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US Policy on Myanmar for 2024 and Beyond

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Executive Summary

Since February 2021, a loose but expanding coalition of ousted government officials, pro-democracy organizations, locally organized armed resistance groups, civil society, and long-standing ethnic armed organizations have resisted the military coup d'etat in Myanmar.

US policy since the military takeover centers on restoring democracy, holding the military accountable for its crimes, and providing humanitarian aid to a vulnerable population. From a US national interest perspective, the United States faces an unmissable opportunity to support the establishment of a stable, federal, inclusive, and democratic Myanmar government. Following the events of Operation 1027 and follow-on offensives, Myanmar's resistance is at a critical juncture, and increased support from the United States and likeminded allies and partners could prove crucial in defeating the junta on a shorter timeline.





Executive Summary (Continued)

If the United States successfully provides expanded support for Myanmar, it can 1) hasten a resistance victory, 2) reduce the risk of post-war instability, 3) counter undue Chinese influence in Myanmar, 4) ensure a more stable ASEAN and Southeast Asia, and 5) assist in the establishment of a democratic government in a region facing rising authoritarianism.

Policy Implications

- The United States should increase the pace of implementation of the <u>BURMA Act</u> and ensure it is adequately funded.
- The United States should legally, politically, and diplomatically align, define, and formalize its relationships with key resistance actors and increase the tempo of public and private engagements with them.
- The United States should work to persuade US allies and partners, as well as important regional actors like China, that the military junta in Naypyidaw is the primary source of instability in Myanmar and that the pro-democracy resistance represents the best option for long-term stability.
- As the United States <u>continues to affirm support for</u> ASEAN's <u>Five-Point Consensus</u>, US engagements with ASEAN should focus on persuading member states to increase engagements with the pro-democracy resistance and hold the junta accountable.
- The United States should increase the tempo of targeted sanctions on Myanmar military and associated entities to ramp up economic pressure on the junta, particularly targeting entities supplying heavy artillery and aircraft supplies.
- The United States should increase the provision of cross-border humanitarian aid by working with and routing through resistance actors.

US Strategic Interests in Myanmar Since 2021

On February 1st, 2021, the Myanmar military launched a coup d'etat overthrowing the democratically elected government of State Counsellor Aung San Suu Kyi and the National League for Democracy. In the three years since, a wide-ranging coalition of pro-democracy actors, longstanding ethnic armed organizations (EAOs), and civil society organizations have resisted with increasing success the military regime in Naypyidaw. With the Myanmar military suffering from serious and increasing attrition, resistance forces have made considerable progress in recent months. Resistance forces now regularly seize small towns and threaten junta supply lines throughout strategic regions in Myanmar. Compared to historical outbreaks of fighting in Myanmar's long-running civil war, this moment arguably represents both the most serious threat to military political dominance and the most inclusive and popular anti-military movement in Myanmar's history.

The United States has several interests in Myanmar that would be served by the restoration of democracy. One, the Biden administration has prioritized a values-based foreign policy, and Southeast Asia has witnessed a rise in authoritarianism over the past decade. The people of Myanmar overwhelmingly oppose the military takeover and call for an inclusive, federal democracy. Two, the military in Myanmar is the primary cause of its chronic instability, including its transnational crime epidemic. Three, the United States has an interest in a strong, central Association of Southeast Asian Nations (ASEAN) as an anchor in the Indo-Pacific. The Myanmar issue divides ASEAN politically, and a rehabilitated junta regime would likely act against US interests within ASEAN. Four, Myanmar is

geostrategically vital to the Indo-Pacific, as it bridges South and Southeast Asia and the military regime partners with revisionist actors, including China, Russia, Iran, and North Korea. An <u>unfriendly, revisionist, and destabilizing regime</u> in Myanmar would serve as a spoiler for US interests in the region. China also <u>views access</u> <u>through Myanmar</u> as crucial to offsetting the "Malacca Dilemma," and Chinese influence is growing in the country as it takes advantage of a dependent and desperate junta. A democratic Myanmar would likely be less susceptible to Chinese influence.

