasefires being agreed with three armed groups:

The United Wa State Army (UWSA). Following talks with the Shan State Government Peace-Making Group, a four-point "initial peace agreement" was signed on 6 September that: 1) preserved a ceasefire between the two sides; 2) established liaison offices to maintain communications; 3) committed to obtaining advance agreement from the other side before carrying arms outside of respective areas; and 4) agreed to further talks on peace and development issues to be held with the national-level peace-making group at a mutually convenient time.¹¹⁵ When a second phase of discussions with the peacemaking group was held in Lashio on 1 October, an additional point was agreed in writing that the UWSA could maintain its existing relations with China.¹¹⁶ This is important for the Wa, since they are heavily reliant on China. They have extensive business connections there, use its currency, communicate via its mobile telephone networks and even operate on its time zone. Wa-issued identification documents are accepted across the border, and Wa children can enrol in Chinese high-schools.

The National Democratic Alliance Army (Mongla) had talks with the Shan State Government Peace-Making Group on 7 September. An initial peace agreement was signed that contained four points similar to those contained in the initial deal with the UWSA. The group is now proceeding to have discussions at the national level.

The 5th Brigade of the DKBA.¹¹⁷ The group signed an initial peace agreement on 3 November, following discussions with the Kayin State Government Peace-Making Group in Hpa-an. It contained five points – the same four as agreed with the UWSA and Mongla, plus a stipulation about where the group could establish its base.¹¹⁸

Contacts were also established with the other armed groups, including the KIO, SSA-S, SSA-N, KNU, NMSP, KNPP and Chin National Front (CNF). The same four-point agreement was proposed to each of them. All these groups,

except SSA-S, are members of the recently-established United Nationalities Federal Council.

It soon became clear that there remained major obstacles to ceasefires with these other armed groups.¹¹⁹ By dropping the border guards scheme and offering new ceasefire deals with the promise of political talks at some future stage, the situation would only be returned to the status quo prior to the April 2009 border guard instruction. Some groups were ready to accept such a proposal, but others – particularly those that had ceasefires in place for many years – were not keen to accept a new agreement that re-established what for them was an unacceptable situation. Those groups that had never had a ceasefire recognised it might be necessary to have discussions on troop strengths and locations before getting into more political talks. Still, they also wanted credible assurances that timely political discussions would take place.

There was also widespread scepticism among ethnic leaders about the details of the process itself and some of the personalities involved. It was not clear in some cases how discussions at the region/state level would be feasible. The KNU is active in several different regions and states, including Kayin State, Mon State, Bago Region and Tanintharyi Region. Most groups were also concerned that by insisting on agreements with individual groups, the government was attempting to divide-and-conquer, as they felt it had done in the past. In addition, broader concerns could not be addressed in those talks, since the region/state governments did not have the authority to discuss anything other than the outlines of a truce.

Another problem was that the leaders of the national peace-making group, Aung Thaung and Thein Zaw, did not have much credibility in the eyes of the ethnic leaders. They were seen as hardliners from the previous military government who were not particularly close to the president, and it was not clear to ethnic leaders that discussions with them on political issues would be fruitful. The concerns were that they might not have a strong mandate from the president or that they might not report the full details of discussions to him. In Kachin State, there was a particular credibility issue with Thein Zaw. He grew up in the state but was allegedly involved prior to the elections in what many Kachin leaders considered were underhand campaign activities, such as offering large sums of money to community leaders if they would establish a political party to challenge the main Kachin party (which was ultimately denied registration); no one accepted this offer.¹²⁰

The upper house committee (which has the same designation) is chaired by USDP legislator San Tun.

¹¹⁵ "Preliminary peace agreement", 6 September 2011 (on file with Crisis Group).

¹¹⁶ Crisis Group interview, individual briefed by the UWSA on the discussions, October 2011.

¹¹⁷ Now known as the "Kloh Htoo Baw" (Golden Drum) group, the 5th Brigade split from the rest of the DKBA in protest over the organisation's decision to transform into BGFs. See South, "Burma's Longest War", op. cit.

¹¹⁸ "Kayin State peace making group, Kaloh Htoo Baw armed group (former DKBA) sign initial peace agreement", *New Light of Myanmar*, 5 November 2011.

¹¹⁹ Crisis Group email exchanges, individuals close to the process, November 2011.

