

**Transitional Relation of China and Myanmar:  
A New Economic Geography Approach to Mandalay-Ruili Road Connection**

*Nattapon Tantrakoonsab, Chulalongkorn University*

**Introduction**

This article explores the function of a transnational road in China-Myanmar relations from a perspective that reflects on Myanmar's experience. It makes two key points. Firstly, Myanmar's dependent relationship with China is illuminated if one applies a New Economic Geography perspective to economic processes. Secondly, these processes did not lead to a permanent dependency structure through which China assumed the dominant position; the structure is changeable, subject to action by Myanmar. The latter point indicates that China's influence is greatly contested by the smaller country, and that the interaction of economic and political factors impact on the Myanmar-China relationship, particularly at local sites. This article focuses on economic activities at the city level, in order to assess advantages and disadvantages of the relationship. The cities that were chosen as the units of analysis are Ruili and Mandalay. As the cities are situated on the main road connecting Myanmar to China, the relationship is quite intense. This article explores the key characteristics of this economic relation via the road, focusing on the connectivity of Mandalay and Ruili. This article will focus on the processes of industrial relocation in Ruili and Mandalay to assess benefits Myanmar gains from the bilateral relationship. Using a New Economic Geography approach associated with the work of Krugman<sup>1</sup>, a core-periphery pattern was applied as the theoretical framework to explain industrial relocation and agglomeration. Consequently, the analysis focuses on spatial relations and factors that form the relational structure. In addition, this article also highlights the political and economic transitions in Myanmar since 2010 that led to change in the relational structure. It also draws on fieldwork, which is used to illustrate how connectivity has impacted Mandalay and northern Myanmar.

Application of the New Economic Geography approach in this article reveals that the Mandalay-Ruili Road facilitated the construction of a core-periphery pattern. Border openings along with construction of the road led to reduced transportation costs, which led to increased trade passing through the 2 cities. A key trading pattern emerged: Raw materials from Myanmar, especially jade and wood, were directly supplied to industries in Ruili where industrial agglomeration emerged. By agglomeration is meant a clustering of similar and related firms. At the same time, Mandalay and northern-Myanmar increased agricultural production to supply growing demand from China. The road played a role in the process by which Ruili was transformed into an industrialized core and Mandalay became an agricultural periphery.

However, this article argues that the core-periphery pattern is not static. Indeed, it will show how important policy changes emanating from Myanmar after 2010 impacted the relational structure. Border tension sparkers are the provision in the 2008 constitution that ethnic armies have to assimilate to the national army. As a consequence, cross border trade

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<sup>1</sup> Behrens, K., & Robert-Nicoud, F. (2009). Krugman's Papers in Regional Science: The 100 dollar bill on the sidewalk is gone and the 2008 Nobel Prize well-deserved. *Regional Science*, 88(2), 467-489.

experienced ebbs and flows. Moreover, from 2013 the government introduced a new policy that limits lock extraction and prohibits of lock export. Both policies have created risk for the wood and jade processing industries in Ruili that depend on raw material from Myanmar. Finally, the implementation of the polar growth strategy guideline since 2011 may boost economic growth and industrial agglomeration in Mandalay. Together, the three policies may herald a transformation of the core-periphery pattern, with industrial decline in Ruili and industrial agglomeration in Mandalay.

The impact of Myanmar's policy responses to Chinese economic penetration suggests that the expansion of China's influence in economic terms does not always translate into the capacity to shape Myanmarese policy towards its own ends. By studying such an important example as the Mandalay-Ruili Road, it becomes possible to see that arguments about economic dependency are often overstated or at least not sufficiently qualified. Equally important, the attention given to Myanmar's agency in this article highlights that a smaller country like Myanmar can impact the dynamics of core-periphery relations.

### **Overview of Road on China-Myanmar Relations**

China-Myanmar relations rapidly expanded in the early 1990s, largely as a result of Myanmar being isolated by Western sanctions after 1988. Myanmar thus had to resort to reliance on China, especially for economic assistance and to act as guarantor for its sovereignty in the international political arena. In return for China's favors, Myanmar had to increasingly open its economy to the latter through the development of transport networks that were undertaken by the Chinese. As a consequence, as Steinberg and Fan note, *"economic interests have become a prime consideration of Beijing's policy towards Myanmar and have become interlinked with Beijing's longer term security interests."*<sup>2</sup>

