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Myanmar's China Policy since 2011: Determinants and Directions

Maung Aung MYOE

Abstract: This paper argues that a key factor in Myanmar's new approach towards China since 2011 has been the Myanmar government's foreign policy goal to reintegrate itself into the international community. The success of this approach is dependent on Myanmar's rapprochement with the United States, which requires both domestic political reforms and a foreign policy realignment – a need to reduce Myanmar's dependence on China, particularly in the context of US–China strategic competition in the Indo-Pacific region. In the context of China–Myanmar relations, the factors that have influenced Myanmar's China policy since 2011 are growing anti-China sentiment in Myanmar, growing concern over China's interference in Myanmar affairs, and the rapprochement with the United States. Myanmar's China policy shift, in terms of direction, is by no means to seek to be independent of China, but rather for there to be an increased interdependence between the two countries.

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Introduction

Soon after U Thein Sein had assumed his role as president of the newly elected constitutional government in Myanmar in March 2011, the first foreign dignitary to visit the country was Jia Qinglin, a member of the standing committee of the Political Bureau of the Communist Party of China (CPC) central committee, and chairman of the 11th national committee of the Chinese People's Political Consultative Conference. On 4 April 2011, Jia Qinglin met President U Thein Sein, Vice-President Tin Aung Myint Oo, and Thura Shwe Mann and Khin Aung Myint, the speakers of the two houses of Pyidaungsu Hluttaw (Union Assembly). During his meeting with Jia Qinglin, U Thein Sein explained among other things, about the “evolution of bilateral relations to strategic Paukphaw kinsfolk] relations,” and praised China’s “good neighbourly cooperation in the stability, tranquillity and development of Myanmar” (*New Light of Myanmar* 2011a). They also talked about cooperation in the energy, oil and gas, transportation – road and railway – and power generation sectors. When Khin Aung Myint met Jia Qinglin, he reiterated that “the friendship between the two countries has reached that of strategic relations.” During the meeting between Jia Qinglin and Tin Aung Myint Oo, they signed an agreement on economic and technical cooperation between the two countries, and the Myanmar government secured a 30 billion RMB (Renminbi) credit facility from the Export-Import Bank of China (EXIM Bank of China). Other signed agreements included a production sharing contract for copper mines, and the construction of a refinery and petrol stations (*New Light of Myanmar* 2011a). On the very same day, Tin Aung Myint Oo also received a China National Petroleum Corporation (CNPC) delegation led by its president. Three weeks later, on 27 April, Tin Aung Myint Oo witnessed the signing of a memorandum of understanding (MOU) between the Myanmar government and the China Railway Engineering Corporation on the Muse-Pyaukphyu railway project (*New Light of Myanmar* 2011b).

On the military side, the vice-chairman of the Central Military Commission (CMC), General Xu Caihou, arrived in Myanmar on 12 May 2011, and held discussions with both President U Thein Sein and Commander-in-Chief General Min Aung Hlaing (*New Light of Myanmar* 2011c). Meanwhile, the Chinese ambassador in Myanmar was busy greeting ministers. In mid-May 2011, President U Thein Sein attended the Association of Southeast Asian Nations (ASEAN) summit in Jakarta, and then a few days later on 26 May, he made his first foreign visit to China. Chinese President Hu Jintao welcomed U Thein Sein to Beijing, and they held discussions. Chinese Premier Wen Jiabao also met the Myanmar

president. Chinese leaders promised U Thein Sein that they would help Myanmar with the 2013 South East Asian Games and the 24th ASEAN summit. U Thein Sein and Hu Jintao praised Sino–Myanmar bilateral relations, and the former called it a “multi-strategic cooperation partnership,” while the latter stated that it had reached the level of a “comprehensive strategic cooperative partnership” (*New Light of Myanmar* 2011d). A joint statement on the establishment of a “comprehensive strategic cooperative partnership” was finally issued on 27 May 2011. Myanmar was the last among new ASEAN members to sign such an agreement with China, following Vietnam (June 2008), Laos (September 2009), and Cambodia (December 2010).¹ The partnership agreement included cooperation on a wide range of areas. In a similar context, General Min Aung Hlaing travelled to Beijing where he was received on 29 November 2011 by Vice-President Xi Jinping, also a vice-chairman of the CMC, and the People’s Liberation Army (PLA) chief, General Chen Bingde. They signed a MOU on defence cooperation between the two militaries. On the whole, China–Myanmar relations in the first few months of the Union Solidarity and Development Party (USDP) government in Naypyitaw appeared to be smooth, stable and setting the stage for a stronger strategic cooperative relationship. However, by late 2011, the China–Myanmar relationship had entered a turbulent phase. How and why did this happen? The Myanmar government had taken a different approach in its relations with China from that of the past.

Why did the Myanmar government realign its China policy? What have been the determinants and directions of Myanmar’s China policy since 2011? This paper will look at factors that contributed towards this realignment. This paper argues that a key factor in Myanmar’s new approach towards China since 2011 has been the government’s desire and decision to reintegrate Myanmar within the international community, dependent on the rapprochement with the United States, which in turn requires both domestic political reforms and foreign policy realignment – a need to reduce Myanmar’s dependence on China, particularly in the context of US–China strategic competition in the Indo-Pacific region. In the context of China–Myanmar relations, the factors that have influenced Myanmar’s China policy since 2011 are growing anti-China sentiment in Myanmar, growing concern with China’s interference in Myanmar affairs, and the rapprochement with the United States.

1 Indonesia (October 2013) has a “comprehensive strategic partnership” with China. Malaysia (May 2004), the Philippines (January 2007), and Thailand (May 2007) maintain a “strategic cooperation” with China. Brunei and Singapore do not have any strategic partnership with China.

A New Foreign Policy Goal under the USDP Government

U Thein Sein came to power, running for elections on the platform of the USDP. In his inaugural speech at the Pyidaungsu Hluttaw (Union Assembly) on 30 March 2011, he outlined his government's foreign policy as follows:

From the post-independence period to date, successive governments have practised different political and economic policies and concepts. But, regarding the foreign affairs policy, they all exercised a non-aligned, independent and active foreign affairs policy and dealt with other countries in line with the Five Principles of Peaceful Coexistence. In addition, they never permitted any foreign troops to deploy within the borders of the Union. They never launched aggression against and interfered in the internal affairs of any other country. And they never posted threats to international and regional peace and security. These points are the pride of Myanmar's foreign affairs policy.

Our government will also adhere to this honourable foreign policy and continue relations with all the countries. Moreover, *our country will stand firm as a respected member of the global community* while actively participating in international organisations, including the UN, ASEAN, BIMSTEC and other regional organisations. This is why I invite and urge some nations wishing to see democracy flourish and the people's socioeconomic lives grow in Myanmar to cooperate with our new government that emerged in line with the constitution by accepting and recognising Myanmar's objective conditions and ending their various forms of pressure, assistance and encouragement to the anti-government groups and economic manipulations. [...] We need to convince some nations with negative attitude towards our democratisation process that Myanmar has been committed to shaping a democratic system correctly and effectively (Italics are mine) (*New Light of Myanmar* 2011e).

In addition, the USDP government declared that,

our vision for Myanmar is to become a modern developed nation that meets the aspirations of its people for a better life and *to achieve greater integration within the international community* by 2020.²

In his address to the Pyidaungsu Hluttaw on 22 August 2011, U Thein Sein said,

Our government has inherited a traditional foreign policy which has never been harmful to international and regional stability and security and it is maintaining friendly relations with global nations. *What's more, we are trying to stand tall as a dutiful member of the global family in international and regional organisations* (Italics are mine) (*New Light of Myanmar* 2011f).

Similarly, a year later, at the United Nations (UN) General Assembly on 27 September 2012, President U Thein Sein told the international community,

Myanmar is now ushering in a new era. As a member of the family of nations, Myanmar will be participating more actively in the activities of the United Nations in various fields. *Standing as a responsible and respectable nation on the world stage, we will take the challenges of the 21st century in a bold and resolute manner* (Italics are mine) (*New Light of Myanmar* 2012).