US Policy Since 2021

Official US <u>policy objectives</u> in Myanmar are to restore the country to the <u>path of democracy</u>, ensure the release of political prisoners, hold the military accountable for its human rights violations, and meet the population's growing humanitarian needs, particularly for displaced persons and refugees, including the nearly one million Rohingya refugees in Bangladesh.

In November 2022, Congress passed the "Burma Unified Through Rigorous Military Accountability Act of 2022," or the <u>BURMA Act</u>, as part of the FY23 National Defense Authorization Act, further enshrining these goals into law. It states that it is US policy to "continue to support the people of Burma in their struggle for democracy, human rights, and justice." However, the BURMA Act's implementation is slow-going.

Apart from the BURMA Act, the United States has pursued its objectives through a variety of means, including diplomatic outreach to allies and partners such as <u>Canada, the United</u> <u>Kingdom</u>, the European Union, <u>the Quad</u> countries, and <u>ASEAN</u>; public and private engagements with Myanmar resistance actors, including the civilian parallel government, the National Unity Government (NUG); providing humanitarian aid; implementing increasingly strong targeted sanctions intended to restrict the military junta's revenue and vital military supplies; and facilitating cooperation between political and civil society actors in Myanmar. Per the BURMA Act, it is also authorized to provide non-lethal assistance to the resistance.

The Need to Accelerate US Policy Efforts

Recent resistance battlefield successes have fundamentally shifted the military landscape in favor of the resistance, meaning that the United States must quickly expand and effectively implement existing policies. Simultaneously, it must also adopt new policies designed to support the resistance in defeating the Myanmar military on a swifter timeline and ensure the emergence of an inclusive, federal democracy in Myanmar long-term.

Missing that opportunity or hesitating too long runs the risk of hampering US influence, or, in the worst-case scenario, delaying the resistance's efforts to topple the junta. Disappointment in a perceived lack of support from the United States is increasingly widespread in Myanmar.

Although US military intervention and arms provision to the resistance are off the table in light of geopolitical and domestic political realities, there are a variety of policy options that the United States could take that would provide real material support to the resistance. Importantly, BURMA Act implementation has been slow, so ramping up its progress is crucial for providing promised support to the resistance as the coalition launches offensive operations in 2024 and beyond. Thus, first and foremost, the United States should increase the pace of implementation and funding of the <u>BURMA Act</u>.

Funding and Implementing the BURMA Act

Since the coup, the United States has provided \$400 million to support the prodemocracy movement, but the BURMA Act could expand that material assistance. The BURMA Act contains a variety of provisions, the key elements of which authorize the funding and implementation of activities that would support resistance actors in defeating the military, deepening coordination and cooperation in a deeply divided country, protecting vulnerable populations, and paving the way for accountability.

Importantly, the first key provision of the BURMA Act allows for "programs to strengthen federalism in and among ethnic states in Burma, including for non-lethal assistance for Ethnic Armed Organizations." Crucially, the BURMA Act specifies that support can be provided to ethnic armed organizations, who are a key element of the resistance coalition but with whom previous US policy limited direct outreach. The United States should both expand support for civil society programming and facilitation of coalition building centered on federalism.

It should also provide non-lethal aid to ethnic armed organizations (EAOs) and People's Defense Forces fighting the junta. Importantly, the definition of "non-lethal aid" should be interpreted flexibly enough to provide support for the armed resistance in its efforts to restore democracy to Myanmar. Non-lethal aid could include 1) radios for command and control, 2) laptops suitable for rugged conditions, 3) GPS systems, 4) satellite phones, 5) body armor, 6) civilian drones and spare parts, 7) early warning systems for resistance actors and civilians against military air strikes, 8) funding for or expanded access to satellite internet providers with service over Myanmar, and 9) drone jamming technology.

Two, the Act calls for support for "the administrative operations and programs of entities in Burma, including the political entities and affiliates of Ethnic Armed Organizations and pro-democracy movement organizations, that support efforts to establish an inclusive and representative democracy in Burma." This type of support should include technical assistance and capacity building training for <u>local administrative</u> <u>units set up in newly liberated areas</u>.