It was in this context that the border of the two countries was opened for formal economic interactions. The main priority for Beijing since the announcement of the "West Development Strategy" in 2000 is China's south-western region development, and a key aim was to develop cross border links that would fuel economic development. China has indeed accelerated the development of road networks to link the two countries. The "Yunnan International passage" which links Myanmar and China starts at Guizhou then proceeds through Sheng Jingguan-Qujing-Kunming-Dali-Baoshan and Ruili at the Myanmar border. This inner passage continues outer from Ruili to Yangon via Mandalay. The inner road from Kunming to Ruili has been built section by section since 2004 and was completed in 2012.<sup>3</sup> The road from Ruili to Mandalay was improved by a private company in 1998.<sup>4</sup> With the rapid rise in China's foreign trade, bilateral economic relation and cooperation between the two countries have expanded accordingly, leading to the improvement of the Mandalay-Ruili route, which services that trade. The Ruili border check point is the most active area for trade

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<sup>2</sup> Steinberg, D. I., & Fan, H. (2012). **Modern China-Myanmar relations: dilemmas of mutual dependence.** NIAS press, p.208.

<sup>3</sup> Fan, H. (2011). China's "Look South": China-Myanmar Transport Corridor. **Ritsumeikan International Affairs**, 10, 43-66.

<sup>4</sup> Kudo, T. (2013). Myanmar's Border Trade with China: Roads, Gates, and Peace. In Ishida, M. (Ed.). (2013). **Border economies in the greater Mekong sub-region.** Palgrave Macmillan UK, pp. 279-295.

between China and Myanmar. For Myanmar the importance of trade through this area is immense, accounting for 65% of total border trades value of Myanmar.<sup>5</sup>

The expansion of transportation routes is often regarded as an important factor facilitating the extension of China's engagement to various countries. Writing a decade ago, Garver understood that these new lines of transportation would be bearers of China's influence. In this sense, the better roads would bring Chinese goods, businesspeople, investment, and cultural influences. Trade flows and interdependencies would develop. Chinese manufactured goods would occupy a growing market share, while distant natural resources would be increasingly plugged into China's industries.<sup>6</sup> Furthermore, Holslug argued that the expansion of international transportation routes was driven by China's fear of losing influence to other powers and the desire to pursue economic interest. It also appeared that China as the strongest player would be best positioned to use these channels to its own advantage. A regional transportation network was seen as an important contribution to China's economic leadership in Asia, helping China to diversify its supply lines, penetrate consumer markets, and counterbalance other powers' attempts to project economic influence.<sup>7</sup>

Studies by Garver and Holslug about the expansion of China's transportation routes tend to portray China's engagement with its neighbors from the perspective of an overriding "China influence". This Sino-centric perspective tends to focus on China's interests and actions, while giving less focus to China's interlocutors. Of course, more recently such ambitions have mushroomed in the One Belt, One Road policy (OBOR). Xiaoyu Pu argues that OBOR is China's new geo-economic strategy that tries to create "*a new, China-led economic, diplomatic, and security system*" However, the strategy will face many challenges. One thing is regional backlash from increasingly worried states about the political implication of OBOR strategy for their own sovereignty and economy.<sup>8</sup> While the OBOR strategy is not the focus of this article, case studies such as the one presented here, will help form a picture of the transnational economic consequences of Chinese ambitions and of course the challenge from neighboring countries like Myanmar.

In the case of Myanmar, authors such as Kudo argued that Myanmar's economy depended on China's engagement. China has provided economic cooperation in the areas of infrastructure, energy and state-owned economic enterprises. Nevertheless, Myanmar's trade with China has failed to have a substantial impact on its broad-based economic and industrial growth. Rather the relationship is marked by extraction rather than sustainability. More specifically, Chinese firms have exploited natural resources in Myanmar excessively without considering environmental sustainability. Thus, Kudo was concerned that short term benefits from trading with China may in the long run harm Myanmar's development.<sup>9</sup>

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<sup>5</sup> Nuchpam, T. (2010). **Study on Cross Border Economic and Social Transformation in The Greater Mekong Sub-region (GMS): Impacts and Implications**. Institute of Asian Studies, Chulalongkorn University.

<sup>6</sup> Garver, J. W. (2006). Development of China's overland transportation links with Central, South-west and South Asia. **The China Quarterly**, 185, 1-22. p. 2.

<sup>7</sup> Holslug, J. (2010). China's roads to influence. **Asian Survey**, 50(4), 641-662.

