Article I
China’s Influence in Myanmar and Implications for India

Vo Xuan Vinh, Van Ngoc Thanh, Tran Xuan Hiep & Le Phuong Hoa*

Abstract
After the event of March 2011 in Myanmar, the quasi-civilian government’s suspension of China’s big investment projects was considered as evidence for the decline of China’s influence which had been strongly dominant since 1989. The paper argues that besides the dependence on China in terms of economic development and military relations, Myanmar also needs the Chinese support in its peace negotiations with ethnic armed groups and in dealing with Rohingya problem. The pressure posed by the West after the February coup has made Myanmar move closer to China. China’s outstanding influence in Myanmar has posed challenges to India. By using multidisciplinary discourse analyses, this article shows why China has kept its prominent influence in Myanmar since March 2011, how it impacts on India. The article uses historical methodology, in combination with interdisciplinary methods such as comparative analysis, and generalisation. Major sources for the paper include the texts of statements among states, speeches by political leaders, Myanmar Statistical Yearbooks, published articles and books.

Key words: China, Myanmar, India, power transition, power rivalry.

Introduction
Burma was the first non-communist country to recognise the People’s Republic of China (PRC) in 19491 and Burma-China diplomatic relationship was established on 8 June 1950. Different authors see different phases in Myanmar-China relations. Shee (2002) divided the relations into following phases: ambivalent peaceful coexistence (1949-1961); temporary setback (1962-1970); improving relationship (1971-1988); and closer entente (1989-2002).2 According to Maung Aung Myoe (2011),5 Myanmar-China relations from 1948 to 2020 were explained under three phases: charting the water (1948-1962); living dangerously (1962-1988); and towards closer cooperation (1988-2010). David I. Steinberg


and Hongwei Fan (2012) approach the relations between the two countries by two phases: vicissitudes during the Cold War and the challenges in the Post-Cold War era. It is widely recognised that after the 1988 uprising (8888 incident), the military coup by the State Law and Order Restoration Council (SLORC) in September that year, and the military’s refuse to recognise the results of the 1990 election in which the National League of Democracy (NLD) had a landslide victory won, China-Myanmar relationship has been strengthened. By having stated to adhere to a policy of non-interference in the internal affairs of Myanmar, the Chinese government had indicated a clear stand of support for the military regime in Myanmar. From 1989 to March 2011, China-Myanmar relations have been strengthened by a marriage of mutual interests. While Myanmar treats China as its protector in the context of being isolated and posed embargoes, the latter has sought Myanmar for its geopolitical interests and the development of its landlocked Southwestern region. The reforms under Thein Sein started in the late March 2011 posed significant challenges to China after many of its large-scale investment projects in Myanmar were suspended. However, since the Rohingya issue has re-outbursted in 2017 and Myanmar has become a priority in Xi Jinping’s neighbour policy, Chinese influence in the Myanmar gained traction. Chinese outstanding influence in Myanmar is a real challenge for India since Myanmar is an immediate neighbour and an important factor in India’s Look/Act East Policy.

China’s Interests in Myanmar

China has clear strategic interests in Myanmar, including border stability, economic, connectivity and major power competition. The shared border has been a controversial story between the two countries due to Beijing’s supports to the Myanmar government and its peace process and at the same time providing shelter, weapons, and other assistance to some of the ethnic armed organizations. However, maintaining security and stability along its porous border with Myanmar is an important objective that China has been pursuing in its relations with Myanmar. For decades, security unrest caused by refugees fleeing conflicts in Myanmar for safety in China because of the conflicts between government military (Tatmadaw) and some ethnic armed groups. Besides, ‘continued conflict has facilitated drug and human trafficking, resource smuggling, and other illicit activity along their common border’.

It is obvious that maintaining a stable shared border with Myanmar helps secure border trade which has played an important role in the development of China’s second poorest province Yunnan. In 2017, Yunnan’s GDP per capita was US$ 5,474, just higher Gansu, the poorest province of China (GDP per capita in 2017 was US$ 4,647). Border trade is important for Yunnan province because Myanmar has been its largest trading partner. In 2008, 40 percent of its exports went to Myanmar and 32 percent of its imports

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came from this country.\textsuperscript{9} Myanmar’s natural resources include oil and gas, various minerals, precious stones and gems, timber and forest product, hydropower potential at a very low level of systematic exploration\textsuperscript{10} have been a big attraction for Chinese investors.