In his State of the Union address on 1 January 2015, President U Thein Sein has proudly stated:

Over the past year [2014], we have continued in carrying out our objective of [Myanmar] becoming a respectable, dutiful and responsible country of the family of nations by breaking out from international sanctions and isolation. We have managed to start casting an international network essential for our country. We are walking on our own path of possessing a foreign policy of active and friendly-with-all in the world communities. By building strongest possible relations with all countries in the world, and [particularly] with all great powers, we can bring best benefit for our fellow country people (Thein Sein 2015).

It was obvious that the reintegration of Myanmar within international community is a key policy message of the new USPD government. The Myanmar government clearly understands that in order to become “a

2 Statement made in presentations by senior government officials. The writer received this statement from the Ministry of National Planning and Economic Development.

respectable member of the international community”, both domestic political reforms and foreign policy realignment are necessary. Throughout much of the time of the military rule, from 1988 to 2010, Myanmar suffered international isolation imposed by the west, most notably by the United States, and it depended for its security and development on the support of the Chinese government, both politically and economically. However, the military regime, known at different times as the State Law and Order Restoration Council (SLORC) and the State Peace and Development Council (SPDC), had realised that Myanmar had become a pariah state, and was increasingly concerned and uncomfortable with falling under China’s shadow and the presumed growing Chinese influence in the country. Since at least the early 2000s, the SPDC government has tried to address the issue of dependence on China.

In other words, when U Thein Sein came to power, the USDP government had already embarked on a foreign policy realignment, which necessarily involved rapprochement with the United States, and to a certain extent a reduction of Myanmar’s dependence on China.

China’s Strategic Interests in Myanmar

It is no longer disputed that China is a rising power and one of the world’s most powerful states. China’s absolute size and its potential as a regional great power, together with its intention to play such a role, certainly carry strategic weight in regional affairs. While Beijing has been projecting its self-image as a “peaceful rising power”, most importantly to counter the West’s claim of “China’s threat”, many countries in the region have become rather uncomfortable with China’s increasingly assertive behaviour in recent years. China’s ambition to be a regional maritime power in the Indian Ocean as well as the Pacific Ocean is another important aspect of Chinese strategic interests in the Indo-Pacific region. As a regional economic power, China poses both opportunity and challenges for its Asian neighbours, which are destinations for both Chinese investment and Chinese products. It is in this context that China develops and maintains its strategic interests in Myanmar.

From a geopolitical perspective, Myanmar could be considered as a geopolitical pivot that could dictate the behaviour of a geostrategic player like China.³ Myanmar is the only country sharing a border with China

3 According to Brzezinski, “geostrategic players are the states that have the capacity and the national will to exercise power or influence beyond their borders in order to alter the existing geopolitical state of affairs. However, they

that also has access to the eastern Indian Ocean, particularly the Bay of Bengal and the Andaman Sea. Myanmar provides a good location from which China could access and project its power into eastern Indian Ocean. Western security analysts, in particular those from America, have pointed out that Myanmar is part of China's 'string of pearl' strategy in the Indo-Pacific region. It is in the interest of China to keep Myanmar within its strategic orbit. In the context of geopolitical competition, Washington and New Delhi regard the growing Chinese influence and presence in Myanmar as undermining their strategic interests in the Indo-Pacific region. Thus, to offset the Chinese influence, in recent years India has cultivated close ties with the Myanmar government and facilitated the improvement of Myanmar's maritime capabilities; while the US, after several years of neglect, has started a policy of reengagement with Myanmar. In the past, it was difficult for Myanmar to play the role of geopolitical pivot since it depended on China, and there was no other great power willing to pit itself against China. With the rapprochement with the United States, Myanmar could now play the role of geopolitical pivot in the strategic competition between the United States and China, and India and China. Myanmar is also a strategic buffer or security barrier for China. Political stability in Myanmar is necessary for China's security. Any armed conflict on the China–Myanmar border regions is detrimental to China's border security and stability, and it is in Beijing's interest to prevent the escalation and internationalisation of such a conflict.

Economically, China has developed a strong interest in securing Myanmar's abundant natural resources. China invests heavily in the oil and gas sector as well as in mineral extraction. Myanmar's water resources are exploited for electric power generation. Myanmar is a market for poor quality Chinese goods. In fact, Myanmar provides an outlet for

have the potential and/or the predisposition to be geopolitically volatile." There are not many countries in the world that are considered to be geostrategic players; among them are the United States, Russia, China, and India. "Geopolitical pivots", on the other hand, "are the states whose importance is derived not from their power and motivation but rather from their sensitive location and from the consequences of their potentially vulnerable condition for the behavior of geostrategic players." Brzezinski further explained: "Most often, geopolitical pivots are determined by their geography, which in some cases gives them a special role either in denying access to important areas or in denying resources to a significant player. In some cases, a geopolitical pivot may act as a defensive shield for a vital state or even a region. Sometimes, the very existence of a geopolitical pivot can be said to have very significant political and cultural consequences for a more active neighboring geostrategic player" (Brzezinski 1997: 40–41).

China's less-developed western provinces such as Yunnan. The proposed railway construction between Muse and Kyaukphyu will serve as a corridor for Chinese exports to western markets. China has recently constructed both oil and gas pipelines through Myanmar, connecting the western port city of Kyaukphyu with Kunming in Yunnan province. The pipelines are not only strategic, but also economical in the sense that they bypass the Malacca Strait. The development of a port and a special economic zone in Kyaukphyu will also serve Chinese strategic interests on the Indian Ocean coast as they could represent undeclared Chinese maritime assets. In other words, Myanmar is a source of raw materials and energy supply, and a market for Chinese products.

Growing Anti-China Sentiment in Myanmar

The Myanmar government has thoroughly exploited the existing anti-China sentiment to its best effect. China has a serious image problem in Myanmar. Anti-China sentiment, or a negative attitude towards China, can be observed at both societal and state levels, and it is particularly strong in the former. For the majority of Myanmar people, China's support for the former military regime prevented any meaningful change in the governance, and a lack of progress towards democracy, serving only to strengthen the repressive measures of the military regime. It was generally assumed that the reason why military rule in Myanmar lasted so long was because of China's support for the SLORC/SPDC government at various international forums. Myanmar people assumed that weapons supplied by China were used in the suppression of anti-regime forces. Myanmar people are also upset about the unethical business practices of Chinese firms and Chinese individuals in Myanmar. China's state-owned companies that invest in Myanmar rarely care about the environmental and social impact of their business practices. They also have a poor record of corporate social responsibility. In many cases, contracts are signed in their favour and the Myanmar side receives very little benefit. Chinese firms in the resource extraction sector have exploited Myanmar natural resources without any proper consultation process with the local people, or their consent. In the case of Chinese business ventures with Myanmar's state-owned or military-owned companies, local people receive little or no compensation for their properties. This triggers stronger anti-China sentiment among Myanmar people.

In addition, when the Myanmar government bought China-made machinery or factories, they were usually of poor quality or used outdat-

ed technology.⁴ Myanmar people have a bad impression of Chinese products. Some people make fun of Chinese equipment as being “*tayoke-set tayet-soke*” (“Chinese machine; broken in a day”). Food products imported from China are considered to be of a poor standard of hygiene. The Myanmar media commonly reports about the poor quality of Chinese products and unhealthy Chinese foods, fake medicines, harmful milk powder, inedible cooking oil and snacks, and so on. There is much resentment towards Chinese business firms and Chinese individuals. For example, garment factories operated by Chinese firms are well-known for their lack of proper labour standards. Reports on the inappropriate behaviour of Chinese are not uncommon in the Myanmar media. Myanmar traders complain about the unfair trading practices of Chinese merchants. More importantly, the growing Chinese population in Myanmar, and their wealth, presents a serious issue.