<sup>8</sup> Pu, X. (2015). One Belt, One Road: Visions and Challenges of China's Geoeconomic Strategy. **中國大陸研究** (Journal of Mainland China Studies) 第59卷 第3期 民國105年9月

<sup>9</sup> Kudo, T., (2006). Myanmar's Economic Relations with China: Can China Support the Myanmar Economy?. **IDE Discussion Paper**. No. 66.

Furthering the theme of dependency, Chinese engagement via the road has been perceived as a potential threat. An early study by Mya Maung analyzed and evaluated the socioeconomic impact of China's access to Myanmar from 1988. He emphasized the opening of the Sino-Burmese border, the settlement of ethnic Chinese in Mandalay, the flooding of local markets with Chinese goods and the opening of modern high-rise buildings owned and operated by ethnic Chinese and Yunnanese merchants that had caused the relocation of Mandalayans and the subjugation of Buddhist monks. For him, the result was the erosion of the traditional Burmese Buddhist cultural life in Mandalay transforming it into the center of drug and jade trafficking. Mya Maung argued that the changes represented a form of Chinese colonization of Mandalay and northern Myanmar. He wrote that *"the Chinese takeover of Mandalay and northern Burma replicates the economic consequences of the British colonization of Burma, which included a massive importation of Indian and, to a lesser degree, Chinese manpower and capital"*<sup>10</sup> In a more recent study Min Zin also confirms that *"since at least the mid 1980s, there has been an observable negative attitude among the people of Burma against the Chinese. Such sentiment is not just transient public opinion, but an attitude."* Such sentiment, he explained, is caused by massive Chinese migration, aggressive purchasing of real estate and the resulting rise in living costs and fears of cultural intrusion. Min Zin added that the political liberalization since the 2010 election has allowed the circulation via local media of anti-Chinese attitudes throughout the country.<sup>11</sup>

The negative perception of China's influence as a form of colonization, or the creation of dependency is also evident in attitudes towards China's transportation routes. These kinds of attitudes are not only present on the streets of Mandalay but appear in the work of major scholars analyzing the interaction of China and neighboring countries through a framework conceptualized by Goh as the "Modes of China's influence". Using the case of South East Asia, she argues that China has converted its power resources into influence over its southern neighbors' decision making that lead to outcomes favorable to China. She proposes a new framework for analyzing China's influence. Three key modes of influence are proposed. The first one is "preference multiplying" that aims *"to exploit structural position for mutual benefit using policies to generate deliberate collective outcomes"*. The second one is "persuasion" that aims *"to tell the better story, to assure and convince"*. The last one is the "ability to prevail" that aims *"to ensure that self-interest and preferences are protected by altering other actors' preferences and behavior"*.<sup>12</sup>

Goh's conceptualization is excellent in showing the range of strategies by which China exercises its influence and how it gains from regional interactions. However, the China centric view is insufficient to explain local reaction or adaptation of the neighboring countries that play an important part in structuring the relationship. This depreciation of smaller countries' role is an important weakness of the framework that focuses on China's strategies, making it ineffective to explain the phenomenon considered in this article. For example, the framework does not explain why the spread of negative attitudes towards China in Myanmar

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<sup>10</sup> Maung, M. (1994). On the road to Mandalay: a case study of the Sinonization of Upper Burma. **Asian Survey**, 34(5), 447-459.

<sup>11</sup> Zin, M. (2012). Burmese attitude toward Chinese: portrayal of the Chinese in contemporary cultural and media works. **Journal of Current Southeast Asian Affairs**, 31(1), 115-131.

<sup>12</sup> Goh, E. (2014). The modes of China's influence. **Asian Survey**, 54(5), 825-848.

does not negatively affect economic relations; the trade volume continues to increase. In addition, if the relationship is all one way, to the benefit of China, why would it endure? Does Myanmar have the capacity to turn this relationship to its benefit?

The purpose of this article is to move beyond the theme of dependency and the perception of a China threat that circulates in both academic and Mandalayan society. Indeed those perceptions have to be re-evaluated. A greater understanding of the bilateral economic relations will be forthcoming by focusing on the agency and benefits from the Myanmar perspective. That is the purpose of this article.