¹²⁰ Other intermediaries also had approached armed groups claiming to have a mandate to talk from the government. The KIO

When the deficiencies in the formal process that the president unveiled in August became clear, he tasked one of his closest advisers – Major General Aung Min, the rail transportation minister and a former intelligence official – to make more informal contacts with the different armed groups. The aim was to build confidence and allow a franker exchange of views than might be possible in official discussions.¹²¹ That Aung Min is known to be close to the president is important, since many ethnic leaders are not convinced that the military would consider itself bound by agreements made at a lower level.

Aung Min proceeded to make contacts with all the remaining armed groups, culminating in individual meetings with five groups in northern Thailand over the weekend of 19-20 November. These succeeded in breaking the deadlock and adding significant momentum to the government's peace initiative, discussed in more detail below.

B. THE INITIAL RESPONSE OF THE ARMED GROUPS

Apart from the three groups that agreed ceasefires following the president's initial peace overture, the other armed groups remained sceptical. Those that still engaged in armed opposition to the government fell into two categories:

- ❑ those that had never had ceasefires: the Shan State Army-South, the Karen National Union (KNU), the Karenni National Progressive Party (KNPP),¹²² and the Chin National Front (CNF); and
- ❑ those that refused to become border guard forces and whose ceasefires were declared void by the government: the Kachin Independence Organisation (KIO), the Shan State Army-North (SSA-N), and the New Mon State Party (NMSP). Armed clashes had resumed with the KIO and the SSA-N, but not the NMSP.

In November 2010, after the ceasefires of non-border-guard groups were declared void, six armed groups – including those with ceasefires and those without – formed an alliance, the Committee for the Emergence of a Federal Union (CEFU). Its members were the NMSP, KIO and SSA-N (which had voided ceasefires) and the KNU, KNPP and CNF (which had no ceasefires). All six were active or

and the KNU had each been approached by at least three different sets of intermediaries, including a former military regional commander and a Myanmar ambassador together with regional business interests. It is not clear what mandate these people had, if any, and their initiatives tended to create confusion and undermine the credibility of the government's peace overtures.

¹²¹ Crisis Group interviews, Major General Aung Min, negotiating team members, Yangon, October 2011.

¹²² The KNPP did agree a ceasefire in 1995, but it broke down after a few months.

former members of an earlier alliance established in 1976, the National Democratic Front. Members of the CEFU agreed to come to each other's aid if any of them were attacked by government forces. Since these groups mostly operate in non-contiguous areas, and such mutual assistance had failed to materialise in the past, this was mostly a symbolic commitment, but it sent a powerful signal that there were consequences to the government's declaration that the ceasefires were void.

CEFU announced its intention to convene a broader ethnic conference, which was attended in February 2011 by representatives of a number of other groups. At this conference, it announced its dissolution and the formation of a United Nationalities Federal Council (UNFC) umbrella group, including the original six CEFU members plus five associate members.¹²³ The latter were smaller armed groups that control few troops.¹²⁴ The intention of the UNFC was to create a "federal army", but this seemed an unlikely prospect to most observers. The SSA-S declined to join, and the SSA-N subsequently distanced itself.¹²⁵

The UNFC position was that any peace talks should be between the government and itself, not the individual ethnic organisations. This appeared to be untenable, as the government was not ready to negotiate with the group, although it did not object to meeting the members collectively in some way. Several UNFC members had been unable to agree on a position with regard to peace talks, and it seemed overly-ambitious that an umbrella organisation of eleven groups could forge a consistent, unanimous position. There have been many such united fronts in Myanmar, but historically they have not been very successful. Most still exist but are moribund.¹²⁶

An ethnic community leader remarked that "we ethnic people are very good at forming groups but never able to abolish the defunct ones".¹²⁷ There are also many small groups in the borderlands (especially Burman-based groups)

¹²³ "Statement of Ethnic Nationalities Conference", 17 February 2011.

¹²⁴ That is, the Lahu Democratic Front (LDF), National Unity Party of Arakan (NUPA), Pao National Liberation Organisation (PNLO), Palaung State Liberation Force (PSLF) and Wa National Organisation (WNO).

¹²⁵ See "The Burma army's offensive against the Shan State Army-North", Analysis Paper no. 3/2011, Euro-Burma Office, Brussels, July 2011.

¹²⁶ Those still in existence include the National Democratic Front (NDF), established in 1976; the Democratic Alliance of Burma (DAB), established in 1988; and the Ethnic Nationalities Council (ENC), established in 2001. The ENC is the most active, and unlike the UNFC and other umbrella bodies, it has representation from each of the ethnic states, rather than individual organisations.