More importantly, China-Myanmar gas and oil pipelines linking Myanmar’s deep-water port of Kyaukpyu in the Bay of Bengal with Kunming in Yunnan province of China went operational in 2015 (gas pipeline) and 2017 (oil pipeline) respectively have helped the world’s biggest oil and gas importer\textsuperscript{11} to receive supplies faster from the Middle East and Africa. In addition, connectivity between China’s mainland province Yunnan with the Bay of Bengal via Myanmar has helped China 'avoid having to pass through the waters of the Malacca Straits, which are dominated by the U.S. navy and other Asian neighbors allied to the USA'.\textsuperscript{12}

Strategically, Myanmar has been a location that China uses to ‘diminish influence of Western countries, particularly the United States, and especially along Myanmar’s border with China’\textsuperscript{13} because ‘(i)t is well known that China harbors a singular sensitivity to Western activity along its extensive border’.\textsuperscript{14} The sensitivity was clearly reflected when Chinese Ambassador to Myanmar Hong Liang warned the president of the Kachin Democratic Party and the president of the Kachin Baptist Convention to face difficult consequences if they had had more frequent communication with Western countries.\textsuperscript{15} Ambassador Hong Liang was also said to urge the US ambassador to Myanmar not to travel to Kachin or eastern parts of Shan state.\textsuperscript{16}

Besides economic purpose as mentioned above, maintaining upper hand in Myanmar also helps China to increase its influence in Indian Ocean region (IOR) in the other, to materialized its “Two-Ocean” Strategy” (\textit{Shuanghai Zhanlue}) as pre-conceptualized project set by the Communist Party of China (CPC) appeared in the literature around 2005.\textsuperscript{17} As a result of the Chinese People’s Liberation Army (PLA) modernization thanks to the economic rapid growths for decades, Chinese Navy has enhanced its ability from the offshore to far seas mission. In order to project power in

\begin{thebibliography}{9}
\bibitem{Allan} Allan, David & Einzenberger, Rainer (2013, December 11). Myanmar’s Natural Resources Blessing or Curse?, \textit{Heinrich-Böll-Stiftung Perspective}. Retrieved from https://www.boell.de/en/2013/12/11/myanmars-natural-resources-blessing-or-curse
\bibitem{USIP} USIP Senior Study Group (2018). \textit{op.cit.}, p.21.
\bibitem{USIP2} USIP Senior Study Group (2018). \textit{op.cit.}, p.3.
\bibitem{USIP3} USIP Senior Study Group (2018). \textit{op.cit.}, p.21.
\bibitem{Sun} Sun, Tom (Guorui) & Payette, Alex (2017, May). China’s Two Ocean Strategy: Controlling waterways and the new silk road. \textit{IRIS Asia Focus}: he Frend Institute for International and Strategic Affairs, No.31, p.2.
\end{thebibliography}
the IOR, China launched the ‘String of Pearls’ strategy since the mid-2000s when it started negotiating the use of and investing into port facilities in Myanmar, Bangladesh, Sri Lanka, Pakistan, the Seychelles and the Maldives.\(^8\) Since the late 2013, Beijing has also promoted its Maritime Silk Road (MSR) initiative as an alternative narrative to the String of Pearls envisaging a China-centric system of ports in Southeast Asia and the northern Indian Ocean.\(^9\) The “String of Pearls” is becoming a reality, as China is establishing a series of port-access arrangements all along the Indian Ocean littoral to east Africa.\(^10\) According to Mahadevan, China might reach secret agreements with local governments to create dual-use facilities that would provide a framework for establishing naval bases later.\(^11\)

A marriage of convenience (1989–March 2011)

As neighboring countries, Myanmar and China had close ties right after two countries gained independence although during the Cold War, the relationship experienced vicissitudes. The military coup in September 1988 and the failure to recognise the 1990 elections in Myanmar significantly contributed to China’s strategic calculations in this Southeast Asian country. The marriage of mutual interests between the two countries has been converged till military regime officially transferred the power to quasi-democracy government in the end of March 2011.

In 1988, the military conducted a coup, and placed Aung San Suu Kyi, leader of the National League for Democracy (NLD) under house arrest, and refused to recognize the NLD’s victory in the 1990 general elections. The U.S. and the West opposed and imposed sanctions on the junta. In this context, China voiced to oppose to interfere in Myanmar’s internal affairs, and affirmed that China-Myanmar relations continued when China affirmed not to interference in the internal affairs of Myanmar and continued to maintain trade relations with this country.\(^12\) In order to make use the situation to build a dominant role in Myanmar, ‘China used its permanent seat in the United Nations Security Council to shield Myanmar from international condemnation and sanctions in the 1990s through the 2000s’.\(^13\) In that context, Myanmar’s policy towards China was from ‘strategic neutrality’ to ‘strategic alignment’ when the present military junta took power in 1988.\(^14\) The relations between the two countries were described by Senior General Saw Maung, Chairman of the State Law and Order Restoration Council (SLORC) in his first visit to China in 1991 as the Pauk Phaw (fraternal) relations, better understanding and greater cooperation with sympathy towards each other.\(^15\)

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In economic front, since the SLORC was in power, China has become one of the key trading partners, and the most important sources of development assistance for Myanmar. As argued by Maung Aung Myoe:

Like any other country, China uses development assistance as an instrument to win friend and influence people. Chinese development assistance usually comes in the forms of grants, interest free loans, concessional loans and debt relief. Since 1988, international donors have halted all development assistance to Myanmar. The Western Powers, led by the United States, have also imposed economic sanctions on Myanmar. Against this background, China has become a major source of development assistance.