### **New Economic Geography and the assumption of spatial inequality relation**

In order to clarify economic relations between China and Myanmar, New Economic Geography (NEG) is applied as the theoretical framework in this paper. Mandalay and Ruili, Myanmar and Chinese cities respectively, were chosen as a unit of analysis in that they form an agglomeration that is a central observation of NEG. The approach is used to explain the economic relation between these two cities. The purpose is to illuminate aspects of economic development that are not simply products of dependency but reflect significant policy interests of Myanmar which shape the characteristics of the bilateral relationship

The New Economic Geography approach focuses on spatial distribution of populations and processes of development that reflect spatial relations of production and consumption characteristics. In this approach, an important character of the space is the formation of a large variety of economic agglomerations. In other words, explaining the emergence of large agglomerations in geographical space is the defining issue of new economic geography. The agglomeration can be found in the emergence of industrial districts and even the formation of cities.<sup>13</sup>

The agglomeration is dynamic and even cannibalistic. It tends to remove some economic activities from one space to agglomerate in another. So, extensions of this approach provide a number of further insights concerning not only the existence of cities, but the presence of regional and international inequalities.<sup>14</sup> As Fujita and Thisse observed that “*in the era of globalization economic activities are distributed very unequally across location, regions and countries generating contour lines that vary with time and place.*”<sup>15</sup>

The dominant factor causing inequality of location is the decreasing of transport cost. Krugman and Venables reflect that when transportation costs are sufficiently low an inequality of rich and poor regions will occur depending on the the location of manufactures.<sup>16</sup> Transport cost plays a role by making economic activities more footloose, it especially makes firm more sensitive to minor differences between location. Fujita and

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<sup>13</sup> Fujita, M., & Krugman, P. (2004). The new economic geography: Past, present and the future. **Papers in regional science**, 83(1), 139-164.

<sup>14</sup> AJ, Venables (2008). New economic geography. in Durlauf, S. N., & Blume, L. (Eds.). (2008). **The new Palgrave dictionary of economics** (Vol. 6, pp. 631-34). Basingstoke: Palgrave Macmillan.

<sup>15</sup> Fujita, M., & Thisse, J. F. (2013). **Economics of agglomeration: cities, industrial location, and globalization**. Cambridge university press, p.1

<sup>16</sup> Krugman, P., & Venables, A. J. (1995). Globalization and the Inequality of Nations. **The quarterly journal of economics**, 110(4), 857-880.

Thisse stress that transport costs that make “a tiny difference across places may have a big impact on the spatial distribution of economic activities”.<sup>17</sup>

Krugman illustrates by use of his Core-Periphery Model, which became the basis paradigm of NEG<sup>18</sup>, that when transport costs decrease until below a critical value, the relational structure between two regions will change. One region can endogenously become differentiated into an industrialized “core” and the other will become an agricultural “periphery”. The reason is that the manufacturing firms tend to locate in the region with larger demand, in order to realize scale economies while minimizing transport costs. The factor mobility such as capital, raw material and worker also become concentrated in the industrialized core. Firms benefit from the availability of both cheap and skilled worker and also with a growing workforce consumer demand also increases in that region. Therefore, the cost of production will decrease by this economics of agglomeration and “increasing returns to scale” can be possible. At the same time, the region with lesser demand that lost factor mobility but remain immobile factor especially land became agricultural periphery region.<sup>19</sup>

It should now be apparent that this article sees the Mandalay and Ruili route primarily through the prism of transport cost and its implications, as theorized by NEG. In answering how the economic relation between two cities developed on the road, a greater understanding of the structure of relationship is possible. It should be noted that the road here is conceived as transport cost, which would be defined broadly to include all impediments to trade and movements. Spulber mentioned that this includes not only transport costs but also time costs, transaction costs and tariff costs.<sup>20</sup>

However, Krugman also suggests that “the possible evolution of geographical structure in the real world has more complexity to it than one might have supposed.”<sup>21</sup> The Model has explanatory limits because the real situation is not captured assumptions of model. There are only 2 cities, 2 types of sector (manufacturing and agriculture) and 2 types of labour (worker and farmer). Despite this qualification, this article applies the model to explain the economic relation of Ruili and Mandalay in the network of the cities surrounding, but also contextualizes the formal model by looking at how policies have impacted the relation.

## **Spatial economic structure of China-Myanmar relation via the road**

### ***Increasing trade***

The trade relation between Mandalay and Ruili has rapidly developed since the border opened in 1988. The Myanmar government has liberalized its trade policy and lifted the

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<sup>17</sup> Fujita, M., & Thisse, J. F. (2013). **Economics of agglomeration: cities, industrial location, and globalization**. Cambridge university press, pp.1-5.

<sup>18</sup> Currie, M., & Kubin, I. (2006). Chaos in the core-periphery model. **Journal of Economic Behavior & Organization**, 60(2), 252-275.