China's investment into joint ventures with Myanmar's state/military-owned companies is a topic of great controversy and dissatisfaction among the people of Myanmar. From about 2008 to 2011, China dramatically increased its investment in Myanmar. During that time, China decided to invest approximately 12 billion USD on large-scale projects. According to official foreign direct investment (FDI) figures, as of 30 November 2005, China had invested only 194.22 million USD on 26 projects in Myanmar. By the end of 2009, this figure had risen to 1,347.44 million USD on 29 projects, which included an investment of 281.22 million USD for power generation in 2006 and 855.996 million USD for mining in July 2008. In June and December of 2009, when Vice-Senior General Maung Aye and Vice-President Xi Jinping visited each other's country, and signed MOUs and contracts for a hydropower plants project on the Ayerwaddy River and an oil and gas pipelines project. Then in June 2010, when Chinese Premier Wen Jiabao visited Myanmar, the two sides signed a 1.1 billion USD contract for copper mining in Letpadaung. These three mega projects – the hydropower dams and plants project on the Ayerwaddy River, the oil and gas pipelines project, and the mining in Letpadaung and Tagaung taung project – have drawn strong criticism from the local people, and have generated anti-China and anti-Chinese animosity among them. Details will be discussed later.

At the state level, there is also dissatisfaction with and distrust towards China. Since 1989, faced with Western sanctions against Myanmar,

4 For example, a multipurpose diesel engine and related plants in Indagaw were never operational. A paper factory in Tharbaung was of a poor quality, environmentally disastrous, and economically infeasible.

particularly the arms embargo, China has become a major arms supplier for the Tatmadaw (Myanmar Armed Forces); however, the Tatmadaw was unhappy with Chinese-made weapons because of their poor quality and shortage of spare parts and follow-up services. For example, their Y-8 transport aircraft were grounded for about a year due to the lack of spare parts; anti-aircraft missile simulators were found to be faulty; and head-up display (HUD) units were removed from fighter aircraft delivered in the early 1990s. The PLA did not even provide full courses for technical training; thus pilots had to teach themselves supersonic flying when they returned to Myanmar. Many pilots lost their lives in air crashes due to poor quality aircraft. By the early 2000s, the Tatmadaw diversified its sources of weapon procurement, and bought military hardware from Russia, Ukraine and other East European states.⁵

Even at the individual level, many senior officials were unhappy with China. Both Senior General Than Shwe and Vice-Senior General Maung Aye, chairman and vice-chairman of SLORC/SPDC, had served in military commands that had confronted the insurgency of the Burma Communist Party (BCP) backed by the People's Republic of China (PRC). Than Shwe was a commander of No. 88 Light Infantry Division and he dealt with the BCP's military campaigns. Maung Aye was a commander of No. 77 Light Infantry Division, and later Eastern Command Headquarters, and he also experienced the same thing. U Thein Sein served in the North East Command in Lashio when he was a major, and later became a commander of Triangle Region Command. Many senior military commanders had experience in fighting against the PRC-backed communist insurgency. Generally, these commanders held a distrustful attitude towards China. This trend was further confirmed in several memoirs recently published by former military officers.⁶ Therefore, the anti-Chinese sentiment and negative attitude towards China has been a major factor in influencing the Myanmar government's China policy since 2011.

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- 5 Some Myanmar military officers have told the present writer that, instead of exploiting the ignorance of the Myanmar military, China should educate them with the best of intentions. For instance, when the Tatmadaw procurement team asked for a discount, instead of explaining what was essential, the Chinese side just reduced the price while at the same time removing some parts from the specification.
 - 6 Memoirs on the Sisiwun-Tarpan battle written by Colonel Hla Myint Swe and Colonel Ko Ko Lay, who later became ministers, are obviously about their encounter with the PRC-backed BCP offensive in 1987.

Growing Concern with China's Interference in Myanmar Affairs

Chinese influence in Myanmar is also a subject of great debate. Some scholars argue that Myanmar has virtually become a pawn of China, while others claim that this is not so. We will not engage in such debate in this paper. The SLORC/SPDC government has been aware of China's potential to apply its 'influence' as Myanmar attracts China's support at various international forums. At the same time, the military regime has tried its best to maintain its independent and non-aligned policy in foreign affairs. However, the SPDC government was disappointed when it discovered that the international community had projected Myanmar as a nation under China's sphere of influence [or being a China's client state], and urged China to intervene in Myanmar during the 2007 monk-led demonstrations and in 2008 when Cyclone Nargis hit. Thus, the government was seriously concerned, and particularly worried about China's intervention and interference in Myanmar affairs.

In September 2007, monk-led anti-government demonstrations broke out on the streets of Yangon and in a few other towns. It was the biggest confrontation between Buddhist monks and the military regime since 1990. The international media quickly began to refer to this movement as the "Saffron Revolution", following the style of other colour-revolutions. This issue drew international attention when the regime arrested monks and raided monasteries. Unlike in the past, a wide network of anti-regime activists both in and out of the country was at the forefront of denouncing these crackdowns. Thanks to newly available information and communication technology (ICT), images and stories of confrontation between monks and security forces appeared almost in real time on social media. The military regime seemed to be concerned about losing its legitimacy to rule, which was based partly on its claim to be a promoter and defender of the Buddhist religion.

Despite the fact that the regime exhibited a considerable degree of tolerance, at least compared with its own previous record, its crackdown on the demonstration of 26–27 September 2007 drew widespread international condemnation, and called for international intervention. The issue was tabled for a resolution at the United Nations Security Council (UNSC) by the United States and Britain. However, due to the possibility of a veto by both China and Russia, a compromise was reached to issue a non-binding UNSC presidential statement. After nearly a week of negotiations on the details and terms of this document, to be issued by the United States as the rotating president of the UNSC, Beijing eventually

agreed to the final version of the presidential statement, which was duly released on 11 October 2007. During these negotiations, China played a crucial role in facilitating meetings between the Myanmar military regime and the UN. It was during this period that the military regime became increasingly concerned about the perceived growing Chinese influence, and the prominent role played by China in Myanmar's affairs. There were also fears that Myanmar was becoming over-dependent on Beijing. Meanwhile, the SPDC speeded up the National Convention process to draft a constitution and, on 9 February 2008, the government announced a timeline for implementation of what was known as the 'Seven-Step Roadmap', which featured a nationwide referendum to be held in May for the draft constitution, followed by a multi-party general election in 2010.

On 2 May 2008, Cyclone Nargis hit the Myanmar coastline around the Ayerwaddy delta, leaving more than 100,000 people dead and 1.5 million "severely affected", according to the UN. The inadequate and slow response by the government, as well as its reluctance to accept the offers of international agencies and non-governmental organisations (NGOs) to assist in disaster relief operations provoked a global outrage. The international community approached China, urging it to play an important role in convincing the SPDC government to accept international relief aid and to receive Admiral Timothy J. Keating, commander of the U.S. Pacific Fleet Command, in Yangon to coordinate the delivery of relief aid. Following the intervention of China and ASEAN, the Myanmar government allowed relief operations by the international community, including many local and international NGOs.

Although China continued its political support after these two events, it began to criticise the Myanmar government, which made the SPDC uncomfortable. The regime leadership became increasingly aware of China's international obligations, and its desire to project and maintain a positive image in the eyes of the international community. This was by no means risk-free for Naypyitaw. Moreover, Naypyitaw was uneasy with Beijing's increasing contacts with anti-government activists and organisations at the expense of the Myanmar government. The SPDC was aware that Chinese authorities, mostly from Yunnan, held a series of meetings with Myanmar dissidents in Maesot, Chiang Mai and Ruili. Some of the dissidents were invited to tour Kunming and Beijing. When Xi Jinping met Maung Aye in Beijing in June 2009, he told him that China would uphold the "fair interests of Myanmar", perhaps signalling to his Myanmar counterpart that Beijing's support was conditional (*New Light of Myanmar* 2009). In summary, the growing prominent role of

China in Myanmar affairs following the 2007 monk-led anti-government demonstrations and as a result of the 2008 Cyclone Nargis gave a wake-up call to the military regime to address the issue of growing Chinese influence and its possible intervention or interference in Myanmar's affairs.