Three, it provides for "technical support and non-lethal assistance for Myanmar's Ethnic Armed Organizations, People's Defense Forces, and prodemocracy movement organizations to strengthen communications and command and control, and coordination of international relief and other operations between and among such entities." Beyond efforts focused on humanitarian aid, technical support for resistance efforts to develop a stronger command-and-control system linking the Central Command and Coordination Committee, the Joint Command and Coordination, the disparate People's Defense Forces, the NUG Ministry of Defense, and other units would greatly improve resistance strategic and operational performance. On a tactical level, radios, civilian drones, and satellite phones as well as capacity building and training in technical expertise on drone use and repair, weapons maintenance, and logistics could further enhance resistance coordination and supply efforts.

Four, the BURMA Act highlights the need for "programs and activities relating to former members of the Burmese military that have condemned the February 1, 2021 coup d'etat and voiced support for the restoration of civilian rule." As <u>desertions and defections from the</u> <u>Myanmar are increasing</u>, expanded US funding for deserters and defectors from the military, as well as assistance relocating to safe areas, would offset the risks to their persons and families while incentivizing further desertions and defections.

Five, relating to holding the junta accountable for its crimes, the Act also calls for "programs to assist civil society organizations to investigate and document atrocities in Myanmar for the purposes of truth, justice, and accountability." Efforts under this provision should include funding and training for Myanmar civil society, journalists, and activists to systematically document atrocities and human rights violations. This could include for the purpose of establishing cases for Magnitsky Sanctions of individuals and entities involved in crimes against humanity.

Six, "programs to assist civil society organizations in Myanmar that support individuals that who are unlawfully detained in Myanmar for exercising their fundamental freedoms" are crucial considering junta reprisals against protesters and activists. US and international non-government organizations have been providing emergency assistance to activists and at-risk individuals. In particular, expanded and direct funding support for Civil Disobedience Movement participants is crucial to sustain their efforts. Further funding could expand and ensure successful implementation of these efforts.

Seven, the BURMA Act calls on the United States to establish "programs to assist civil society organizations and ethnic groups with reconciliation activities related to Myanmar." Although the resistance movement is coordinating more closely than at any other time in Myanmar's modern history, distrust remains high and military cooperation is more advanced than political efforts. Expanded US support, facilitation, and funding of ongoing efforts to build coalitions (especially between ethnic armed organizations with a history of conflict and the NUG) could help enable the conditions for discussions on post-war political frameworks and federalism.

However, absent dedicated funding, implementing these programs under the BURMA Act is difficult. The BURMA Act authorizes but does not appropriate funds, which <u>has been slow</u> going. To implement and fund the provisions of the BURMA Act listed above, US Congress could pass State, Foreign Operations, and Related Programs <u>appropriations bills currently under</u> <u>consideration</u>, including a \$167 million version in the Senate or a House of Representatives bill providing \$50 million.

US Sanctions Policy Options

Apart from the BURMA Act, the United States has relied upon a steady drumbeat of sanctions to pressure the junta, restrict its access to military equipment and financing, and signal US displeasure at the coup. These targeted sanctions have been initiated at regular intervals with <u>several months typically in between major</u> <u>announcements.</u>

Increasing the tempo of targeted sanctions on Myanmar military and associated entities would ramp up economic pressure on the junta. In particular, US sanctions have targeted key junta revenue sources, including the <u>Myanma Oil and</u> <u>Gas Enterprise</u>, as well as its access to foreign currencies, bank accounts, and <u>military supplies</u> such as jet <u>fuel</u>. Further targeting of these revenue and supply sources, as well as tighter implementation, will apply even greater pressure on the junta. The United States should also step-up cooperation with like-minded countries and regional actors to more effectively enforce its sanctions regime. Importantly, the United States could consider targeted and secondary sanctions of entities identified in the <u>United</u> <u>Nations Human Rights Council report</u> on arms sales to the Myanmar military. This could include expanding US sanctions of the <u>Myanma</u> <u>Oil and Gas Enterprise to non-US persons</u> or entities. However, such steps would need to be weighed carefully against the need to maintain relationships with key US allies and partners, especially India, Thailand, and Singapore, among others.

Furthermore, the United States should expand its efforts to issue <u>Magnitsky Sanctions</u> against human rights violators in Myanmar. This will enhance US efforts to see accountability for the Myanmar military's actions.