China’s development assistance for Myanmar has been implemented in many forms, including commercially based projects. By the end of 2008, the contract value and turnover of contracted projects, labour services, design, and consulting by Chinese companies in Myanmar stood at US$5.38 billion and US$3.79 billion respectively.

After the 8888 incident, Yangon legitimised and formalised the border trade and then transformed border trade into normal trade with China to enhance trading activities between the two countries. For its part, China promulgated rules and preferential policies on taxes, duties, exchange rates, and export drawbacks in 1991 and 1992 to boost border trade with Myanmar in particular and other Southeast Asian mainland countries sharing common border with China in general. As a result, border trade between Myanmar and China increased from US$139 million in FY 1991-92 to US$1.329 billion in FY 2007-08. As the biggest border trading partner of Myanmar, China has become a main artery of Myanmar’s economy.

In terms of military cooperation, it was estimated that nearly US$4 billion worth of weapons was supplied for Myanmar by China from 1989 to 2010, including combat aircraft, warships, main battle tanks, armoured personnel carriers, small arms, anti-aircraft guns, and so on when Myanmar faced with the arms embargo imposed by Western sanctions.

However, Myanmar leaders felt sensitive about China’s overwhelming economic and political dominance in Myanmar. Thus, seeking to mitigate Myanmar’s over-dependence on China was one of the factors that caused Myanmar to adopt political reforms in March 2011. Myanmar also clearly identified the political motives and pressure from China while enjoying assistance from the latter. Maung Aung Myoe pointed out some incidents showing Chinese unfriendliness toward Myanmar,

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including Chinese Premier Zhu Rongji’s ignorance\textsuperscript{34} to visit Myanmar during his five South and Southeast Asian nation trip in May 2001, and China’s pressure requesting Myanmar’s leaders to fulfill their promises and international obligations after the Union Solidarity and Development Association (USDA) sponsored cracked down the opposition movement led by Aung San Suu Kyi in Depyin in May 2003.\textsuperscript{35} Importantly, Myanmar’s decision of reforming began when the Obama administration ushered in a new approach to Myanmar. On September 28, 2009, the State Department announced a change in U.S. policy towards Burma after seven months of review, discussion, and consultation.\textsuperscript{36} The existing sanctions regime would remain in place, but new elements of U.S. policy were added. Accordingly, the U.S. decided to launch a policy of pragmatic engagement with the Burmese authorities in a long, slow, and step-by-step process.\textsuperscript{37} The U.S. move facilitated its like-minded countries to engage in Myanmar. These trends brought Myanmar authorities a historical opportunity to mitigate Myanmar’s over-dependence on China and integrate itself in to mainstream of economic and political life.

\textbf{Testing times for Chinese Engagement in Myanmar}

The challenges facing China originated from Thein Sein government’s wooing a policy of limiting China’s influence, strengthening relations with the United States and Western countries, and diversifying its international relations. China was also criticized by both the military and NLD authorities. Thein Sein government’s suspension of several big projects invested by China was a major shock to it, which had a dominant influence in Myanmar over the past decade. Myanmar’s move was conducted according to the desire of Myanmar people\textsuperscript{38}. However, implementing a more equitable policy with China does not mean that Myanmar will lower China’s role in its foreign policy. The first state visit of President Thein Sein was to China in May 2011 after he went to Indonesia to attend the ASEAN Summit. Accompanying him in the visit was Commander-in-Chief of the Defense Services Min Aung Hlaing, Defense Minister Hla Min, Minister of Home Affairs Ko Ko and Minister of Border Affairs Thein Htay. President Thein Sein then visited China in September 2012 and in June 2014, respectively. Aung San Suu Kyi who was known widely a figure opposing Chinese key investment projects in Myanmar paid a five-day visit to China in June 2015.

Maintaining good relations with China, Myanmar has also actively normalized its relationship the U.S. Myanmar has actively taken steps to convince the US to lift economic sanctions. In his historical visit to the U.S. in September 2012, President Thein Sein offered 11 commitments including (1) allow the International Committee of the Red Cross access to prisons; (2) establish UN High Commissioner for Human Rights Office in Burma; (3) allow blacklisted people to enter and leave the country; (4) initiate a

\textsuperscript{34} Zhu Rongji as the Chinese Premier never visited Myanmar.