Myanmar's Rapprochement with the United States

The sanction-based foreign policy of the US government towards Myanmar, which has been in place since the early 1990s, had done considerable damage to ASEAN-US relations. The US government failed to attend several important meetings hosted by ASEAN during the latter part of the Bush administration in the mid-2000s. At a time when the United States shifted its pivot towards the Asia-Pacific region, it was necessary for the US to review its Myanmar policy, and it saw that it was time to readjust its policy so that there would be a meaningful cooperation between ASEAN and the US. As it has become increasingly concerned with the rise of China and its growing assertiveness in the region, the United States needs to cultivate good relations with other countries in the region. At the same time, the US government needed to reassess its sanctions policy towards Myanmar. If the objective of US sanctions was to make the military regime collapse from within, or to make people revolt against the regime, then it is safe to conclude that they missed the target. The regime change was not happening easily; nor was there an 'Arab Spring'-like revolution in Myanmar. However, just to admit the failure of sanctions, and to normalise diplomatic and economic relations with the Myanmar military regime, could draw criticism from anti-regime activists and supporters of the Myanmar democracy movement, particularly in the US congress. Unless there could be significant changes in terms of governance, and subsequent endorsement by the icon of democracy, Daw Aung San Suu Kyi, the US government could not go very far in its re-engagement with Myanmar.

The SPDC government appeared to understand the limitations of American re-engagement with Myanmar, and it was by then more or less prepared to find an acceptable compromise. During the visit of Secretary of State Hillary Clinton to Japan and Indonesia in February 2009, she announced a Burma policy review. Subsequently, the review was carried out and it was released in September. Meanwhile in March 2009, Stephen Blake, the director of the Office for Mainland Southeast Asia at the US State Department, visited Myanmar as part of a tour of five countries in

the region, and he met Myanmar Foreign Minister Nyan Win and other senior government officials in Naypyitaw.

A more important American political figure, Senator Jim Webb from Virginia, came to Myanmar in August 2009 as part of his five country tour. Jim Webb was considered a close ally of President Obama. He held discussions with Thein Sein on 14 August, and then met with SPDC Chairman Than Shwe and Aung San Suu Kyi the following day. While details were not released, these meetings did pave the way for further contact between Myanmar and the US government. About a month later, during his stay in New York for the UN General Assembly, Foreign Minister Nyan Win met Senator Jim Webb and members of the US-ASEAN Economic Council in Washington DC on 21 September 2009. Just two days later, on 23 September, the State Department announced a new strategy towards Myanmar, which would keep sanctions in place while entering into high-level engagement with the military regime. Hillary Clinton said that the United States would move “in the direction of both engagement and continued sanctions.” Speaking to foreign ministers at a Friends of Burma meeting, Hillary Clinton said,

Engagement versus sanctions is a false choice in our opinion. So we will be employing both of those tools [...] to help achieve democratic reform we will be engaging directly with Burmese authorities (Clinton 2009).

Moreover, she said that the sanctions imposed by the European Union (EU) and the US would be eased if the junta moved towards significant reform (Clinton 2009).

Then, on 28 September, Jim Webb met Prime Minister Thein Sein in New York during the UN General Assembly. On the very next day, 29 September, a US team led by the assistant secretary of state for East Asian and Pacific affairs, Kurt Campbell, met with a Myanmar team led by Science and Technology Minister U Thaug, former Myanmar ambassador in Washington DC. Kurt Campbell came to Myanmar in May 2010, and met with several ministers on 9 May in Naypyitaw, and with Aung San Suu Kyi in Yangon the next day. Just a month after the nationwide elections in Myanmar, on 7 December 2010, Deputy Assistant Secretary of State Joseph Yun came to Myanmar and met with Foreign Minister Nyan Win, the Director General of Police, Brigadier General Khin Yi, and Aung San Suu Kyi. He appeared to urge Myanmar authorities to

improve their human rights records, release all political prisoners immediately and unconditionally and begin genuine dialogue with

Aung San Suu Kyi and pro-democracy and ethnic leaders to work towards national reconciliation (Yun 2010).

These intense discussions and negotiations finally led to the appointment of Derek Mitchell as the first US special representative and policy coordinator for Burma, with the rank of ambassador,⁷ on 14 April 2011, setting the stage for full diplomatic normalisation and the restoration of ambassador-status representation. By then, the newly elected government in Myanmar had committed to initiate a major reform process.

Derek Mitchell appeared to do a good job in dealing with the newly constituted Myanmar government under the leadership of President Thein Sein towards a meaningful political transition. At the same time, he facilitated further communication between Naypyitaw and Washington. Joseph Yun came to Myanmar again in May 2011 with the stated purpose of “finding a common ground” and “furthering ongoing efforts to engage directly with the government” (Yadana Htun and Ko Ko Gyi 2011). He held discussions with the new Myanmar foreign minister, Wunna Maung Lwin. He also met Aung San Suu Kyi and representatives of other political parties, NGOs, ethnic groups and the business community (Yadana Htun and Ko Ko Gyi 2011). A statement issued by the US embassy in Yangon during the visit announced that Joseph Yun has

reiterated the US's willingness to improve bilateral relations through principled engagement, while maintaining that progress would depend on the government taking meaningful, concrete steps toward democratic governance, respect for human rights, and the release of all political prisoners in line with the aspirations of the people and the international community (Yadana Htun and Ko Ko Gyi 2011).

A month later, in June 2011, Senator John McCain paid a visit to Naypyitaw. On his departure, in his press release on 3 June 2011, he said,

It was clear from my meetings in Naypyitaw that the new government wants a better relationship with the United States, and I was equally clear that this is an aspiration that I and my government share (Aung Hla Tun 2011).

Hillary Clinton visited Myanmar in early December 2011. She was the first secretary of state to visit Burma since John Foster Dulles in 1955. President Thein Sein hailed the visit as a new chapter in US–Myanmar relations. Thein Sein told Clinton that Myanmar will undertake to make

7 Derek Mitchell was not the US ambassador at that time but his position was equivalent to the rank of an ambassador.

political reforms and to re-engage with the international community. The Myanmar government took further steps in the reform process, and to improve its relations with the US. As a result, on 13 January 2012, Secretary of State Hillary Clinton announced that “at the direction of President Obama, we [the United States] will start the process of exchanging ambassadors with Burma” (Clinton 2012). Then, on 17 May 2012, President Obama officially nominated Derek Mitchell as the first US ambassador to Myanmar for more than 20 years, and the senate duly confirmed his appointment on 29 June 2012, paving the way for the full normalisation of diplomatic relations between the two countries.

The relations have been growing steadily ever since. In September 2012, Thein Sein went to New York to attend the annual UN General Assembly and delivered a speech. During the visit, on 26 September 2012, he met with the secretary of state, and thanked her for opening a new chapter in US-Myanmar relations (*New Light of Myanmar* 2012). As a result, on 19 November 2012, President Obama made a landmark visit to Myanmar during his Asian tour. He was the first ever US president to visit the country. Although it was just a six-hour stay, there was no doubt that the visit was politically significant. In a speech he made at the convocation hall of Yangon University, to an audience coming from all walks of life, Obama stated,

When I took office as president, I sent a message to those governments who ruled by fear: We will extend a hand if you are willing to unclench your fist. So today I've come to keep my promise and extend the hand of friendship (Beech 2012; Obama 2012).

For his part, Thein Sein, during his bilateral talks with Obama, praised the fact that

for the first 20 years, there were some difficulties and obstacles in our bilateral relations. But, however, when President Obama took office in the United States, and because of the visions, re-engagement policies of the president [...] our bilateral relations have been progressing steadily (Beech 2012).

President Obama again visited Naypyitaw in November 2014 to attend ASEAN meetings, and he met with Thein Sein and other important political figures. What was interesting here is that exactly a week before the president's visit, on 6 November 2014, Aung San Suu Kyi gave a rare press conference and told the media,

We do think that there have been times when the US government has been too optimistic about the reform process started by the

present government, but if they really studied the situation in this country they will know that this reform process started stalling early last year. [...] In fact, I'd like to challenge those who talk so much about the reform process, and ask what significant reform steps have been taken in the last 24 months (Kyaw Phyo Tha 2014).

Despite this strong message from Aung San Suu Kyi, in a joint press conference with Thein Sein on 13 November, Obama praised the fact that “in part because of President Thein Sein’s leadership, the democratisation process in Myanmar is real.” Despite some strong criticism from so-called democracy activists and from Washington political circles, particularly in the senate, the Obama administration has continued to hold a cautiously optimistic view and maintained its support for the Myanmar government.