¹²⁷ Crisis Group interview, Yangon, October 2011.

that have little claim to represent real constituencies in the country, and for which membership of an alliance alongside larger groups is one of the few ways to gain legitimacy and a higher profile. This has also tended to complicate alliance politics and government perceptions.

Several of the largest groups were committed to the principle of the UNFC as a response to what they perceived as attempts at divide and rule. Once the government started to take a more flexible approach, all quickly agreed to bilateral meetings.¹²⁸ The UNFC could still potentially have a role in coordinating positions between the different groups in their negotiations, but this appears less and less likely. In the most recent round of meetings, attempts to maintain a consistent UNFC position failed. One by one, its members are breaking ranks, and the alliance is unlikely to remain intact.

C. A BREAKTHROUGH IN ACHIEVING PEACE?

What appears to be a significant breakthrough for the government's peace initiative came in the series of bilateral meetings in northern Thailand between presidential envoy Aung Min and representatives of the KNU, KIO, KNPP, CNF and SSA-S over the weekend of 19-20 November.

Aung Min not only extended an offer to enter peace negotiations directly from the president to each group, but also indicated a clear break from initiatives by previous governments, including dropping the Border Guard Forces scheme. In recognition that past efforts had failed in part because of a lack of buy-in from ethnic minority communities, and earlier border development schemes had focused mainly on infrastructure, he said ensuring socio-economic development would be a priority. He also encouraged the armed groups to pursue their aims through the political process. If they were not happy with provisions of the constitution, there was no reason these could not be changed, as the electoral law recently had been. Lastly, he indicated the plan was to convene a Panglong-style conference in Naypyitaw open to all ethnic groups to seek political solutions.¹²⁹ No such offer of joint political talks had ever been made during the 60 years of conflict. This is the "tri-partite dialogue" – government, democratic opposition,

ethnic groups – that ethnic groups have been calling for since the early 1990s.

As a result of these meetings, the SSA-S, one of the largest armed groups fighting the government, agreed to sign a written ceasefire agreement in the Shan State capital, Taunggyi, in December.¹³⁰ The CNF, a much smaller group on the Indian border, made a similar agreement and is due to sign a document in Hakha in early January 2012.¹³¹ The KNU agreed a ceasefire "in principle", subject to ratification by its central committee, following which it would sign a written agreement.¹³² The KNPP agreed to enter into peace talks with the Kayah State government. The KIO repeated concerns about holding new ceasefire discussions without guarantees that the previous negative experience would not be repeated but expressed willingness to meet again for further informal discussions.¹³³ That meeting took place on the China-Myanmar border on 29 November.

The two main groups remaining are the NMSP and the SSA-N. The latter has had preliminary discussions with the government, facilitated by General Hso Ten, its former leader who was released from prison on 11 October. These talks have not progressed, but now that its ally, the SSA-S, has agreed a ceasefire, it seems more likely that a deal could be reached. The NMSP was invited to meet with Aung Min in Thailand at the same time as the other five groups but decided not to attend, saying that any meeting had to be with the UNFC alliance.¹³⁴ Now that the other major members of the alliance have accepted bilateral discussions with the government, however, it appears likely that the NMSP will also.¹³⁵

These are extraordinary developments – probably the most significant in six decades of ethnic conflict in Myanmar. But the path to lasting peace is not yet assured. The chair-

¹²⁸ These bilateral contacts included: NMSP (early October meetings with a Mon State Government team in Ye, and a meeting with Aung Min in Thailand in November); KIO (August and September meetings with a Kachin State government team, and a meeting with Aung Min in Thailand in November); KNU (meeting with Kayah State government team in Myawaddy in September, and meetings in October and November with Aung Min); CNF (in contact with the Chin State government, and a meeting with Aung Min in Thailand in November).

¹²⁹ Crisis Group email correspondence, discussion participants, November 2011.

¹³⁰ "RCSS and Burmese Government agree for ceasefire", statement, Shan State Army-South, 20 November 2011.

¹³¹ "CNF to meet with Chin State govt in January in capital Hakha", *Chinland Guardian*, 22 November 2011; and Crisis Group email correspondence, individuals close to the discussions, November 2011.