\textsuperscript{35} Maung Aung Myoe (2011). \textit{op.cit.}, pp.113-115.


process to assess the criminality of remaining political prisoners; (5) establish a ceasefire in Kachin State; create sustainable political solutions with ethnic minorities; (6) take decisive action in Rakhine State; (7) allow international humanitarian access to conflict-affected areas; (8) sign the Additional Protocol to the UN nuclear agency’s Comprehensive Safeguards Agreement; (9) stop buying weapons from North Korea; (10) provide for more open and accountable government; and (11) combat human trafficking. In his second visit to the U.S. in May 2015, President Thein Sein kept calling the U.S supports for Myanmar’s reform process. Thein Sein in his speech in Johns Hopkins SAIS in May 2013 expressed his desire to begin a new era in Myanmar-US relations. He also called for US assistance in making Myanmar’s transformation a success, especially the support from US government, Congress and civil society organisations for Myanmar democratisation process.40

Myanmar also actively approached to European Union (EU). After the political transition, Thein Sein visited Norway, Finland, Austria, Belgium, Italia, the UK, and France in 2013, Germany, Switzerland and Netherland in 2014.41 In the visits, the president discussed with European leaders on the on-going efforts of Myanmar’s government for political, social and economic reforms, especially his vision and priorities, including how to promote peace, democracy and address poverty.42

Myanmar has also become an active member of ASEAN. Hosting ASEAN Summits in 2014, Myanmar proved his role in the organ by allowing the South China Sea dispute to be a content in the agenda despite pressure posed by China. During Myanmar’s chair of ASEAN, ASEAN released Foreign Ministers’ Statement on the Current Developments in the South China Sea when China’s illegally placed its oil rig in the Exclusive Economic Zone and continental shelf of Vietnam. Myanmar has also actively prepared for its involvement in ASEAN community building process.43 At the United Nations level, Myanmar has in one hand committed to continuing its reform process and called the UN and its members to understand and support Myanmar, in the other. It also participated and cooperated with the work of the UN in various fields as a responsible and respectable nation on the world stage.44

44 Permanent Mission of the Republic of the Union of Myanmar to the United Nation (2012, September 27). Statement by His Excellency U Thein Sein, President of the Union of Myanmar and Chairman of the
As a result, China’s influence on Myanmar experienced difficulties. Although in his visit to China in May 2011, President Thein Sein ‘appreciated China’s long-term and tremendous assistance to Myanmar, which he said contributed a lot to the economic and social development of his country” and “underscored their commitment to boosting bilateral relations, and they agreed to establish a comprehensive strategic cooperative partnership’, China lost its advantages in Myanmar, at least Chinese investment projects such as Letpadaung copper mine, Myitsone hydro power dam, and, Kyaukpyu – Kunming railway project and Tagaung nickel mine. Regarding the Letpadaung copper mine project operated under a contract between military-owned Union of Myanmar Economic Holdings Company (UMEHL) and Wanbao Mining, a Chinese company, a significant numbers of riots taking place in 2012 and 2013 to protest the project. The report of Letpadaung Taung Investigation Commission released in April 2013 also stated that the mine lacked strong environmental protection measures, had been developed without environmental, social, and health impact assessments having taken place, or an environmental management. Especially, the report acknowledged that the project would not necessarily create jobs for residents and a decision to close the mine could be problematic regarding Myanmar’s international relations.

NLD leader Aung San Suu Kyi in 2012 also raised voice to criticize the aggressive attack on protesters, who say ‘no’ to a copper mine that damaged their environment and cultural sites. A symbol of China’s growing public relations disaster in Myanmar is the $3.6 billion Myitsone Dam project built by the state-owned China Power Investment Corporation, was suspended on September 30, 2011 just six months after the government of President Thein Sein took power. Further, the US$20 billion railway project connecting China’s southern Yunnan province with Myanmar’s Rakhine western coast at the Bay of Bengal was cancelled in July 2011 after over three years of inaction on a 2011 agreement. As a result, Chinese investment in Myanmar decreased sharply as mentioned above. Notably, the consequences of some big Chinese invested projects, including Myitsone dam, pipeline connecting Rakhine state and China, and Letpadaung copper mine, have created Myanmar elite concerns about its over dependence on China.
and anti-China increasing sentiment at a popular level among communities in Myanmar.51

Regaining Influence

There are issues to be addressed between China and Myanmar such as the possibility of re-operating the Myitsone hydropower project, and Tagaung nickel’s waste treatment plan or China’s involvement in Myanmar’s NCA negotiation process. However, China’s political and security and economic importance to Myanmar in the context that the US and the West imposed sanctions on many Myanmar officials and government in response to the Rohingya crisis making relations between China and Myanmar closer under NLD government in the Southeast Asian country.