Issues in China–Myanmar Bilateral Relations since 2011

There have been two types of issue in China–Myanmar bilateral relations since 2011. The first type is related to China’s mega-projects investment in Myanmar. The second is about the management of border security. Between 2008 and 2011, China decided to invest heavily in the resource extraction sector of the Myanmar economy, and has supported three mega-projects: the Myitsone hydropower dam project, the Lapadaung copper mine project, and the Kyaukphyu–Kunming oil and gas pipelines project. All these projects are controversial since none of them helps Myanmar with sustainable development, technology transfer, and long-term employment opportunities, but leaves the country with huge environmental and social impacts. In the case of the management of border security, armed conflicts between the Tatmadaw and ethnic armed groups in Kachin State and the Kokang region are prominent issues since China was involved in these conflicts. Moreover, the alleged supply of arms by China to the United Wa State Army (UWSA), and its heavy-handed intervention in the case of the arrest and trial of Sai Naw Kham, a drug lord in the Golden Triangle, are significant.

Among China’s mega-projects, the first one that stirred up protest against Chinese investment in Myanmar and caused hiccups in Sino–Myanmar relations was the Myitsone hydropower dam project. Just six months after coming into office, in response to mounting public opinion against the project by the Myanmar people, and strong protest over the

construction of the dam, U Thein Sein suspended the project on 30 September 2011. Actually, the project was initiated during the SPDC era in 2009. The MOU for the construction of hydropower dams on the Ayerwaddy River was signed between Myanmar and China when the vice-chairman of the SPDC visited Beijing in June 2009. The plan was to build a total of seven dams and power plants on the upper reaches of the Ayerwaddy River under a multi-billion dollar investment. In fact, Myitsone dam alone will cost about 3.6 billion USD. China Power Investment (CPI) was the major investor in the project. According to the plan, the Myitsone power plant will have an installed capacity of 13,360 megawatts, and 90 percent of its electricity output will be transmitted back to China. The proposed 152 meter-tall Myitsone dam is highly controversial since it will create a massive reservoir the size of Singapore, and will submerge important historical, ecological, and cultural heritages. Dozens of villages will be lost forever, and more than 10,000 villagers will be displaced. The project has drawn attention and criticism from environmental organisations and activists. In addition, the Myanmar people bitterly complain about the large number of Chinese labourers working at the project site who will distort the Myanmar cultural landscape. The Chinese company has already spent a considerable amount of money on the project, and the suspension will mean a great loss for them. Although China has raised the issue of restarting the project from time to time, the Myanmar government does not show any interest in resuming the project.

The scope of the oil and gas pipelines project was to build two pipelines from Myanmar's coastal town of Kyaukphyu to Kunming in China's Yunnan Province. The project plan was finalised in December 2009 during the visit of Chinese Vice-President Xi Jinping to Myanmar. The total cost for the construction was estimated to be 2.54 billion USD. Construction began in 2010, and since that time a number of accusations have been levelled against the CNPC for alleged human rights violations, inadequate compensation for land confiscation, and environmental degradation. Local people were also concerned with the influx of a large number of migrant Chinese workers, approximately 17,000, to work on the project. The contractor has been dealing with local grievances by meeting the concerns of people affected by the construction of the pipelines, and by providing welfare services and infrastructure, including bridges, roads, schools, clinics, power supplies, and so on. Finally, the pipelines were completed, and the oil and gas began to flow in late 2013.

The Letpadaung copper mine project, located on the west bank of the Chindwin River in the Sagaing Region, is a joint venture between

Myanmar Wanbao Mining Copper Limited, a subsidiary of China's military-owned China North Industries Corporation (NORINCO), Myanmar's military-owned Union of Myanmar Economic Holding Limited (UMEHL), and the Ministry of Mines of the government of Myanmar. The agreement was signed during Chinese Premier Wen Jiabao's state visit to Myanmar in June 2010, and it was agreed that Wanbao would invest more than 1.1 billion USD. The mining company has reportedly confiscated more than 8,000 acres of farmland from 1,032 villagers from 26 villages without giving proper compensation. Villagers were upset about the lack of a proper resettlement programme, inadequate compensation, environmental and health hazards, and the forced removal of an important religious site. Wanbao offered villagers 550,000 MMK (kyats) (about 550 USD) for an acre of land when it requisitioned land from them. When the local people protested against the mine, and the government cracked down on the protesters in November 2012, the issue drew international attention and criticism. An investigation commission was formed, headed by Daw Aung San Suu Kyi, which later produced a report with several recommendations. As one of the recommendations of the report, in June 2013, Wanbao agreed to pay additional subsidies of between 700,000 and 1.25 million MMK for an acre (Thiha 2014). The contract was renegotiated giving improved terms for the Myanmar government.

Like Letpadaung, China Non-ferrous Metal Mining (CNMC) signed an exploration agreement and feasibility agreement with Myanmar's state-owned No. 3 Mining Enterprise in July 2004 for the Tagaung Taung nickel mine project. It was estimated to hold 700,000 tons of nickel for production (Yue 2014). Myanmar CNMC Nickel Co., Ltd. was finally established in September 2008. The total investment in the project will exceed 800 million USD, with an annual output of 85,000 tons of ferro-nickel. When the operation began in late 2008, the Myanmar CNMC Nickel Co. Ltd. confiscated 3,086.66 acres of farmland without paying any compensation; it only paid compensation for the crop of that year, roughly 50 USD to 200 USD per acre depending on the type of crop. The Chinese firm did not make any environmental impact assessment, and pollution from the mine badly contaminated the environment (Swe Sit Naing 2015). Local people are protesting against unfair practices by the Chinese firm.

Management of border security is perhaps the most challenging aspect of Sino–Myanmar bilateral relations. The border area between the two countries is notorious for unlawful activities, such as drug trafficking, human trafficking, and other transnational crimes. There is an estab-

lished mechanism for the management of border security. While criminal cases are handled by police forces from both countries, there are some issues related directly to the military of the two countries, the PLA and the Tatmadaw. This measure is necessary because a number of major ethnic armed groups operate along the China–Myanmar border area. These include: the Kachin Independence Army (KIA), the UWSA, the Myanmar National Democratic Alliance Army (MNDAA), otherwise known as the Kokang Army, and the National Democratic Alliance Army (NDAA), otherwise known as the Mongla Army. In recent years, armed clashes between government forces and the KIA as well as the MNDAA have broken out in Kachin and Shan states. China was concerned with the escalation and internationalisation of the conflicts. The Myanmar government was suspicious of China’s involvement in these issues.

Meanwhile, the Myanmar government has started a ceasefire/peace negotiation process with other ethnic armed groups. The Myanmar government invited international third parties to assist with this process. Most importantly, Japan and some European nations are involved in Myanmar’s peace process. In June 2012, the Japanese government appointed the chairman of the Nippon Foundation (TNF), Yohei Sasakawa, as a “Goodwill Ambassador for the Welfare of the National Races in Myanmar”. It was mainly because President U Thein Sein and the National League for Democracy (NLD) chairperson, Daw Aung San Suu Kyi, asked Sasakawa to support ethnic minorities.⁸ The EU and Japan funded the Myanmar Peace Center with initial funds of 700,000 EUR and 1.21 million USD respectively (Myanmar Peace Center 2012). Meanwhile, China showed no interest in the Myanmar peace-making process. China began to get involved in the ceasefire/peace negotiation process only when armed clashes between government forces and the KIA escalated.

In June 2011, after 17 years of implementing the ceasefire agreement, there was a series of armed clashes between the government forces and the KIA. The conflict triggered Internally Displaced Persons (IDPs), which resulted in an international outcry. When the KIA called on China to be the referee in its negotiations with the central government following armed clashes with government forces in late 2012, China simply declined to do so. However, China changed its position when

8 On 6 January 2014 in Yangon, the Japanese ambassador and the chairman of the TNF announced that Tokyo will spend 96 million USD over the next five years to improve living standards, and to promote peace in ethnic minority areas.

the conflict escalated in December 2012 and early 2013, and began to take more serious steps to intervene in the ceasefire negotiation process between the Myanmar government and the KIA. Beijing sent Vice-Foreign Minister Fu Ying to Naypyitaw. During her meeting with President U Thein Sein on 19 January 2013, she expressed China's concern, and the desire to end the fighting along its border. At the same time, the Chinese deputy chief of staff of the PLA, Lieutenant General Qi Jianguo, arrived in Naypyitaw, officially for the first China–Myanmar strategic security consultation meeting, and delivered the same message to Commander-in-Chief Min Aung Hlaing on 20 January 2013. Min Aung Hlaing told his guest that military operations against the KIA had ceased since 19 January 2013, and he explained the situation in Kachin State (*New Light of Myanmar* 2013). At the meeting with his counterpart, Vice Senior General Soe Win, on 21 January, Qi Jianguo remarked that the

PLA hoped Myanmar may properly settle the issue of the ethnic Kachin group through peaceful means as well as safeguard the tranquillity along the China–Myanmar border area (*Xinhua* 2013).