Direct Humanitarian Aid and Financial Resources to the Resistance

Accelerating the timeline on funding for humanitarian aid provision is particularly critical as the situation in Myanmar deteriorates rapidly. The United States has provided over \$2 billion in humanitarian assistance to Myanmar, Bangladesh, and the region since 2017. Per State Department Counselor Derek Chollet, the United States has provided \$317 million in assistance in Myanmar itself. Increasing this funding would help address the growing humanitarian disaster in Myanmar and neighboring countries.

Since the coup, the United States has <u>redirected</u> and provided funds to <u>support displaced</u> <u>persons, vulnerable populations, and refugees</u>, whose needs remain great. As the <u>World Bank</u> <u>estimated</u> in December 2023, Myanmar's Gross Domestic Product is 10 percent lower than in 2019, alongside 29 percent inflation. Per the <u>United Nations in November 2023</u>, Myanmar has 2.16 million internally displaced persons, a number that will likely increase as fighting continues.

Myanmar's needs are in the billions of dollars, so the United States should also coordinate with allies and partners, such as Japan and the European Union, to facilitate increased aid contributions. Aid provision is by necessity cross border and will require close cooperation with and the permission of Bangladesh, India, and Thailand. Myanmar's bordering states have maintained a generally pro-engagement policy with the junta, so US diplomacy to ensure humanitarian aid reaches pro-democracy actors will be crucial.

Beyond humanitarian aid, providing direct funding for key resistance actors would go a long way towards assisting the coalition in restoring civilian governance and ensuring that everyday services may restart in a timely fashion. There are several policy options to do so. The United States could release \$1 billion in <u>frozen funds held at the</u> <u>Federal Reserve Bank of New York</u> to the National Unity Government to assist with establishing governance in captured territory and to provide assistance to displaced persons. The United States could also attempt to persuade US allies and partners, particularly Singapore, to release \$5.5 billion in frozen funds from the Central Bank of Myanmar to the NUG.

US Diplomatic Policy Options

Neither of these funding options is likely possible without upgrading US relations with the resistance, notably through formal diplomatic recognition. The United States could consider formally recognizing the National Unity Government of Myanmar as the legitimate interim government of Myanmar. However, US policymakers need to carefully consider this option before implementation due to potential repercussions, such as the junta's likely closure of the US embassy in Yangon, as well as the role of recognition as diplomatic leverage with the NUG.

Regardless of recognition in the near-term, the White House, Department of Defense, and Department of State should legally, politically, and diplomatically align, define, and formalize relationships with key resistance actors. Commensurately, the United States should also increase the tempo of public and private engagements with resistance actors, especially as Washington is their strongest and most important international supporter. Importantly, this should include actors from across the resistance coalition, notably the NUG, the National Unity Consultative Council, Committee Representing Pyidaungsu Hluttaw, the Civil Disobedience Movement, and the ethnic armed organizations formally and informally aligned with the pro-democracy movement. Although US policymakers have been wary of interactions with some EAOs in the past due to concerns about illicit activities, the BURMA Act's provisions arguably allow for expanded interactions.

Additionally, US State Department could convene publicly or privately in a Track 1.5 setting with resistance actors (including NUG, EAOs, NUCC, the Committee Representing Pyidaungsu Hluttaw, members of the Civil Disobedience Movement, and civil society organizations) to facilitate discussions of a mutually acceptable political framework for an inclusive, federal democracy. Given the diversity of resistance actors and the importance of a political framework for an inclusive, federal democracy in Myanmar, these efforts will be crucial. Follow-on convenings could expand to include representatives from US allies and partners to establish formal connections with key resistance actors. The United States acting as a facilitator and backer for the resistance at the international level could prove beneficial in adding its diplomatic weight to resistance efforts.

Importantly, regional US allies and partners, such as India and Thailand, are less willing to support or engage with the resistance. Their governments have consistently engaged the junta's military regime. As such Washington should work behind the scenes to persuade US allies and partners that the military junta in Naypyidaw is the primary source of instability in Myanmar and the actor driving the risk of fragmentation. This outreach should emphasize the uniqueness of this moment in Myanmar's history and the importance of, if not providing support, not standing in the way of it either.