<sup>19</sup> Paul, K. (1991). Increasing returns and economic geography. **Journal of Political Economy**, 99(11), 483-499.

<sup>20</sup> Spulber, D. F. (2007). *Global competitive strategy*. Cambridge University Press. Cited in Fujita, M., & Thisse, J. F. (2013). **Economics of agglomeration: cities, industrial location, and globalization**. Cambridge university press, pp.5-6

<sup>21</sup> Fujita, M., & Krugman, P. (2004). The new economic geography: Past, present and the future. **Regional Science**, 83(1), 139-164. □

restrictions on trading by the private sector. Thus, the volume of trade has greatly increased. In 2005 the volume of trade is 422.83 US\$ million that is around 4 time of the volume in 1992. The Myanmar-Yunnan border trade accounts for about 55% of the total trade value of the overall Sino-Myanmar trade; over 80% of Myanmar exports to China and about 40% of Myanmar imports from China are through the border trade.<sup>22</sup>

At present, Ruili, bordering the Myanmar town of Muse is in terms of trade with a neighboring country the largest land port in China. It has 6 formal passageways and 21 informal ones with Myanmar.<sup>23</sup> In 1992, China's central government also established border economic co-operation zones for the development of trade and export processing in border regions. The Ruili Border Economic Co-operation Zone has played an active role in the development of economic and trade relations between China and Myanmar.<sup>24</sup> Muse remained underdeveloped compared with Ruili but the government aimed to develop Muse to be "the biggest border trade zone in the country" by 2018. The project will include commercial zones, condominiums, office towers, a jade market for finished products, 300 luxury villas, three hotels, supermarkets, police and fire stations, and a Shan "ethnic village" as tourism destination.<sup>25</sup> Furthermore, the road between two cities was paved and expanded to accommodate the larger trucks in 1998.<sup>26</sup> In addition, Kubo points out that transaction costs at the border are relatively low compared with those in other channels because the weak law enforcement which allows traders to save the time and costs for compliance with formal procedures.<sup>27</sup>

These complementary conditions of infrastructure and low transaction cost enabled the road to be the main route of trade between two countries. The road, 387 kilometers long from Ruili to Mandalay, is a comfortable channel for trade between Myanmar and China. The value of trade via Ruili port reveals the importance of the road. Kudo estimated that about half of Myanmar's exports and more than 30% of its imports are transacted through border trade. Border trade with China recently account for about 70% of Myanmar's total border trade. In 2006, Ruili port shared 65.4% of Myanmar's total border trade. For China, Myanmar is the largest trading partner of Yunnan Province. In 2008, it accounted for around 40% of Yunnan's export and 32% of its import.<sup>28</sup> The scale is massive.

The kind of goods that trade in the route has reflected the kind of economic relation between the two cities and countries, respectively. Almost all exports from Myanmar are raw materials. In 2010 the major commodities were wood, precious stones, mineral products and

<sup>22</sup> Myoe, M. A. (2007). Sino-Myanmar economic relations since 1988. **Working Paper Series No. 86, Asia Research Institute**, National University of Singapore.

<sup>23</sup> Nuchpam, T. (2010). **Study on Cross Border Economic and Social Transformation in Tha Greater Mekong Sub-region (GMS): Impacts and Implications**. Institute of Asian Studies, Chulalongkorn University.

<sup>24</sup> Xie Fang and Yin Ran (2010). Jiegao: the first special economic zone on the inland border. **China Daily**, [http://www.chinadaily.com.cn/m/dehong/2010-10/18/content\\_11425333.htm](http://www.chinadaily.com.cn/m/dehong/2010-10/18/content_11425333.htm)

<sup>25</sup> Hamond, C. (2016). Restive border town of Muse to be recast as commercial center. **Nikkei Asian Review**, <http://asia.nikkei.com/Politics-Economy/Economy/Restive-border-town-of-Muse-to-be-recast-as-commercial-center?page=1>