It is fair to say that, although China has suspended or re-considered major projects invested by China, China-Myanmar relationship was upgraded to comprehensive strategic cooperative partnership in the visit of Myanmar President Thein Sein to China in May. Before the general elections held, NLD leader Aung San Suu Kyi had paid a five-day visit to China in June 2015. The landslide victory of NLD in the general elections in November 2015 was considered to represent a trump of hope for those who never gave up the fight for democracy.52 However, ethnic problems, especially the Nobel Peace Prize laureate Aung San Suu Kyi has been accused of turning a blind eye to the military’s violent persecution against Rohingya in Rakhine state53 has invited the critics and sanctions posed by the U.S,54 EU and some other countries.55 South Korean Gwangju human rights groups also stated to strip Aung San Suu Kyi of its 2004 prize because of her "indifference" to the atrocities against the Rohingya minority.56 In contrast, in her visit to China in June 2015, Aung San Suu Kyi was warmly received by both President Xi Jinping and Premier Li Keqiang. In a special step, China invited Aung San Suu Kyi to attend the Communist Party of China (CPC)’s Dialogue with World Political Parties High-Level Meeting in November 2017. In the meeting with her after the Dialogue,
President Xi called for more party-to-party cooperation.\textsuperscript{57} The most important move showing Chinese strategic engagement in Myanmar was the historic visit of President Xi to Myanmar in January 2020, the first visit of a Chinese President and Secretary General of CPC to Myanmar after 19 years, since the visit of Jiang Zemin’s trip in 2001. In the visit, President Xi described China-Myanmar relationship to be ‘the special bond’, ‘a bond as close as between lips and teeth’.\textsuperscript{58} The visit was part of a push to make Myanmar a vital stop on Chinese President Xi Jinping’s flagship “Belt and Road” initiative.\textsuperscript{59} The visit also demonstrated Beijing’s eagerness to seek Myanmar leaders’ support for its ambitious BRI infrastructure projects in the country and finalize a deal on the development of the Kyaukpyu port, which boosts China’s presence in the Indian Ocean.\textsuperscript{60}

In Rohingya problem, China has followed a realistic approach which contrasts with what the U.S. and many Western countries have done. China has considered the Rohingya crisis as an opportunity to reestablish its primacy among Myanmar’s foreign relationships, attract popular support in Myanmar, and assert its leadership in regional affairs by buffering Myanmar from international pressure and taken steps to protect Myanmar from criticism and punitive actions in the United Nations Security Council.\textsuperscript{61} China supports Myanmar’s policy on Rohingya issue by disapproving of internationalizing the issue.\textsuperscript{62}Especially, China has taken steps to become a mediator of the Rohingya crisis by proposing a three-step solution to address the issue to Myanmar and Bangladesh in 2017.\textsuperscript{63} Some considered as ‘the biggest obstacle to a prosecution of its leaders at an international war crimes tribunal’.\textsuperscript{64}

In Myanmar’s process of peaceful negotiation with armed ethnic groups, China has got involved to play a bigger role in the process. ‘Previously, China funded ethnic-Chinese insurgent groups in north and northeastern Myanmar to escalate conflict that would decrease government control over the states that border China. This gave Beijing

\textsuperscript{57} Xinhua (2017, December 1). Xi meets Aung San Suu Kyi, calls for more party-to-party cooperation. Retrieved from https://www.chinadaily.com.cn/china/2017-12/01/content_3516902.htm


both influences among the rebel groups closest to its border and leverage over Myanmar’s government in any peace negotiation. When the peace negotiation was launched under Thein Sein government in Myanmar, China actively participated in the process by organizing talks between KIO and Myanmar government in 2013. China also proposed to be the chair of the talk, but it was rejected by both Myanmar government and KIO and had to settle with an observer role.

Since the new government sworn in Myanmar in 2016, China has adjusted its approach to the Myanmar’s peace process. China publicly committed its continued support to the peace process administered by the NLD government by donating three million USD to the peace process in earlier 2016, a scenario that might have been impossible during the former Thein Sein government. China has also lobbied non-signatory groups to the Nationwide Ceasefire Agreement (NCA), including the United Wa State Army and the National Democratic Alliance Army in the eastern Shan state, to join the 21st Century Panglong Conference. In March 2017, Beijing organised a meeting between the Kachin Independence Army (KIA), the military wing of KIO and the Myanmar government to mitigate fighting along the Myanmar-China border. In this meeting, the role of China was shown when the United Wa State Army (UWSA), the largest ethnic armed group in Myanmar announced that it wanted to completely do away with the government’s NCA and proposed China to manage a new peace process. In 2017, China donated $1 million and pledged $3 million to Myanmar’s government’s peace process work, in addition to separate contributions for relief to internally displaced persons. In order to improve its image in a changing Myanmar, Beijing has ordered secretive state-owned Chinese companies to publicly embrace Western-style corporate social responsibility practices and act humbly toward the people who live near their projects.

After the shocks made by the suspension of Myitsone dam and Kyaupyu-Kunming railway projects, China decided to regain the role of the most important investor in Myanmar. During Chinese Premier Li Keqiang’s visit to Myanmar in November 2014, the two sides signed agreements worth $7.8 billion in fields of energy, agriculture, telecommunications, infrastructure, and finance. Besides the traditional investment projects in Myanmar such as energy, infrastructure, finance and telecommunications, China has now focused on other sectors with a US$300 million agricultural project.

