

# Conflict and Renewed Sanctions Threaten Myanmar's Pursuit of the Sustainable Development Goals

by Linda Calabrese

As the world grapples with the COVID-19 pandemic, low- and middle-income countries continue to focus on daily challenges such as reducing poverty, creating jobs and pursuing sustainable development. The development challenge, encapsulated by the Sustainable Development Goals (SDGs) has long been a pressing theme for governments, but the advent of the pandemic has added further strain to the attainment of these objectives.

Recent events in Myanmar, where the military first challenged the November 2020 election results and then proceeded to stage a coup in February 2021, arresting political leaders and members of parliament, raise even bigger questions in terms of the country's future development trajectory. Concerns surrounding economic growth, environmental sustainability and a restoration of peace and security remain more important than ever for Myanmar. This complex

situation is set in a broader context of conflict and fragility, especially along the border areas, where ongoing repression, as well as violent conflict between the central government and armed ethnic groups, including most recently in Rakhine state, has affected local populations for decades.

To understand Myanmar's commitment to the SDGs, one needs to start from the government's plans and actions. The 2015 general election saw the triumph of the National League for Democracy (NLD) led by Nobel Peace Prize winner Aung San Suu Kyi, who further expanded her electoral majority in the 2020 vote and has now been arrested by the military following the coup. It was the first NLD government which drafted the Myanmar Sustainable Development Plan (MSDP) for the 2018–2030 period.<sup>1</sup>

<sup>1</sup> Myanmar Ministry of Planning and Finance, *Myanmar Sustainable Development Plan (2018–2030)*, August 2018, [https://www.mopfi.gov.mm/sites/default/files/upload\\_pdf/2018/09/](https://www.mopfi.gov.mm/sites/default/files/upload_pdf/2018/09/)

*Linda Calabrese is a development economist and a Research Fellow at the Overseas Development Institute (ODI), London, where she works on trade, investment and economic transformation. This paper was prepared in the framework of the Strategic Partnership between IAI and the Compagnia di San Paolo Foundation. Views expressed are of the author alone.*

The MSDP explicitly claims to align with the SDGs. At a first glance, the plan covers the three dimensions of sustainable development: economic, social and environmental. However, a closer look reveals a number of discrepancies with the SDG Agenda. The main gap seems to be on gender and inequality. While the SDGs have a strong gender focus, with SDG 5 specifically dedicated to gender equality, the MSDP considers gender a cross-cutting theme, often lumped together with various forms of vulnerability (disability, ethnic background and poverty).

Indeed, the MSDP contains no specific strategy or provision to uplift women in society, in the economy and political life of the country. The MSDP also makes limited reference to inequality, but its focus on prosperity and employment can hopefully address that by providing jobs for the poorest. Finally, the MSDP aims to address the problems of ethnic minorities mostly through economic development and social protection measures. Doubts remain about whether this is sufficient to address the longstanding challenges in border areas, particularly given the recent military coup, which casts a shadow of uncertainty over the country's future development path.

Notwithstanding these challenges, before the recent military coup, the government of Myanmar had for the first time expressed its intention to participate in the 2021 Voluntary National Review, a process through which countries present their progress

on the SDGs.<sup>2</sup> The NLD government had worked on a data review to establish a baseline of Myanmar's progress on the goals.

Despite recent progress, the data shows how the country still has a long way to go, in particular in the areas of health, energy, access to finance and addressing the digital divide.<sup>3</sup> It also shows that Myanmar needs to expand its data collection capacity to gather more reliable information on its progress.<sup>4</sup> A comparative analysis of SDGs across Southeast Asian nations highlights that Myanmar lags behind its neighbours on many indicators. These include the incidence of poverty and children mortality, education services, women representation in politics and access to energy.<sup>5</sup>

<sup>2</sup> Myanmar, *VNR 2021 Letter*, 11 September 2020, [https://sustainabledevelopment.un.org/content/documents/26946VNR\\_2021\\_Myanmar\\_Letter.pdf](https://sustainabledevelopment.un.org/content/documents/26946VNR_2021_Myanmar_Letter.pdf).