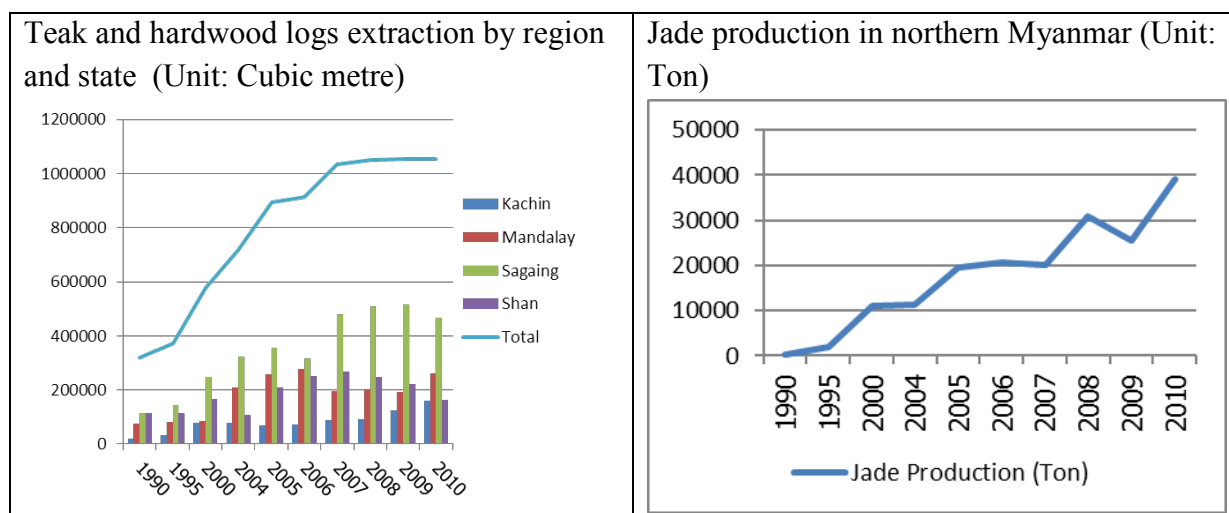
<sup>26</sup> Kudo, T. (2013). Myanmar's Border Trade with China: Roads, Gates, and Peace. In Ishida, M. (Ed.). (2013). **Border economies in the greater Mekong sub-region**. Palgrave Macmillan UK, pp. 279-295.

<sup>27</sup> Kubo, K. (2016). Myanmar's cross-border trade with China: beyond informal trade. **IDE Discussion Paper**. No. 625, Institute of Developing Economies, JETRO.

<sup>28</sup> Kudo, T. (2013). Myanmar's Border Trade with China: Roads, Gates, and Peace. In Ishida, M. (Ed.). (2013). **Border economies in the greater Mekong sub-region**. Palgrave Macmillan UK, pp. 279-295.

vegetable that occupied around 80% of total export to China.<sup>29</sup> The important commodities exports from Myanmar via the road were wood, jade and agricultural product. According to Chinese customs statistics, during 2003 96% of China's imports of logs and sawn wood from Myanmar entered China's Kunming customs district overland.<sup>30</sup> For jade trade, around 50-80% of jade stone in Myanmar was smuggled through the border.<sup>31</sup> The data in Figure 1 shows the increased wood extraction and jade production in Myanmar that ends up being traded across the border.

Figure 1 Production of log and jade in northern Myanmar, 1990-2010



Source: Central Statistical Organization, Myanmar, 2017.

Interviews with the businesspeople affiliated with Mandalay Federation of Chambers of Commerce and Industry (MDCCI), in 2015, corroborated that China has been a major destination for exports from Mandalay and all of Myanmar's northern areas. This is a strong perception among entrepreneurs, and China figures as the key destination of trade. Trade statistics show that apart from wood and jade Mandalay's exports consist of agricultural products, such as peanuts, corn, and fruits such as water melons. Almost all of the exported products of Mandalay are exported to China, and the distribution of these products principally relies on Chinese agents who come to Myanmar to collect them for export through the Chinese border. They estimated that nearly 80 % of products such as peanuts and cereals of various types are exported to China, the rest being exported to other countries or locally consumed. The interviewees, with an eye to the future, also reflected that the Chinese market is able to absorb more as Chinese demand remains strong.<sup>32</sup>

Meanwhile, the import's commodities from China via the road consist of manufacturing products in almost all categories, including furniture, fertilizer, agricultural

<sup>29</sup> Mizuno, A. (2016). Economic Relations between Myanmar and China. In Odaka, Konosuke (Ed.) (2016).

**The Myanmar Economy: Its Past, Present and Prospects.** Springer Japan, pp. 195-224.

<sup>30</sup> Sun, X., Katsigris, E., & White, A. (2004). **China and forest trade in the Asia-Pacific region: implications for forests and livelihoods.** Department for International Development, UK.