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While Myanmar government and key officials have been imposed and sanctions by the US and its like-minded countries due to Rohingya crisis, China has actively convinced Myanmar to participate in Chinese Belt and Road Initiative. In Aung San Suu Kyi’s visit to China in December 2017, China officially proposed to build the China-Myanmar economic corridor (CMEC), the estimated 1,700-kilometre-long corridor connecting Kunming, the capital of China’s Yunnan province, to Myanmar’s major economic checkpoints first to Mandalay in central Myanmar, and then east to Yangon and west to the Kyaukpyu Special Economic Zone (SEZ). In December 2018, the China-Myanmar Economic Corridor (CMEC) implementation steering committee, led by Aung San Suu Kyi, met. Myanmar and China official launched the CMEC, an important part of China’s Belt and Road Initiative (BRI) when two countries signed a 15 point MoU on CMEC in May 2019 in the sideline of BRI Forum in China. Although Myanmar has scaled back the US$7.3 billion Kyaukpyu deep water port due to debt concerns and it has only approved nine out of 30 Chinese proposed projects under the CMEC, it also reflects Myanmar’s willingness to participate in China’s BRI. During the visit of President Xi to Myanmar, two sides signed a total of 33 memorandums of understanding (MOUs), agreements, exchange letters and protocols - probably the most Myanmar has signed with its powerful neighbor at one time since 2000. The agreements called for cooperation in sectors including infrastructure mega-project development, railways, industrial and power projects, trade, investment and human resources, among others.

Thanks to its efforts, China has become Myanmar’s number one partner in fields of political, economic, and military. In other words, China has regained its ‘upper hand’ in Myanmar. Besides sanctions posed by the U.S. and some Western countries due to Rohingya issue, ASEAN—an important partner of Myanmar since 1997—also requested ‘Myanmar authorities to ensure the safety of civilians, take immediate steps to end the violence in Rakhine, restore normal socioeconomic conditions, and address the refugee problem’. Among factors heavily influencing Myanmar on Rohingya issue, China seems to be the only a big partner that Myanmar can relies on. Before the visit of Aung San Suu Kyi to China in December 2017, Commander-in-chief of Defense Services Senior


General Min Aung Hlaing had visited China in November, where he discussed Myanmar’s position in solving the crisis in Rakhine state and thanked China for its continued support on the Rakhine problem. China saw Rohingya as Myanmar’s internal affairs and disapproves internationalizing the issue should be seen as a valuable gift for Myanmar government. Beside a protector of Myanmar, China has been seen as a counselor in Rohingya issue. Before going before the International Court of Justice to defend charges of genocide about Myanmar’s violation of the 1948 Genocide Convention before the International Court of Justice on December 11, 2019, Myanmar’s state counselor, Aung San Suu Kyi, met Chinese Foreign Minister Wang Yi to discuss the issue.

Another trump for China in Myanmar is that the CPC seems to have good party-to-party relations with NLD when Aung San Suu Kyi, as the party’s leader, participated in Dialogue with World Political Parties High-Level Meeting in November 2017. She thanked China for inviting her to attend the Dialogue. In 2016, more than 20 members of NLD were invited to China and they were felt very happy because they were treated as VIPs. This was such a turning point in Ang San Suu Kyi’s and NLD’s view of CPC. Aung San Suu Kyi and the NLD’s members should have not thought of NLD’s formal relations with CPC because the NLD was forged in an uprising against one-party rule. However, Myo Nyunt, the NLD spokesman explained that Aung San Suu Kyi chose to the country to visit based on what Myanmar’s interests despite that country is inclination to dictatorship or democracy.

Regarding the NCA process, although Myanmar has realized China’s intention, it needs the support from China in terms of finance, transportation for representatives of key ethnic armed groups participating in the process. Especially, without China’s pressure, groups such as KIA, UWSA might have not participated in the process.

Having been posed military sanctions by US, EU and some other Western countries, China has remained the largest military partner of Myanmar. According to Stockholm International Peace Research Institute (SIPRI), China is the biggest supplier of military hardware to Myanmar, accounting for 61 percent of Myanmar imported weapons between 2014 and 2018.

In terms of investment, after Myanmar government suspension of some Chinese key projects, Chinese investment in Myanmar decreased significantly. In FY2010-2011

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80 Xinhua (2017, December 1). Xi meets Aung San Suu Kyi, calls for more party-to-party cooperation. Retrieved from https://www.chinadaily.com.cn/china/2017-12/01/content_3516902.htm
82 Ibid.
fiscal year, China’s FDI in Myanmar was US$ 8.269 billion, accounted for 41.35 percent of Myanmar’s total inward investment. However, after the political change in Myanmar in March 2011, Chinese investment in Myanmar decreased to US$231.773 million and to the lowest point of US$56.160 million in FY2012-13 and FY2013-14 respectively. Accordingly, China accounted for only 16.33 percent and 1.37 percent of Myanmar’s total inward FDI. After the visit of Chinese Premier Li Keqiang to Myanmar in 2014, China’s FDI in Myanmar increased to US$551.415 million in FY 2014-15 and reached US$3.324 billion in FY 2015-16. In FY2015-16, Chinese FDI in Myanmar accounted for 35.06 percent of the latter’s total inward FDI. Especially, as March 31 of 2018, out of Myanmar’s US$76.028 billion cumulative foreign investment, Chinese investment was US$19.950 billion, accounted for 26.24 percent, the largest portion among countries and territories investing in Myanmar.\(^{86}\)