<sup>3</sup> Central Statistical Organization (CSO) and United Nations Development Programme (UNDP), *Measuring Myanmar's Starting Point for the Sustainable Development Goals: SDG Indicator Baseline Report*, August 2017, [https://www.mm.undp.org/content/myanmar/en/home/library/SDGs/Measuring\\_Myanmar\\_Starting\\_Point\\_for\\_the\\_SDGs.html](https://www.mm.undp.org/content/myanmar/en/home/library/SDGs/Measuring_Myanmar_Starting_Point_for_the_SDGs.html).

<sup>4</sup> CSO and UNDP, *Readiness of Myanmar's Official Statistics for the Sustainable Development Goals: Joint Data Assessment by the Central Statistical Organization and UNDP*, May 2016, <https://www.mm.undp.org/content/myanmar/en/home/library/SDGs/official-statistics-for-sdgs-eng.html>.

<sup>5</sup> Association of Southeast Asian Nations (ASEAN), *ASEAN Sustainable Development Goals Indicators Baseline Report*, Jakarta, ASEAN Secretariat, October 2020, [https://asean.org/?static\\_post=asean-sustainable-development-goals-indicators-baseline-report-2020](https://asean.org/?static_post=asean-sustainable-development-goals-indicators-baseline-report-2020).

MSDP%20EN%203-9-18.pdf.

In addition to implementation, monitoring and evaluation also present a formidable challenge. Myanmar is a large country, with many border areas outside government control, effectively run by various local militias or ethnic groups.<sup>6</sup> If the central tenet of the 2030 Sustainable Development Agenda is to “leave no one behind”, it is difficult to see how this can be fulfilled in a country as fragmented as Myanmar, especially in light of the ongoing unrest in border areas, the recent coup and ongoing tensions between military and civilian authorities.

In this context, and while carefully taking into account the complex political and military situation in the country, development partners can play a crucial role in supporting Myanmar's development process. The European Union is one of Myanmar's largest development partners, providing 804 million euro support to Myanmar, including bilateral support for the period 2014–2020. The funding covers rural development, agriculture and food security; education; governance, the rule of law and institutional capacity building; and peacebuilding support.<sup>7</sup> EU aid to Myanmar is allocated to various activities, such as budget support, projects and the financing of multilateral funds.

Beyond these large programmes, the EU also implements smaller projects that contribute to the SDGs in various

ways. For instance, the Arise Plus project (8 million euro) contributes to trade diversification and integration. The project supports micro, small and medium-sized enterprises in Myanmar to explore business opportunities in Southeast Asia, EU and global markets, helping them comply with trade and policy formulation standards.<sup>8</sup> The EU also supports Myanmar through regional programmes, such as the Responsible Supply Chain in Asia programme, implemented by the UN's International Labour Organisation, which aims to integrate responsible business practices into the operations of multinational companies and their supply chains in six Asian countries.<sup>9</sup>

The EU is an important export market for both Myanmar's traditional and non-traditional exports. In terms of traditional exports, Myanmar has become an important supplier of rice and mung beans to the EU market, with official data suggesting that the country exported 400,000 tons of rice to the EU in 2017–18. The Myanmar Rice Federation highlights that exports to the EU represent 65 per cent of Myanmar's total rice exports.<sup>10</sup>

<sup>6</sup> Crisis Group, “Identity Crisis: Ethnicity and Conflict in Myanmar”, in *Asia Reports*, No. 312 (28 August 2020), <https://www.crisisgroup.org/node/14819>.

<sup>7</sup> Mohinga Aid Information Management System (AIMS) website: <https://mohinga.info/en>.

<sup>8</sup> International Trade Center website: *Arise Plus Myanmar Trade-Related Assistance*, <https://www.intracen.org/Arise-Plus-Myanmar>.

<sup>9</sup> International Labour Organization (ILO) website: *Responsible Supply Chains in Asia*, <https://www.ilo.org/asia/projects/rsca/lang-en>.