In particular, the United States should persuade India and Thailand that embracing the military junta in Myanmar does not serve their interests in border stability. As both countries are concerned about instability along their border, this element should be highlighted during discussions instead of democracy or human rights promotion.

With New Delhi, the United States should advocate for the the Indian government to expand humanitarian aid efforts, <u>halt</u> <u>deportations</u> to Myanmar, allow the provision of non-lethal aid to the resistance, expand engagements with resistance actors, cease <u>arms sales</u> to the Myanmar military, block access to junta military units attempting to cross the border, and draw down efforts to engage the junta diplomatically. Arguments should focus on persuading India that a democratic government in Naypyidaw will benefit and cooperate with Indian interest in stability in its Northeast, especially as resistance actors now control much of the India-Myanmar border.

With Bangkok, the United States should advocate for the Thai government to halt deportations of <u>anti-junta activists and individuals</u> in Thailand, divest Thai state-owned enterprise PTT from Myanma Oil and Gas Enterprise, prevent <u>arms</u> <u>sales to the military</u>, block access to junta military units attempting to <u>cross the border</u>, expand cross-border humanitarian aid, allow the provision of US non-lethal aid, and draw down efforts to engage the junta diplomatically.

With <u>Bangladesh</u>, continued <u>support for the</u> <u>Rohingya refugees in Bangladesh is critical</u>, especially as many who remain in Myanmar are <u>under threat</u> from <u>renewed fighting in Rakhine</u> <u>State</u>. The United States should continue to work with Bangladesh to ensure humanitarian aid is delivered to the refugees at Cox's Bazar. Relatedly, Washington should also continue strongly advocating for the anti-junta resistance to protect and include the Rohingya community in any political discussions on the future of Myanmar, especially as the Arakan Army makes gains in Rakhine State.

US efforts with Australia and Japan are substantially less complex vis-à-vis policy differences on Myanmar. Washington should encourage them to deepen engagements with the resistance diplomatically in line with the <u>NUG</u> <u>Foreign Minister's visit to Tokyo</u> and impose more sanctions, as <u>Australia recently did</u>. In particular, the United States should work to <u>prioritize action</u> <u>on Myanmar within the Quad</u>, which has been strong rhetorically but not acted materially. The United States should also coordinate more closely with Australia and Japan on humanitarian aid. Regarding the Association of Southeast Asian Nations (ASEAN), the United States continues to support ASEAN's Five-Point Consensus. However, as the Five-Point Consensus has thus far failed to resolve the crisis and the junta stands intransigent, the United States should call for a more forward-leaning interpretation of the agreement. US engagements with ASEAN should therefore focus on persuading member states committed to returning democracy to Myanmar that the junta is non-compliant. Key partners on Myanmar are Indonesia, Malaysia, the Philippines, and Singapore, as they are the most sympathetic to the resistance movement, as well as Thailand given its close relationship with Naypyidaw. The United States has already successfully worked with Singapore to deny the Myanmar military access to key bank accounts. During engagements with ASEAN partners, Washington should argue that punishing the junta for non-compliance should be on the table.

Above all, US diplomats engaging ASEAN should continue to prominently raise the issue of Myanmar. During public engagements with ASEAN, the United States should refuse to meet publicly with junta representatives even when Myanmar military representatives are invited by other ASEAN member states. For instance, recent ASEAN Defense Ministers' Meeting–Plus have included Myanmar military attendees at Thailand's behest.

The China Factor

Bar none, China is the most complicated and influential outside actor in Myanmar. The unavoidable reality is that Beijing holds the most influence in the country by virtue of its <u>extensive interests along the border and deep</u> <u>ties with most actors in Myanmar</u>. China has long practiced a "<u>double game</u>" in Myanmar, wherein it engages with the central government, the military, the prodemocracy movement, and various EAOs along the border all at the same time and to varying degrees depending upon its interests. There is substantial complexity and occasional contradictions within China's policy, which is best understood as multi-faceted pragmatism. Different actors within China's system have occasionally diverging interests, such as Yunnan Province versus Beijing versus the security services.

