



Burma: US, EU Investment Will Not Weaken China Economic Ties

Scott Stearns | May 24, 2012

STATE DEPARTMENT - Burma is open for new foreign investment following the suspension of European and U.S. sanctions against the military-led government.

Burma is changing and so is its relationship with the West.

Pro-democracy advocate Aung Sung Suu Kyi is now a member of parliament. U.S. Secretary of State Hillary Clinton is an honored guest. And Western leaders say the political reforms warrant the gradual reopening of relations.

"Many of us have taken action to open up trade and investment with Burma for the first time in many years, and we have had discussions with the leadership there. Our hope is that this process will continue, and we're going to do everything that we can to encourage that process," said U.S. President Barack Obama at the recent G8 summit near Washington.

So what does the easing of European Union and U.S. sanctions against Burma mean for its longstanding trade ties with China?

"We have had a very good cooperation with China. So I think that this will not jeopardize the future relations with China," he said.

Secretary of State Hillary Clinton says the United States recognizes ties between Burma and China.

"So this is not about any other nation," said Clinton. "This is between us. This is rooted in the changes we have watched happen and our desire to support the continuation of those changes."

Doug Bandow, at Washington's Cato Institute, says both Burma and China are changing.

"They are seeing, I think, in Burma this kind of move to the West," said Bandow. "I think part of that is concern about this very tight embrace with Beijing. So I think China is learning that it is going to have to engage in diplomacy too."

He believes Burma's reforms are based, in part, on not wanting to end up like North Korea, an impoverished pariah state dependent on China alone.

Just before sanctions were suspended, Burma stopped work on a \$3 billion Chinese hydroelectric dam following protests by environmental activists. But instead of frustrating Chinese investment, Brookings Institution fellow Lex Rieffel says it may help move the relationship forward.

"There are some parts of the policy community in China that were upset by the dam being built in the first place [and] are not unhappy that it has been stopped and believe that this very important long-term relationship between China and Myanmar will improve once this obstacle is removed," Rieffel explained.

Burmese officials say new investments help support political reforms. But U.S. officials could tighten sanctions again if those reforms do not continue.