<sup>10</sup> International Finance Corporation (IFC), *Creating Markets in Myanmar. Building Markets for a Sustainable Economic Recovery*, Washington, IFC, May 2020, p. 73, [https://www.ifc.org/wps/wcm/connect/publications\\_ext\\_content/ifc\\_external\\_publication\\_site/publications\\_listing\\_page/cpsd-myanmar](https://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications_listing_page/cpsd-myanmar).

## Conflict and Renewed Sanctions Threaten Myanmar's Pursuit of the Sustainable Development Goals

In terms of non-traditional exports, over the past decade Myanmar witnessed a sensational growth of its garment sector, which employs over 700,000 people (mostly women)<sup>11</sup> and contributes to the country's progress in terms of economic transformation. During the 2010s, the restoring of EU preferential market access to Myanmar through its Generalised Scheme of Preferences (GSP), as well as the United States lifting its sanctions against the country, contributed to this growth.<sup>12</sup> Garment exports grew from 340 million US dollars in 2010 to around 1.6 billion in 2016, and the EU is currently Myanmar's main export market for garments, overtaking Japan in 2016.<sup>13</sup>

Increased exports contribute to economic growth, job creation, particularly for women, and in the long term may support poverty reduction in Myanmar. By importing from the country, the EU contributes to fulfilling many SDGs: SDG 8 on growth and decent jobs, SDG 9 on industry and it indirectly supports SDG 1 (poverty reduction) and SDG 2 (zero hunger).

While some progress has been made, the road ahead is rife with challenges. Political tensions between the EU and Myanmar could endanger the gains

<sup>11</sup> Phu Huynh, "Employment and Wages in Myanmar's Nascent Garment Sector", in *ILO Asia-Pacific Garment and Footwear Sector Research Notes*, No. 6 (November 2016), [https://www.ilo.org/asia/publications/WCMS\\_535188/lang-en](https://www.ilo.org/asia/publications/WCMS_535188/lang-en).

<sup>12</sup> Stephen Gelb, Linda Calabrese and Xiaoyang Tang, "Foreign Direct Investment and Economic Transformation in Myanmar", in *ODI Working and Discussion Papers*, March 2017, <https://www.odi.org/node/31385>.

<sup>13</sup> IFC, *Creating Markets in Myanmar*, cit., p. 59.

achieved by so far. The violence against the Rohingya, which has led hundreds of thousands to flee Myanmar to seek refuge in Bangladesh, has severely damaged Myanmar's international image and the recent coup can only be expected to worsen this image further.

In response to the deterioration of human rights in Myanmar, in particular in relation to the Rohingya, in 2018 the EU threatened to withdraw the country's preferential access to the EU market.<sup>14</sup> Sources estimate that a withdrawal of EU preferential market access would be disastrous for Myanmar's economy, in particular its nascent garment industry.<sup>15</sup> As of December 2020, no decision on this had been reached.<sup>16</sup>

The situation has now been aggravated by the military coup and human rights abuses that followed. The EU has condemned the coup and called for a restoration of the civilian government,<sup>17</sup> and is considering restoring sanctions and restricting preferential market access.<sup>18</sup> As the situation evolves, it

<sup>14</sup> Felix Heiduk, "Myanmar, the Rohingya Crisis, and Further EU Sanctions", in *SWP Comments*, No. 2018/52 (December 2018), <https://www.swp-berlin.org/en/publication/myanmar-the-rohingya-crisis-and-further-eu-sanctions>.

<sup>15</sup> IFC, *Creating Markets in Myanmar*, cit., p. 61.

<sup>16</sup> European Commission, *Report on EU Enhanced Engagement with Three Everything But Arms Beneficiary Countries: Bangladesh, Cambodia and Myanmar* (SWD/2020/19), 10 February 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020SC0019>.

<sup>17</sup> High Representative of the Union for Foreign Affairs and Security Policy (HR/VP), *Myanmar: Declaration by the High Representative on behalf of the European Union*, 2 February 2021, <https://europa.eu/!pU63Nk>.

