

## **Conditions in Burma and U.S. Policy Toward Burma For the Period September 28, 2002—March 27, 2003**

### **Introduction and Summary**

Efforts to foster peaceful democratic change in Burma essentially ground to a halt over the past six months. The regime has become more confrontational in its exchanges with the National League for Democracy (NLD), led by Aung San Suu Kyi, and has offered few signs of progress toward their stated commitment to a political transition to democracy and not interest in pursuing political dialogue with the elected opposition. UN Special Envoy Razali continued his mission, the National League for Democracy opened up a significant number of township and divisional party offices, and NLD General Secretary Aung San Suu Kyi was able to continue her travels in Burma, visiting both Shan and Rakhine States. However, the visit to Rakhine State was marred by incidents instigated by government-affiliated organizations and believed to be based on orders from Rangoon; political prisoner releases stopped as of late November, and there were new arrests of political activists. Aung San Suu Kyi was nearly jailed in February on charges arising from a civil lawsuit filed by a relative. Most seriously, the regime has not demonstrated its willingness to begin a real dialogue with the NLD on substantive political issues.

Economic developments were punctuated by the banking crisis that followed the collapse of approximately 20 informal financial institutions, which had taken deposits in return for promises of returns of five percent per month or more. Stimulated by the rampant inflation in recent years, and the repressed financial conditions that had stifled the growth of legitimate financial institutions, these informal financial institutions had grown rapidly for two years, before collapsing in January, sparking a run on the private banks. The banks have coped by restricting withdrawals, calling in loans, and requesting emergency central bank support. Several may nonetheless fail. Only private banks have been affected thus far. All of the government-owned banks and all of the banks in which government corporations participate as joint venture partners have continued to run normally. Inflation has also come down sharply as the asset price inflation fueled by the activities of the informal financial institutions has collapsed.

The Government of Burma (GOB) severely abuses the human rights of its citizens. There is no real freedom of speech, press, assembly, association, or travel. Burmese citizens are not free to change their government. Religious minorities (particularly Christians and Muslims) are discriminated against and any form of proselytizing is discouraged. Security forces also regularly monitor citizens' movements and communications, search homes without warrants, and relocate persons forcibly without just compensation or legal recourse. In June 2002, the Shan Human Rights Foundation (SHRF) accused the Burma Army of using rape systematically as "a weapon of war" in ethnic minority areas along the Thai border. The regime denied those charges and has not agreed with UN Special Rapporteur for Human Rights in Burma Paulo Sergio Pinheiro on the ways and means for an effective, impartial international investigation of these allegations. However, the government did recently intervene and punish both an army officer found guilty of rape and his commanding officers. Forced labor also remained an issue of serious international concern, despite some limited government efforts to control the practice. An International Labor Organization (ILO) Liaison Officer was appointed to Burma in October 2002 and, at the direction of the ILO Governing Body, has attempted to hammer out a "viable program of action" with the government to eliminate forced labor. Thus far, those efforts have not achieved the stated objective.

Burma remains one of the world's largest producers of opium, heroin, and amphetamine-type stimulants. Its overall output of opium and heroin has declined for six straight years; in 2002 Burma produced less than one-quarter of the opium and heroin than it did six years before. At the same