<sup>31</sup> Global Witness. (2015). **Jade: Myanmar's Big State Secret.** London: Global Witness, p.36.

<sup>32</sup> Interviews, Representative from MDCCI, 1 February 2015.



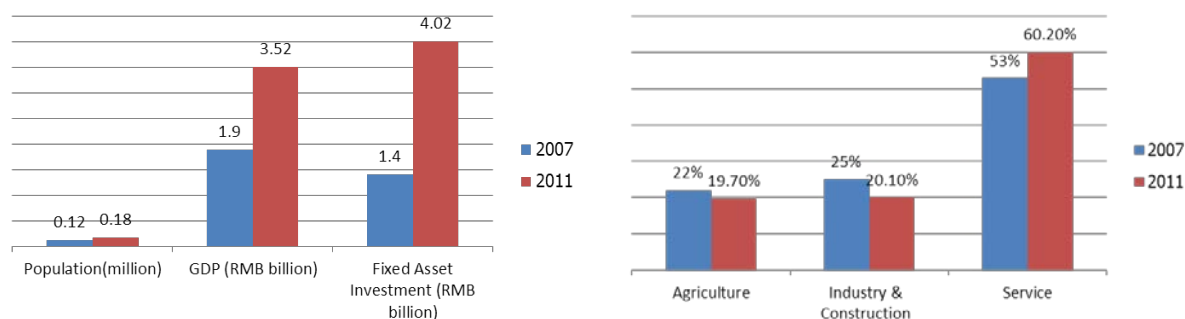
machinery, motorcycles, foods, drinks, medicine, medical instrument, construction instruments, garments, etc. As pointed out above, virtually all types of Chinese products are available; it is mostly the Myanmarese merchant who brings these products from the Chinese border and distributes them to other towns. Motorcycles are the only products for which the Chinese have their own sale outlets; or, alternatively, they may operate motorcycle shops under the names of Myanmarese. Interviewees noted however, that there are only a small number of businesses of this latter type.<sup>33</sup>

This trading relation facilitated by the decreasing transport cost resulting from the transnational road shows that the special relation started to develop when raw materials from Myanmar side flowed to China because of heavy demand. At the same time, Mandalay the main destination of goods from China emerged as a consumer. In this relationship, Ruili functions as a logistics center for both China and Myanmar, as around 80 % of goods imported from Ruili are sold to other provinces, and 80 % of goods exported from Ruili come from other provinces.<sup>34</sup>

### ***Industrialized Ruili and effect on Mandalay***

The dramatically increased flow of commodities between the 2 cities has caused Ruili to rapidly change. Since the opening of the border, Ruili has been considered a port city for international trade. Business leaders from the well-developed provinces of Zhejiang and Fujian invested in the city, and soon the small city was enlarged. Ruili has established trade and relations not only with 23 provinces on the Chinese mainland, but also with Taiwan, Hong Kong, Myanmar, Thailand and Singapore. Dehong government on Aug 28, 2000, implemented a special policy tailored to creating a “Special Export Processing Zone” policy. The processing zone is 1.92 square kilometers in size with the major function of trade, machining, storage and tourism in Jiegao. All goods in the processing zone are duty-free.<sup>35</sup> In 2011, Ruili’s population increased to 0.18 million, up 150% from 2007. GDP was 3.52 RMB billion, almost double that of 2007. Fixed asset investment was 4.2 RMB billion, a whopping 287% increase from 2007.

Figure 2 Some Ruili economic indicators in 2007 and 2011  
Population, GDP and Investment      GDP Composition



Source: HKTDRC Research Centre, 2017.

<sup>33</sup> Ibid.

<sup>34</sup> Xie Fang and Yin Ran. Jiegao: the first special economic zone on the inland border. **China Daily**, [http://www.chinadaily.com.cn/m/dehong/2010-10/18/content\\_11425333.htm](http://www.chinadaily.com.cn/m/dehong/2010-10/18/content_11425333.htm)

<sup>35</sup> Ibid.