<sup>18</sup> HR/VP, *Myanmar: Speech by High Representative/Vice-President Josep Borrell at the EP Debate*, 9 February 2021, <https://europa>.





is difficult to predict what will come next, but it seems plausible to expect increased tensions and economic sanctions unless the political situation improves.

Moreover, COVID-19 also represents a significant challenge for the country. The Myanmar economy has been deeply affected by the outbreak, with sharp declines in tourist arrivals, supply chain disruptions, factory closures and layoffs. The World Bank estimates subdued growth of around 2 per cent of GDP for 2020/21, with the poverty rate potentially jumping from 22 per cent in 2018/19 to 27 per cent in 2020/21.<sup>19</sup>

Myanmar will not have access to the COVID-19 vaccine soon, and therefore needs to prepare for a prolonged period of economic hardship. Despite the help of the EU and other development partners through debt service suspension, achieving the SDGs was always going to be a challenge. Today political turmoil, widespread human rights violations and the advent of COVID-19 have only increased this hardship further.

Myanmar faces a myriad of challenges looking forward. The pre-existing political and economic fragility is compounded by the COVID-19 pandemic, the military coup and growing tensions with international partners. The economic slowdown and the potential sanctions that loom over the country may roll back the clock on

SDGs progress, meaning that Myanmar not only risks losing out on the limited progress achieved thus far but also faces the prospect of sliding further behind its other partners in the region on the challenge of sustainable development.

9 March 2021

eu/!DJ68HU.

<sup>19</sup> Hans Anand Beck et al., *Myanmar Economic Monitor: Coping with COVID-19*, Washington, World Bank, December 2020, p. 14, <http://hdl.handle.net/10986/34936>.

### Istituto Affari Internazionali (IAI)

The Istituto Affari Internazionali (IAI) is a private, independent non-profit think tank, founded in 1965 on the initiative of Altiero Spinelli. IAI seeks to promote awareness of international politics and to contribute to the advancement of European integration and multilateral cooperation. Its focus embraces topics of strategic relevance such as European integration, security and defence, international economics and global governance, energy, climate and Italian foreign policy; as well as the dynamics of cooperation and conflict in key geographical regions such as the Mediterranean and Middle East, Asia, Eurasia, Africa and the Americas. IAI publishes an English-language quarterly (*The International Spectator*), an online webzine (*Affarinternazionali*), three book series (*Global Politics and Security*, *Quaderni IAI* and *IAI Research Studies*) and some papers' series related to IAI research projects (*Documenti IAI*, *IAI Papers*, etc.).

Via dei Montecatini, 17

I-00186 Rome, Italy

Tel. +39 066976831

[iai@iai.it](mailto:iai@iai.it)

[www.iai.it](http://www.iai.it)

## Latest IAI COMMENTARIES

Director: Andrea Dessì ([a.dessi@iai.it](mailto:a.dessi@iai.it))

- 21 | 14 Linda Calabrese, *Conflict and Renewed Sanctions Threaten Myanmar's Pursuit of the Sustainable Development Goals*
- 21 | 13 Güven Sak, *Building a Post-Pandemic G20 Agenda for Migration*
- 21 | 12 Aayushi Liana Shah, *India at a Crossroads: SDGs and Cooperation with the EU*
- 21 | 11 Margherita Bianchi, *The Italy–UK Tandem: Resetting Climate Action in the Run Up to COP26*
- 21 | 10 Antonella Caruso, *Iraq's Yazidis: Among the World's Most Threatened Minorities*
- 21 | 09 Anabel González, *An Agenda for the G20 to Reset Global Trade Cooperation*
- 21 | 08 Robert Yates, *The Health Priority for Italy's G20 Presidency: Immunise the World, Equitably*
- 21 | 07 Andrea Dessì, *On the Brink: Mario Draghi and Italy's New Government Challenges*
- 21 | 06 Rafael Ramírez, *The Biden White House and the Venezuela Crisis: Time for a Policy Change*
- 21 | 05 Maria Giulia Amadio Viceré and Matteo Bonomi, *The EU's Search for "Effective" Strategic Autonomy in the Neighbourhood*