By that time, China had decided to involve itself in the ceasefire/peace negotiation process between the Myanmar government and the KIA. China appeared to be quite worried that the conflict in Kachin State would become an international issue, and that outside power(s) would involve themselves in the process, as this would certainly affect Chinese national security. Thus, China arranged two rounds of talks in Ruili on 4 February and 11 March, and sent Mr. Luo Zhaohui, the former ambassador, and Mr. Wang Zongying from the Chinese Ministry of Foreign Affairs as observers.

On 11 March 2013, the Chinese Ministry of Foreign Affairs announced the appointment of Ambassador Wang Yingfan as a “special envoy for Asian affairs”. This was to further strengthen China's policy coordination and deeper involvement, and Mr. Wang's top priority was to engage with Myanmar and to deal with China–Myanmar Affairs (*China Daily online* 2013). An interesting point here is that this coincided with the time the Myanmar government was holding ceasefire talks with the KIA in Ruili, a town on the Chinese side of the border. Just two days later, after observing the peace negotiation in Ruili, Wang Yingfan appeared in Naypyitaw on 13 March, and the next day he met Vice-President Nyan Tun, with whom he discussed matters relating to the comprehensive strategic cooperation partnership and the peace process. He also held a series of meetings with the two speakers of Myanmar's Hluttaw, the deputy commander-in-chief of the Tatmadaw, and Deputy Foreign Min-

ister Thant Kyaw. In Yangon, Wang held roundtable discussions with representatives from political parties, including the National Democratic Front (NDF) and the NLD, think tanks, NGOs and the media “to collect ideas and suggestions from Myanmar societies on promoting bilateral relations and the Myanmar peace process” (Embassy of PRCh M 2013).

China continued to involve itself in ceasefire/peace negotiations. In a desperate attempt to prevent the Kachin conflict becoming an international issue, at the March round of talks between the government and the KIA, Wang Yingfan reportedly forced the participants to drop an article in the agreement that would allow inviting an international third party. The government and the KIA were both upset by this. In a clear display of displeasure, they refused to hold any subsequent talks on China’s soil and, thus, another round of talks was held in Myitkyina on 27 May 2013 without informing China; even so the Chinese embassy managed to send its political counsellor. As a compromise, China accepted the UN’s participation in the peace talks over the Kachin conflict. Therefore, China and the UN continued to attend peace talks strictly as observers. For example, during another round of peace talks between the government and the KIA on 13 May 2014, Ms. Mariann Hagen from the UN, Wang Yingfan, and some other ethnic armed groups attended as observers. When the draft nationwide ceasefire agreement was signed between the Union Peace-Making Work Committee (UPWC) and the Nationwide Ceasefire Coordination Team (NCCT) on 31 March 2015, Wang and the UN special envoy Vijay Nambiar’s secretary witnessed the signing of the document (*Xinhua* 2015a).⁹ Yet Naypyitaw is frustrated that Yunnan authorities are suspiciously involved in supporting the KIA by way of providing financial support in exchange for illegal logging and mining in Kachin State.¹⁰

The origin of the 2015 Kokang conflict can be traced back to 2009. In 2009, the SPDC government urged all ethnic armed groups that entered into ceasefire agreements with the government to transform into Border Guard Forces (BGFs) under the nominal command of the Tatmadaw. The Kokang ceasefire group, like some other groups, was

9 Neither Sasakawa, nor a Japanese government representative, was invited to the ceremony reportedly because of China’s displeasure; obviously the Japanese were unhappy about it. Therefore, a 12-member delegation, led by three ministers and a deputy attorney general, travelled to Tokyo in mid-April to make representations to the TNF and the Prime Minister’s Office.

10 In January 2015, over 100 Chinese (illegal) loggers were arrested by the Myanmar army in Kachin State.

against the government's policy of transforming it into a BGF, and resisted this move. Meanwhile, acting on information they received from Chinese authorities, the Tatmadaw attempted to search a facility believed to be an illegal arms factory, and launched an attack on the Kokang group in August 2009. This incident left an unknown number of dead and other casualties on both sides, and triggered an outflow of about 37,000 Kokang refugees into China. Some 700 Kokang troops loyal to Pheung Kya-Shin crossed into China, while 300 others joined a splinter group led by Bai Xuoqian. The Pheung loyalists were immediately disarmed by the Chinese authorities, and eventually disappeared. Pheung himself went into hiding. After the incident took place, China issued an unusual public statement, calling on the Myanmar government to "properly handle domestic problems and maintain stability in China–Myanmar border region and to protect the security and legal rights of Chinese citizens in Myanmar."

Five years later, Pheung Kya-Shin returned to the Kokang region with his fully-armed and freshly-regrouped troops. In an interview with the *Global Times*, a CPC-owned newspaper, on 20 December 2014, Pheung said that he and his son would lead a 1000-strong army to reclaim the Kokang region and its capital, Laukkai, and that they had support from other ethnic armed groups (Berger 2015: 2). Apparently a failure by their intelligence networks, the Tatmadaw troops in the Kokang region were unprepared, and they suffered heavy casualties. After the initial setback, the Tatmadaw assembled a massive display of firepower, including helicopter gunships, multirole fighter aircraft, and heavy artillery. China urged the Myanmar government and the Kokang rebels to resolve the dispute peacefully, yet the Tatmadaw was determined, and said that it "will not give in and is prepared to fight" (Aung Zaw 2015). On 21 February, Lieutenant General Mya Tun Oo told the press that "since this is an attack on part of our territory, the army will not yield to such an attempt" (Khin Maung Win 2015). While there was neither an accusation levelled against China in the Kokang conflict by the Myanmar government or the Tatmadaw, nor any indication of Chinese involvement, the Myanmar authorities were aware that Kokang troops occasionally stayed on Chinese soil. The authorities were also confused by Beijing's motivation to allow such a serious conflict to develop and escalate in the border area, given the following facts: Beijing was worried about any armed conflict near its border; it was believed to exercise considerable influence on the ethnic armed groups along the China–Myanmar border; and it did not want any armed conflict that could negatively affect its border security. Nevertheless, drawing on the

anti-China sentiment among the Myanmar people, the Tatmadaw received both support and sympathy across Myanmar.

There were a few occasions when stray bombs from Myanmar military aircraft and artillery shells landed on the Chinese side of the border, killing some villagers and cattle. At one stage, in April 2015, the Myanmar government sent its foreign minister, Wunna Maung Lwin, and Lieutenant General Aung Than Htut to Beijing to deliver an official apology to the PLA over a Myanmar warplane bombing that killed five Chinese citizens on 13 March 2015. Amid this tension, the PLA conducted a live firing military exercise near the conflict zone. During a sideline meeting with U Thein Sein at the ASEAN summit in Jakarta on 22 April 2015, Xi Jinping stressed that

China supports the efforts in politically solving the issue in northern Myanmar through peace talks, and hopes to see new progress in Myanmar's peace process as early as possible (Embassy of PRCh S 2015).

In his response, U Thein Sein said that

the Myanmar government is devoted to safeguarding peace and stability in northern Myanmar as well as the safety of people there, and will accelerate the reconstruction in northern Myanmar while pushing forward political dialogue (Embassy of PRCh S 2015).