In contrast to the ups and downs of its investment in Myanmar and of Myanmar-China political relations, China has maintained as the largest trading partner of Myanmar. Before the government transition in March 2011, China accounted for 22 percent of Myanmar’s total trade. In the first fiscal year after the transition, the proportion of Myanmar-China trade in Myanmar’s total trade value increased to 27.5 percent. Bilateral Myanmar-China trade value reached US$11.78 billion in FY 2017-2018, accounting for 35.14 percent of total trade value of Myanmar. In the same fiscal year, two other key trading partners of Myanmar, Thailand and Singapore accounted only 15.13 percent and 11.44 percent of Myanmar’s total trade value.\(^{87}\)

The Chinese factor is able to influence on Myanmar economic growth. After decades of close relations with China, Myanmar continues to depend on China. According to a report of the World Bank in June 2019, ‘growth in the medium term will be supported by a gradual rebound in infrastructure investment and higher productivity in sectors undergoing liberalization, such as wholesale and retail and the insurance and banking sectors’.\(^{88}\) As mentioned above, most of mega projects in Myanmar are being invested by China.

Besides, by copying the Chinese model of attracting foreign investment for the purpose of export production, the government plans to create new zones – Pathein and Myawaddy. In addition, the authorities have established 18 industrial parks in the following regions: Ayeyarwady (3), Bago (1), Magway (2), Mandalay (3), Mon State (1), Sagaing (2), Shan State (1), Tanintharyi (1), Yangon and surrounding areas (4). Despite their limited use – only 20 percent of the area of industrial parks is used, the government plans to open an additional ten units: in the Bago region (1), Chin state (1) Kayin state


This means that, building those industrial parks needs more investment from China. Operating process of those parks also needs more cooperation from the neighboring country. Rather than that, Chinese influence is also on Myanmar’s financial sector since the sector has also adapted China’s model of development, from its structure and activities.\(^{90}\)

**Implications for India**

It is obvious that China has regained its upper-hand in Myanmar comprehensively. This has posed challenges to India’s interests. There are views on China’s ambition to build Kyaukpyu as a naval port, not for commercial use.\(^{91}\) In January 2020, Chinese Navy units and marine commandos were detected to have their presence in Karachi, Pakistan.\(^{92}\) Kyaukpyu port in Myanmar along with those in Pakistan, Sri Lanka, Djibouti, the Maldives, and Bangladesh could reinforce China’s String of Pearls Strategy which has been considered to further encircle India.\(^{93}\)

One of the main goals of India’s Act East Policy (AEP) is to break the isolation for the Northeast region. However, trading activities between India and China through Na Thula pass in Sikkim have faced with challenges due to confrontation has sometimes happened between Chinese and Indian troops.\(^{94}\) When the confrontation has not taken place, bilateral border trading has not been easy to conduct, including ‘the fragility of land, lack of infrastructure, lack of trade knowledge in local aspirants, duration of trade, language barrier, climatic conditions and limited numbers of commodities allowed for export from this region’.\(^{95}\) As a key partner of India in the region, Bangladesh is crucial for stability in the north-eastern region.\(^{96}\) However, connectivity between Northeast region with the Bay of Bengal and with Kolkata through Bangladesh facilitated by the Indo-Bangladesh Protocol for Inland Transit and Trade (IBPITT) has


fallen into disuse due to various challenges over the years. Although efforts have been made to improve the situation, vulnerability of the IBPITT is there when it goes through a foreign country. In that context, another gateway for the Northeastern region through Myanmar is very important. Obviously, Chinese outstanding influence in Myanmar has posed a significant hindrance to AEP.

Against this background, India may consider some measures it could take to protect its national security and interests in Myanmar, including increasing engagement in Myanmar and proactively counterbalance with China in strategic regions. The Rohingya issue is deemed Myanmar government’s most vulnerable point that China has been making use to regain its dominance. China has taken side with Myanmar government who has been accused of turning a blind eye to the military’s violent persecution against Rohingya in Rakhine state. A memorandum of understanding (MoU) on Rakhine State Development Program (RSDP) signed in December 2017 and four of 10 MoUs signed between India and Myanmar during Myanmar President U Win Myint’s four day visit to Myanmar in February 2020 focused on socio-economic development of Rakhine State show India’s strong commitment and engagement in Rohingya repatriation in Myanmar.