China's response to Operation 1027, the recent resistance offensive in northern Shan State, illustrates this "double game." Beijing wields influence over both the junta and border EAOs, but it faces a principal agent problem with both, wherein it cannot exert complete control over their actions. When the Three Brotherhood Alliance of EAOs attacked junta positions in late October, China initially did not weigh in against the resistance, because it had become exasperated with the military's reluctance to crack down on criminal networks operating along the border. By mid-December, the rapid collapse of junta forces and the risk of border instability impacting Chinese interests led Beijing to pressure both sides to enter into a ceasefire, which quickly broke down before they reached another agreement in mid-January applying only to Northern Shan State. In sum, China's position in Myanmar is to play all sides to advance its interests, but, despite its influence, Beijing lacks complete control over any of the actors at play.

From this, the United States government should understand that directly challenging China in Myanmar—or explicitly framing its Myanmar policy as anti-China—would likely trigger a hostile reaction. Beijing perceives the country as within its sphere of influence. Indeed, the <u>BURMA Act itself triggered fears</u> in Beijing that the pro-democracy resistance is too close to the United States.

Moreover, any democratic government in Myanmar will therefore have to realistically account for Chinese influence and concerns, and it is highly unlikely that Washington can expect Myanmar to align against China. For example, the NUG <u>issued a statement</u> in January 2024 outlining its China policy, including that it supports a "<u>One China</u> <u>principle</u>," likely to signal to Beijing that it is not a threat to its interests.

Yet, it is also true that the United States and China are not necessarily at cross purposes on all issues in Myanmar. For instance, US and Chinese interests are both served by stability in Myanmar and tackling transnational crime.

US policy on China in Myanmar should therefore be to support the pro-democracy movement to balance against any malign Chinese influence in support of the junta or actions that harm Myanmar's people, while simultaneously engaging China on issues of mutual interest. In particular, the United States should publicly and privately attempt to persuade China that the NUG and the wider resistance coalition are not a threat to Chinese interests in stability and can assist Beijing in addressing the transnational crime networks emanating from Myanmar. For example, the sanctions announced on December 8, 2023 are an effective signal of US concerns about criminal networks in Myanmar, concerns that China shares. The United States should also continue to work with China in the United Nations to extend Myanmar's Permanent Representative to the UN, Kyaw Moe Tun.

The United States should also communicate to China that it has no issue with resistance cooperation with China conducted on an equal footing. Yet, as a backer of democracy in Myanmar, the United States should also play a vital role in publicly and privately supporting the resistance against the potentially adverse role played by other international actors who may be inclined to advocate on behalf of Myanmar's military. For instance, US diplomatic and material support can partially counterbalance Chinese pressure on the resistance to enter an unfavorable ceasefire or maintain a role for the Myanmar military in a post-war political framework.

Hastening Resistance Victory and a Return to Democracy

With fighting likely to continue for the foreseeable future, US policy priority should be to support the resistance in ways that increase their combat and governance capabilities in the near-term. Winning the war against the junta is the primary goal.

Although it is fundamentally up to the people of Myanmar to both defeat the military junta and forge a stable, inclusive, and federal democratic government, US support can hasten a resistance victory and subsequent establishment of federal democracy. Moreover, Washington's facilitation of and support for intra-resistance cooperation and discussions on a future federal democracy are vitally important and crucial for sustainable, long-term stability and peace in Myanmar. As such, its policies towards the resistance should aim to encourage the coalition via policy carrots and sticks along pathways leading to a political framework that is genuinely democratic, federal, and inclusive of ethnic minority voices, especially the Rohingya.

Additionally, in its role as a diplomatic facilitator, the United States should express its support for resistance asks and preconditions for entering negotiations with the military. There is a risk that actors like China will apply pressure on the resistance to keep the military in place after the war. The United States should therefore support resistance demands that the Myanmar military must be fundamentally reformed and placed under civilian control, as it is the core cause of instability and violence in Myanmar.

From a US national interest perspective, the United States faces an unmissable opportunity to support the establishment of a stable, federal, inclusive, and democratic Myanmar government. Apart from US interest in supporting democracy and human rights, Myanmar is geostrategically important as the hinge point linking South and Southeast Asia. Its ongoing crisis seriously undermines the region, and the United States should not miss the chance to shape the region's pathway in a manner amenable to US interests.

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