The Kokang armed clash also exposed the deficiencies of Chinese weapons. It was also discovered that drones, or Unmanned Aerial Vehicles (UAVs), bought from China could not be operated in the border areas since firmware in the drones is programmed and locked in such a way that they cannot fly near the Chinese border. Meanwhile, there was a report that a Chinese major general allegedly helped the Kokang group with military strategy. According to the *South China Morning Post* (SCMP), Major General Huang Xing was allegedly involved in the Kokang incident, and was subsequently ousted by the Chinese government. The Chinese government had to deal with a delicate situation and faced a diplomatic challenge as there was a certain degree of support among Chinese nationals for the Kokang troops and their causes. On 16 February 2015, a few days after the incident, an editorial in the CPC's *Global Times* stated that

speculation that China will alter its policy toward Myanmar is a misinterpretation, which will mislead the citizens of Myanmar and China. The intimacy and sympathy that Chinese society holds toward the Kokang people are not decisive elements determining

Beijing's policy. A subversive change is unlikely to take place in Beijing's attitude toward Myanmar (*Global Times* 2015).

The Myanmar government and the Tatmadaw are suspicious of China's involvement in and support for the UWSA. It has been reported in the international media that the UWSA received Chinese arms and military hardware. Many in the Myanmar military suspect that weapons in the UWSA's arsenal are supplied by China. In its parades, the UWSA openly displays armoured carriers procured from China. The Myanmar government is disappointed by the lack of cooperation between the two governments on this issue. As a result, the Myanmar government perceives that China wants to keep supporting the UWSA to use as leverage against the government in Naypyitaw. When the Myanmar military learnt that Chinese border police had captured two truck-loads of weapons – carrying 661 assault rifles with 126,000 rounds of bullets, and about 300 40 mm rocket launchers and 1,000 rockets – just three miles from the Myanmar border on 15 December 2014, it asked the Chinese military attaché's office in Yangon for an explanation, but was only told that the matter was under investigation (*Myanma Alin* 2015).

Another issue in the management of border security was the arrest and prosecution of drug trafficker Sai Naw Kham in 2012. Sai Naw Kham and his drug trafficking gang – numbered in hundreds – operated in the Golden Triangle area, between Myanmar, Thailand, and Laos. In the early morning of 3 October 2011, Naw Kham and his gang hijacked two Chinese ships, killing all 13 crew members, and dumped their bodies in the Mekong River. The hijacking reportedly occurred in Myanmar waters. In late April 2012, Lao security forces captured Naw Kham and, despite the fact that he was a Shan native and Myanmar national, and that the crime had taken place in Myanmar waters, he was extradited to China in May. China put pressure on the Laotian government, who only allowed him brief informal consular access to Myanmar embassy staff in Vientiane during the night-time. Naw Kham was later sentenced to death, and the sentence was promptly carried out. This episode shows the Chinese government's assertiveness in border security issues.

China's Response towards Myanmar's Policy

In response to Myanmar's new approach towards China, the Chinese government has taken a number of measures. Throughout the time of the SLORC/SPDC rule (1988–2010), the Chinese government avoided meeting and establishing contacts with political parties and opposition politicians. Although the Chinese ambassador in Yangon was the first

foreign diplomat to congratulate the NLD on its landslide victory in the May 1990 elections, once China realised that the NLD was not going to take power, it did not take any further steps to associate with the NLD and its leaders, and steadfastly stood by its policy of supporting the military government. This policy came to an end soon after the newly-elected USDP government led by U Thein Sein came to power in 2011. Since the by-elections of 2012 in particular, China has followed a policy of dual-track diplomacy, and has engaged with political parties, civil society organisations, and so on. Moreover, the Chinese government has also engaged on a charm offensive of public diplomacy in Myanmar.

The dual-track diplomacy is not new for China. In fact, China has practised it towards Myanmar in the past. Throughout the Cold War era, China maintained government-to-government relations with the Myanmar government. At the same time, in the name of the CPC, it supported the Burma Communist Party, an unlawful organisation fighting a war against the authorities in Yangon, on the basis of party-to-party relations. However, since the late 1980s China abandoned its dual-track diplomacy towards Myanmar and anchored its diplomacy firmly on its relations with the government in Yangon, and now in Naypyitaw. Yet, the government-to-government relations between the two countries have steadily deteriorated since late 2011, especially after the suspension of the Myitsone dam project, the renegotiation of the Letpadaung copper mine project, and more importantly the cross-border spillover of armed conflict in the Kokang region in 2015.

On 22 May 2012, during the visit of a USDP delegation led by its secretary general, U Htay Oo, then Vice-President Xi Jinping told his guests that the CPC was interested in developing a stronger tie with the USDP. As the USDP was the ruling party, China did not need to be uncomfortable with the party-to-party relations. However, China was by now prepared to extend contact beyond that with the ruling party. Since early 2013, maybe earlier, China has carefully initiated party-to-party relations or dual-track diplomacy with other non-ruling parties in Myanmar. In April 2013, a delegation comprising 12 senior members from the All Mon Regional Democracy Party (AMRDP), the National Unity Party (NUP), the NDF, the Shan Nationality Democracy Party (SNDP) and the Rakhine Nationality Democracy Party (RNDP) visited China. Then, at the invitation of the CPC, a 12-member NLD delegation travelled to China for a ten-day visit on 8 May 2013, visiting Kunming, Dehong, Fuzhou and Beijing. The NLD's patron, U Tin Oo, told the press that the NLD delegation's visit to China would enhance the party-to-party relationship as well as people-to-people understanding, and that it would

also foster the development of Myanmar–China friendly relations, and exchanges between the two sides. The visit was significant since it was the first high profile visit by a major opposition party from Myanmar. Then in December, Htay Oo led a USDP delegation to China, and was received by a senior CPC official, Wang Qishan, on 6 December 2013. About the same time, at the invitation of the Chinese People's Institute of Foreign Affairs, Nyan Win, secretary of the central executive committee of the NLD, led a delegation to China.

China once again raised the idea of party-to-party relations between the CPC and parties in Myanmar, particularly with the USDP, when Thura Shwe Mann, speaker of Pyithu Hluttaw,¹¹ visited China in April 2014.¹² During their meeting on 11 April 2014, Xi Jinping reportedly told Shwe Mann that the

CPC is willing to enhance exchanges with the USDP to deepen exchanges on the experience of party administration and governance, to promote cooperation in training cadres, and to improve respective governing capability of the two parties (*Xinhua* 2014).

A year later, this idea was brought to fruition as the CPC invited Shwe Mann to be the chairman of the USDP.

There could be several reasons why China wanted to revive party-to-party relations or dual-track diplomacy with Myanmar, and particularly with the USDP. Firstly, by starting a party-to-party relationship with the USDP, it opened up a way for the CPC to establish similar relationships with other political parties in Myanmar, especially with the NLD led by Daw Aung San Suu Kyi. The party-to-party relationship with the NLD is particularly important since the party and its leader hold strong support among the Myanmar people (as well as from the international community) as indicated by the 2012 by-election results. Secondly, China might have sensed the tension between two figures in the USDP who are both presidential candidates in the 2015 elections – Shwe Mann representing the legislature and Thein Sein representing the government. Confining only to the government-to-government relations makes reaching out to important political figures within the USDP difficult. Thirdly, the party-to-party relations, even in the context of its relations with the USDP, allows China to maintain alternative channels of communication and influence outside the Myanmar government. Finally, the establish-

11 Pyithu Hluttaw (People's Assembly) – Lower House (Pyidaungsu Hluttaw is composed of Pyithu Hluttaw and Amyotha Hluttaw (Nationalities Assembly)).

12 It should be noted that in October 2013 and January 2014, the Chinese ambassador in Yangon had already hinted about inviting Aung San Suu Kyi to China.

ment of party-to-party relations with Myanmar appears to indicate that China is making an effort to correct miscalculations and mistakes in its previous relations with Myanmar.

Thura Shwe Mann, chairman of the USDP was invited by the CPC to visit China in April 2015. This represented the first high profile visit to China on the basis of party-to-party relations. Chinese President Xi Jinping received Shwe Mann on 27 April 2015, and he reportedly vowed “to facilitate stronger cooperation between the two countries and ruling parties” (*Xinhua* 2015b). Xi Jinping told Shwe Mann that both countries need “to treat China-Myanmar relations from a strategic and long-term perspective, maintain border peace and do more to help development and people’s well-being.” Moreover, “the Communist Party of China treasures its relations with the USDP,” Xi Jinping said, and urged, “both parties to maintain high-level contacts and personnel exchanges and share governance experience.”