¹³² "KNU and SSA-South informally agree ceasefire with govt", *The Irrawaddy*, 21 November 2011; and Crisis Group email correspondence, individuals close to the discussions, November 2011. The KNU was expected to convene its central committee to discuss this issue at the end of November. In advance of that meeting, it released a statement making clear that reports it had already reached a ceasefire agreement were premature. "KNU Statement on Peace Talks", KNU Supreme Headquarters, 24 November 2011.

¹³³ Crisis Group email correspondence, individuals close to the discussions, November 2011.

¹³⁴ *Ibid.*

¹³⁵ The issue is due to be discussed at the NMSP's eighth party conference on 15 December.

man of the SSA-S, Yord Serk, was quoted as telling Aung Min that: “Our people have been living in the dark for more than 50 years. It is good that the sun has come up. However, if we are unable to prevent continued inequality and discrimination, another eclipse is bound to come”.¹³⁶

On the same day, President Thein Sein was giving a press conference in Bali, on the sidelines of the ASEAN summit. Asked about his views on resolving the ethnic conflicts, he said:

We define permanent peace as a condition where all people are under one common law, people of all the ethnic groups in the nation will have freedom to work, move around, and do about their business, under one common law There are many different ethnic groups and they have differences in opinions and perceptions. But once they are in the Parliament, amendments can be made in the Constitution As you know, insurgency is like a chronic disease that has plagued our country for decades since independence. We tried many remedies, both bitter and sweet, but it is still persistent to this day Going back to accepting the constitution, we can't force them to do so. They need time to study it. There may be points that are not suitable or acceptable to them and need to be amended. Once the constitution is acceptable to them, weapons will no longer be an issue.¹³⁷

VII. THE WAY FORWARD

A. PEACE AS A NATIONAL ISSUE

Myanmar has not been at peace for over 60 years. This has led to decades of authoritarianism and to its chronic underdevelopment. Since the birth of the post-colonial nation, it has been at war with itself, which has been the justification for the perpetuation of military rule. Despite this, peace has never been a national issue, and for most of the Burman majority, the armed conflict has been out of sight and out of mind. There has been little recognition of the huge costs in terms of lives, money and lost opportunities. The conflicts are a major factor underwriting decades of economic malaise. The issue is widely seen as one that concerns the government, military, armed groups and minority communities but not the nation as a whole. While Burman NGOs and other civil society organisations increasingly work on all manner of issues, there are none dedicated to achieving peace.¹³⁸

Ethnic minority representatives, including the armed groups, have failed to articulate their message in a way that resonates with the Burman community. There is a lack of recognition by most Burmans that the conflicts are driven by a deep sense of discrimination and injustice on the part of minority communities. For decades, successive governments have sought military solutions – with either the use of force or ceasefire agreements that dealt only with security issues. All such efforts have failed. Even as an ever-increasing share of national resources has been diverted to the military, it has become clear that a strong army is no guarantee of stability.

The key missing element has been recognition – on the part of the government and Burman society – that a lasting solution requires going beyond just stopping the wars; it requires forging “national unity”. While the latter is a catchphrase used by many Myanmar leaders, the notion has been captured for decades by a Buddhist-Burman-nationalist agenda. Multi-ethnic, multi-lingual and multi-religious Myanmar can only achieve genuine national unity and reconciliation by embracing its diversity. This is an issue to be dealt with not so much by the minorities, but rather by the Burman majority. Ultimately, it must decide if it wants to live in a country based on a model of empire-building kings or a nation at peace that is comfortable with its heritage of diversity.

¹³⁶ “SSA-South reaches ceasefire agreement with Naypyitaw”, Shan Herald Agency for News, 20 November 2011.

¹³⁷ Thein Sein, transcript of media conference, Bali, 19 November 2011.

¹³⁸ The need for a national peace movement is something that several ethnic minority representatives have recently highlighted. It was raised in several Crisis Group interviews with ethnic political party representatives and leading analysts. See also Salai Z T Lian, “Is a Burmese anti-war movement possible?”, Mizzima News Agency, 21 October 2011.

B. THE PATH TO LASTING PEACE

Overcoming decades of conflict and suffering cannot be achieved overnight, even with a sincere commitment to a comprehensive solution. Ongoing military operations and continued abuses only make it harder to begin such a process, but the government's new peace initiative goes further than any previous one in seeking to address the underlying political issues.