Democratisation process which gained a milestone in March 2011 has been facing with challenges since Rohingya issue reemerged in 2017. NLD that won a landslide victory in the 2015 elections has been criticised for being unable to protect human rights in Myanmar. The February 2021 coup has further made the democratic process worse. India’s consistent supports for Myanmar’s demoratisation process for decades need to be maintained and promoted. The India-Myanmar Joint Statement during the State Visit of the President of Myanmar to India in February 2020 stated that ‘India reaffirmed its support for Myanmar’s efforts towards national reconciliation, peace process and democratic transition to establish a democratic federal union’. Political situation in Myanmar is another challenge for India in its efforts to increase influence in the country. China’s political and economic dominance in Myanmar thanked to the sanctions imposed by the United States and some Western countries on the Southeast Asian country. For its part, India’s low investment in Myanmar in compare with that of China correctly reflects the fact that India is not a power in terms of outward investment. In that context, instead of investing in huge infrastructure projects in Myanmar, India may focus on completing projects that have taken long time such as Trilateral Highway with Myanmar and Thailand. Rather than that, investing in human developments in

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Myanmar will provide valuable results for the future of Myanmar and of India-Myanmar relations. Increasing investment in both sides India-Myanmar border regions to improve the livelihood of the people living in the areas should consider as a way to ‘train’ forces to protect stability and security in border areas. In addition, while Chinese investment sources could be disbursed easily thanks to its political regime, India’s democratic political system has sometimes faced with challenges posed by complicated procedures.

Myanmar is also a potential arms and military equipment market. A SIPRI factsheet released in March 2018 shows that, China is the largest supplier of arms and military equipment for Myanmar in the period of 2013-2017, accounted for 68 per cent of the latter’s total imports, followed by Russia with 15 per cent. India was one of eight countries as arms and military equipment suppliers to this Southeast Asian country, according to a report released by the United Nations Human Rights Council in August 2019. However, China continued to dominate Myanmar weapon market since five Chinese State-owned enterprises have participated in the mission. Only two Indian enterprises have exported arms and military equipment to Myanmar, including Bharat Dynamics Limited, and Hindustan Aeronautics Ltd (HAL). India’s exporting of strategic arms and military equipment to Myanmar recently such as a Kilo-class diesel-electric submarine INS Sindhuvir to the Myanmar Navy in April 2020 could be seen as a bold step.

In a larger space, India could also consider enhancing its deterrence capability in the Bay of Bengal and increasing engagement in the West Pacific to protect its interests in the wake of China’s ambitious two-ocean strategy. In the Bay of Bengal, the forceful Eastern Naval Command located in Visakhapatnam in east coast and the Andaman and Nicobar command with INS Jarawa naval base and INS Kohassa new air base help Indian Navy control sea routes connecting Indian Ocean and sea ports in Myanmar and Bangladesh, the proposed Kra Straits in Thailand and even the Malacca Straits.

The South and East China Seas, Western Pacific Ocean, and their littoral regions are categorised as India’s secondary areas of maritime interest. However, this is an important front for India to counterbalance China since China has increased its presence and influence in Indian Ocean region where India categorises as its primary area of maritime interest. In that context, India has also increased its strategic engagement in the South China Sea in the Western Pacific where China has also

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determined as a part of its core interests, along with Taiwan, Tibet and Xinjiang. Recently, India has sent naval ships for operational deployment to the South China Sea and the North West Pacific. Indian Navy joined multilateral joint naval exercises with Navies of the US, Japan and the Philippines in the South China Sea in 2019. Indian naval ships have also conducted variety of friendship visits to countries in Southeast Asia such as Vietnam, Indonesia, Malaysia, and Singapore in the last decades. Notably, India has strategic presence in the South China Sea since Indian ONGC Videsh Ltd (OVL) partnered with Petro Vietnam to explore oil and gas in the sea since 1988. It is obvious that Indian presence in the South China Sea and in the Western Pacific Ocean in general is a suitable way to counterbalance with China’s growing engagement in the Indian Ocean.

Conclusion

Although there are concerns in Myanmar over the debt trap from some Chinese investment projects and China’s use the ethnic armed groups as a hostage in its relations with Myanmar, Myanmar government under NLD seems to have no choice but to rely on China while facing with sanctions posed by the US and some Western countries since Rohingya crisis reemerged in 2017. Along with Russia, China’s support for Myanmar after the February 2021 coup has assured junta’s unrivaled position in Myanmar. Thanks to the move, China has regained the outstanding influence in Myanmar which sharply decreased after its key projects had suspended under quasi-democratic government resumed in March 2011. Politically, China has become Myanmar’s protector in the United Nations. China has reemerged as the largest investor and trading partner of Myanmar. China has also been the closest military partner of Myanmar. Some key economic sectors of Myanmar such as model of attracting foreign investment, and financial sector have been adapted from Chinese model. Chinese mega infrastructure projects under BRI will significantly contribute to Myanmar’s economic growth in medium term. China’s outstanding influence in Myanmar directly poses challenges to Indian security in the East and AEP. In that context, India may consider a two-layer strategy to limit the challenges, including promoting its engagement in Myanmar, and enhancing its control over the Bay of Bengal and naval presence in the Western Pacific Ocean.

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