The most important milestone in the dual-track diplomacy or party-to-party relations between Myanmar and China was the visit of Daw Aung San Suu Kyi in June 2015. In his interview with the *Global Times* on 21 October 2013, China’s ambassador to Myanmar, Yang Houlan, said that China would like to arrange a visit for Daw Aung San Suu Kyi to China at a convenient time for both sides (*Global Times* 2013). Then in January 2014, Yang Houlan stated that inviting Daw Aung San Suu Kyi to Beijing was just a matter of time due to her high-profile status. The Chinese ambassador was following the correct protocol. On 4 November, the NLD officially announced that Daw Aung San Suu Kyi would visit China in December 2014. Yet, the visit did not take place until June 2015, about six months later. The CPC announced its official invitation to her on 6 May 2015, and she and her delegation journeyed to China for a five-day trip from 10 to 14 June. Daw Aung San Suu Kyi was received in Beijing by Chinese dignitaries, including President Xi Jinping and Premier Li Keqiang. In his role as secretary general of the CPC, Xi Jinping received Daw Aung San Suu Kyi on 11 June in the Great Hall of the People in Beijing. Xi called on Daw Aung San Suu Kyi and the NLD

to play a constructive role in guiding the Myanmar people regarding their view on China-Myanmar cooperation in an unbiased and rational way, and to instil more positive energy into the bilateral ties (*Xinhua* 2015c).

Perhaps, Xi believed that NLD supporters were among those protesting against Chinese strategic interests in Myanmar. In addition, Xi reportedly said that “China and Myanmar have become a community of common interests and a common destiny, sharing weal and woe” (*Xinhua* 2015c).

A key message in Xi's conversation with Suu Kyi was that "China always treats the China-Myanmar relationship from a strategic and long-term perspective." Xi has referred to a "strategic partnership" whenever he has met Myanmar leaders lately, yet he realises that the partnership has not met Chinese expectations.

Anyway, the visit is testimony to the fact that both Daw Aung San Suu Kyi, representing the NLD, and the Chinese government are pragmatic and willing to deepen mutual understanding. Beijing appears to view Daw Aung San Suu Kyi as a key figure in realising its strategic partnership with Myanmar, particularly in the context of changing its domestic political landscape. Beijing's reliance on the Thein Sein government to protect and advance its strategic interests no longer points to a desirable outcome. The Chinese leadership might be worried about further loss of its influence in Myanmar, and Daw Aung San Suu Kyi may provide the key for China to reclaim it. Besides, Beijing is aware that Daw Aung San Suu Kyi is instrumental in China's geopolitical competition with the United States, especially if the NLD becomes a governing party. It seems that China has carefully crafted its dual-track diplomacy (or party-to-party relations) so that it does not undermine or jeopardise its relations with the military-backed government or other state institutions that have strong stakes in the Myanmar political process while, at the same time, Beijing needs to make sure that it has other avenues to protect and advance its strategic interest in the country.

China understands that it seriously needs the charm offensive in Myanmar in order to cope with the changing domestic political climate and foreign policy orientation of the government. Knowing that there is strong anti-China sentiment growing among local people, China should engage in public diplomacy. At the official level, the Chinese government, through its embassy in Yangon, interacts with local people, including NGOs and the media. Ambassador Yang Houlan, who arrived in Yangon on 20 March 2013, has been very active in public diplomacy. The embassy maintains a website and a Facebook page, which are regularly updated. Interaction through social media is especially important. The ambassador gives press interviews from time to time, and meets representatives of NGOs, political parties, and activist groups. The Chinese embassy in Yangon even donated 1 million MMK (about 1,000 USD) to the NLD National Health Network on 6 April 2013.

Chinese business firms have also begun to pay more attention to corporate social responsibility (CSR) and to engage in public relations exercises. The CNPC also established a Pipeline Friendship Association in Myanmar to deal with local grievances, and to address issues concern-

ing the oil and gas pipeline. In some cases, Chinese enterprises have agreed to pay additional compensation for the loss of property to the local people. They carry out social welfare activities and do philanthropic works. They have built schools and dispensaries for villages. However, these public relations exercises are just a small token given the fact that there are many more Chinese firms and individuals creating negative images of China and Chinese business activities, such as illegal logging in Kachin State, unfair and unethical commercial practices, and so on. The distrust and negative attitude towards China and the Chinese persists among the Myanmar people.

Conclusion

When the newly elected constitutional government led by President Thein Sein came to power in March 2011, China appeared to have made a “strategic misjudgment” in relation to Myanmar, and it “was not prepared for the major political shift in Myanmar” (Sun 2012a: 58). The Myanmar policy circle (resp. people responsible for China’s Myanmar policy) in China did not believe that the USDP government would make fundamental changes in domestic politics, and China underestimated the willingness of Myanmar leaders to embrace the fact that a democratic momentum existed in the country (Sun 2012b: 74). For Beijing, the new Myanmar government was simply old wine in a new bottle, and nothing would be substantially different from the previous military regime. The Chinese government hoped that it could continue to exercise its ‘presumed’ influence over the new government. However, when Thein Sein announced that his government had decided to suspend construction of the controversial Myitsone dam in response to and in accordance with the wishes of the Myanmar people, the Chinese government was shocked in disbelief. China also failed to read signals from the Myanmar government that it was quite prepared to go ahead with the rapprochement with the United States in order to reintegrate Myanmar into international community. The new government is desperate to break free of prolonged international isolation and over-dependence on China, and to reduce China’s presumed influence and interference in Myanmar affairs. It also seriously wants to develop the country and to make Myanmar acceptable to the international community. Obviously, Myanmar’s new approach towards China is a policy challenge for China, and poses a dilemma on the issue of how to maintain its leverage on Myanmar.

The Myanmar government appears to understand that, even if it wants to distance itself from Beijing and reintegrate with the internation-

al community, without Washington's acceptance it will be difficult or even impossible to realise that dream. At the same time, it also understands that the rapprochement with the United States requires political reforms at home and foreign policy realignment, particularly in the context of the US-China strategic competition in the Indo-Pacific region, and specifically over Myanmar. During his meeting with the US secretary of state on 26 September 2012, Thein Sein assured "his dedication to a democratic transition" in Myanmar, and described "the US's recognition as a shot in the arm for Naypyitaw to continue on its chosen path" (*New Light of Myanmar* 2012a). Therefore, rapprochement with Washington has appeared to be a key determinant in Myanmar's China policy since 2011. Domestic factors, such as growing anti-China sentiment and a growing concern with China's influence or interference in Myanmar, are also equally important in influencing Myanmar's China policy; yet they will only carry more weight when Naypyitaw's relations with Washington improve.

Myanmar's China policy shift, in terms of direction, is by no means to seek to be independent of China, but rather for there to be a mutual interdependence between the two countries. It is in the interest of the Myanmar government not to jeopardise its relations with her northern neighbour. Reintegration within the international community is not necessarily to China's disadvantage. Up until now, there is no indication that the Myanmar government views China as a threat, although it rightly understands that it poses a serious security challenge. Of course, as ever, the Myanmar government (or its leadership) holds a wary and distrustful attitude towards China. The Myanmar government realises that the strategic asymmetry between Myanmar and China is unlikely to disappear, and it is pragmatic for Myanmar to seek security with China rather than go against it. Moreover, from the perception of Myanmar's security, as long as Myanmar does not undermine the fundamental strategic interests of China in Myanmar, it is likely that China will tolerate its foreign policy realignment. As Xi Jinping stressed during his meeting with Thein Sein in Jakarta on 22 April 2015, China would view "China-Myanmar relations from a strategic and long-term perspective" (Embassy of PRCh S 2015). Without doubt, a "comprehensive strategic cooperative partnership" between the two countries will remain on the agenda. There are mutual interests in this partnership. Both countries have an interest in maintaining security and stability along the border. Both are commercially linked. Therefore, both Beijing and Naypyitaw need to carefully cultivate and nurture their bilateral relations so that their partnership is mutually beneficial.

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