A broad-based conference to find political solutions is a key step that can only succeed if all sides are ready to move beyond restating entrenched positions and begin a real dialogue. Were such a conference to fail, it could be a major blow to the prospects for lasting peace. It will be important to ensure that the necessary preparatory work is completed in advance, including a process of consensus-building within and between different constituencies, and that the agenda is well-suited to making progress.

If major conflict persists, success will remain elusive. That would be to the detriment of the whole country. Every effort must be made to ensure that all groups are part of this process, or it could be the beginning of a new era of conflict rather than the end of an old one. This is what happened at Panglong 64 years ago. It is incumbent on all sides to make the necessary compromises to ensure inclusive participation.

It will be essential for any political process to deal with the key grievances of ethnic minority communities, including guarantees of their fundamental rights, discrimination, resource sharing and greater autonomy in managing their affairs. Addressing these issues comprehensively is impossible unless the Burman majority and the political establishment fundamentally rethink the nature of the relationship between the majority and minority populations and between the centre and the periphery. An equitable place must be found in the nation for all the people who live there, including the ethnic nationalities, communities of Indian and Chinese descent, Christians and Muslims – including the Rohingya population of northern Rakhine State. Unless a shared national vision for achieving this can be found, Myanmar will remain a troubled country. Its modern history demonstrates that this vision cannot be achieved through the building of a strong central state with powerful armed forces at its command. As in all multi-ethnic states, respect for diversity, rather than forging a single identity, should be the way forward.

This is an issue not just for the conference participants but for all citizens. Support from communities and civil society, as well as assistance in peacebuilding and socio-economic development from the international community, will be crucial to the success of any such initiative.

VIII. CONCLUSION

Myanmar has faced ethnic turmoil and armed conflicts since the early days of its independence. Today this remains probably the single most important issue facing the country. In the last few months, the new government has begun implementing an extraordinary series of social, economic and political reforms and a peace initiative that offers steps no previous government has been willing to take. This has convinced most of the armed groups to agree new cease-fires or enter into peace talks.

While serious clashes continue in Kachin State and parts of Shan State, momentum is clearly building behind the government's initiative. It may offer the best chance in over 60 years for resolving these conflicts. Finding a sustainable end to some of the longest-running armed conflicts in the world would be a historic achievement. But lasting peace is by no means assured. Ethnic minority grievances run deep, and bringing peace will take more than reaching ceasefire agreements with the armed groups. It requires addressing the grievances and aspirations of all minority populations and building trust between communities. The way the country deals with its enormous diversity would need to be fundamentally rethought. This is an issue in which every person in the country has a stake.

The international community has an important role to play in support of peace and development in Myanmar. It is crucial first to understand the complexities. No one party to the conflict, including the government, can solve the problem by itself; and pressuring one party to a conflict is never likely to be effective. In particular, resolving once and for all the conflict should not become another benchmark that the government must meet in order to achieve improved relations with the West or have sanctions lifted. With respect to a government that has demonstrated a commitment to major reform and closer ties with the West, there are far better diplomatic tools available to keep a focus on the ethnic conflict. The same is true of the serious human rights abuses associated with that conflict. These will only be ended definitively by reforming the institutional culture of the armed forces, changing key military policies that lead to such abuses, strengthening domestic accountability mechanisms to ensure that the prevailing sense of impunity among soldiers in operational areas is addressed – and by peace.

The international community must be ready to move quickly to support emerging peace deals with political and development support. Many of the grievances of ethnic minority communities relate to socio-economic and minority rights, and it is important that there be an immediate dividend for any ceasefires, in order to build the constituency for peace. Supporting socio-economic development, greater regional

autonomy and peacebuilding and contributing to greater understanding and trust between communities is vital.

Jakarta/Brussels, 30 November 2011

APPENDIX A

MAP OF MYANMAR



APPENDIX B

ANNOTATED LIST OF ARMED GROUPS

CNF	Chin National Front (has agreed to sign a ceasefire in January 2012)
CPB	Communist Party of Burma (now defunct as an armed group)
DKBA	Democratic Kayin Buddhist Army (agreed ceasefire in 1995, now Border Guard Forces nos. 1011–22)
DKBA 5th Brigade	Split from DKBA. Now known as ‘Kloh Htoo Baw’ (Golden Drum), it signed a ceasefire agreement in November 2011
KIO	Kachin Independence Organisation (1994 ceasefire broke down June 2011; currently in discussions with the government)
KNLP	Kayan New Land Party (agreed ceasefire in 1994; rejected Border Guard Force scheme)
KNPP	Karenni National Progressive Party (1994 ceasefire broke down after a few months; in November 2011, agreed to enter peace talks with the Kayah State Government)
KNU	Karen National Union (agreed an “in principle” verbal ceasefire in November 2011, subject to ratification by its central committee, due to meet end-November)
MNDAA (Kokang)	Myanmar National Democratic Alliance Army (1989 ceasefire ended after attack by Myanmar army in 2009, now Border Guard Force no. 1006)
NDAA (Mongla)	National Democratic Alliance Army (agreed ceasefire in 1989; rejected Border Guard Force scheme; signed new ceasefire September 2011)
NMSP	New Mon State Party (agreed ceasefire in 1995; rejected Border Guard Force scheme)
PNO	Pao National Organisation (agreed ceasefire in 1991, became government-backed militia)
PSLP	Palaung State Liberation Party (agreed ceasefire in 1991, became government-backed militia)
SSA-N (SSPP)	Shan State Army-North (agreed ceasefire in 1991, rejected Border Guard Force scheme and resuscitated its political wing, the Shan State Progress Party in 2011; currently in discussions with the government)
SSA-S	Shan State Army-South (has agreed to sign ceasefire in December 2011)
UWSA	United Wa State Army (agreed ceasefire in 1989; rejected Border Guard Force scheme; signed new ceasefire in September 2011)

Alliances

CEFU	Committee for the Emergence of a Federal Union (formed in November 2010 by NMSP, KIO, SSA-N, KNU, KNPP, CNF; later transformed into UNFC, with the addition of further members)
NCUB	National Council of the Union of Burma (formed in 1992 with membership including ethnic nationalist organisations and Burman pro-democracy organisations)
NDF	National Democratic Front (formed in 1976 by a number of ethnic armed groups)
UNFC	United Nationalities Federal Council (formed in February 2012 as a successor to the CEFU, with six CEFU members together with five smaller “associate” members)

(Note: Only armed groups and alliances mentioned in this report are included here.)

APPENDIX C

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is chaired by former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in fourteen additional locations (Baku, Bangkok, Beirut, Bujumbura, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Port-au-Prince, Pretoria, Sarajevo and Seoul). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh, Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyz-

stan, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, Russia (North Caucasus), Serbia and Turkey; in the Middle East and North Africa, Algeria, Egypt, Gulf States, Iran, Iraq, Israel-Palestine, Lebanon, Morocco, Saudi Arabia, Syria and Yemen; and in Latin America and the Caribbean, Bolivia, Colombia, Ecuador, Guatemala, Haiti and Venezuela.

Crisis Group receives financial support from a wide range of governments, institutional foundations, and private sources. The following governmental departments and agencies have provided funding in recent years: Australian Agency for International Development, Australian Department of Foreign Affairs and Trade, Austrian Development Agency, Belgian Ministry of Foreign Affairs, Canadian International Development Agency, Canadian International Development and Research Centre, Foreign Affairs and International Trade Canada, Czech Ministry of Foreign Affairs, Royal Danish Ministry of Foreign Affairs, Dutch Ministry of Foreign Affairs, European Commission, Finnish Ministry of Foreign Affairs, French Ministry of Foreign Affairs, German Federal Foreign Office, Irish Aid, Japan International Cooperation Agency, Principality of Liechtenstein, Luxembourg Ministry of Foreign Affairs, New Zealand Agency for International Development, Royal Norwegian Ministry of Foreign Affairs, Slovenian Ministry of Foreign Affairs, Swedish International Development Agency, Swedish Ministry for Foreign Affairs, Swiss Federal Department of Foreign Affairs, Turkish Ministry of Foreign Affairs, United Arab Emirates Ministry of Foreign Affairs, United Kingdom Department for International Development, United Kingdom Economic and Social Research Council, U.S. Agency for International Development.

The following institutional and private foundations have provided funding in recent years: Carnegie Corporation of New York, The Charitable Foundation, Clifford Chance Foundation, Connect U.S. Fund, The Elders Foundation, Henry Luce Foundation, William & Flora Hewlett Foundation, Humanity United, Hunt Alternatives Fund, Jewish World Watch, Korea Foundation, John D. & Catherine T. MacArthur Foundation, Open Society Institute, Victor Pinchuk Foundation, Ploughshares Fund, Radcliffe Foundation, Sigrid Rausing Trust, Rockefeller Brothers Fund and VIVA Trust.

November 2011

APPENDIX D

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