The growth of the city results not only from increasing trade, but also industrial agglomeration. The industrial developments in Ruili are associated with its imported commodities. Logging and primary processing are highly concentrated on the Yunnan side of the Yunnan-Myanmar border. The total number of logging companies and intermediaries in border towns is unclear; many are not registered and are highly mobile. Report from Department for International Development reveal that the number of sawmills along the border that process Myanmar logs is probably between 800 and 950. A majority of Yunnan's log imports from Myanmar undergo processing into sawn wood at the border in China side and are shipped to Dali and then on to Kunming, or often directly to Kunming. Kunming serves as an intermediary processing, wholesale and retail hub for Myanmar sawn wood, and some round wood. Increasingly, however, Kunming is instead an intermodal transit point between the Yunnan-Myanmar border and wholesale markets and manufacturers in China's east coast cities.<sup>36</sup>

Jade industry is another industry that agglomerates in Ruili. Since the 1990s, Ruili has dedicated itself to developing the jewelry industry. There are over 40,000 professionals engaged in jewelry trade and industry in Ruili, with the annual trading volume reaching 2 billion RMB yuan. For now, the famous "Street of Jewelry in Ruili" has become a well-known tourist attraction. Five large-scale jewelry markets have been formed in Jiegao Border Trade Zone and Ruili City: these are the Whole Sale Market for Rough Jade Stone, Huafeng Jewelry Processing Industrial Park, Ruili Jewelry Jade Street, Jiegao Sino-Myanmar Street and the New Oriental Jewelry Town. There are more than 800 jewelry processing factories, and 1,000 jewelry stores. More than 6,000 people engage in this processing field, and jewelry trade has been active. Customs records show that around 6,000 tons of rough jade stone produced in Myanmar are annually imported by China, of which 4,000 tons enter the Chinese market via Ruili border gate that is known as "the path of jade"<sup>37</sup>

The growth of wood and jade industry in Ruili has negatively impacted industrial growth in Mandalay. Since 1990, many industries in Mandalay have declined, especially the wood processing industry. Mandalay was formerly the largest wood processing industry in Myanmar. Saw mills, re-cutting mills and domestic industrial mills decreased from around 900 mills in 1990 to 500 mills in 2010, a decline the government has sought to reverse.<sup>38</sup>

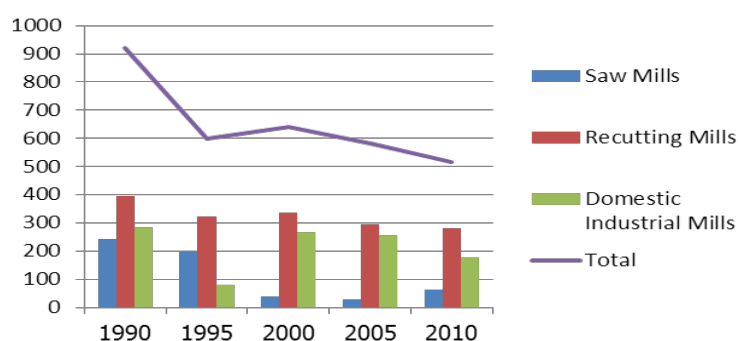
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<sup>36</sup> Sun, X., Katsigris, E., & White, A. (2004). **China and forest trade in the Asia-Pacific region: implications for forests and livelihoods**. Department for International Development, UK.

<sup>37</sup> Nuchpiam, T. (2010). **Study on Cross Border Economic and Social Transformation in Tha Greater Mekong Sub-region (GMS): Impacts and Implications**. Institute of Asian Studies, Chulalongkorn University.

<sup>38</sup> Aye Thida Kyaw (2014). Timber tender to feed domestic sawmills. **Myanmar Time**, <http://www.mmtimes.com/index.php/business/11370-timber-tender-to-feed-domestic-sawmills.html>

Figure 3 Wood processing mills in Mandalay



Source: Central Statistical Organization, Myanmar, 2017.

As for the jade industry, Mandalay is regarded as a distribution center of raw jades. Mandalay's central market for raw gemstones is Mahar Aung Myay, where most sellers are Burmese. Chinese buyers have come in an increasing number. Chinese often arrive to purchase raw gemstones, which they take back for processing in China. Chinese buyers have thus competed with the Myanmarese who also want to buy raw gemstones. Interviewees with Myanmarese gemstone merchants at Mahar Aung Myay relate that there have been quarrels between Chinese and Myanmarese merchants because the Chinese who come to buy the raw materials have a higher capital for their businesses than the Myanmarese; they can thus often fetch gemstones of higher quality.<sup>39</sup> As a result most of high quality of jade was sent to fuel the jade industry in China instead of Mandalay.<sup>40</sup> The Myanmarese industry struggles to survive, and a number of large, medium and small factories across a range of industries have been forced to close. Some industrialists are reported as saying that small- and medium-sized enterprises (SME) at the Mandalay industrial zone are on the brink of collapse.<sup>41</sup>

Mandalay's industrial profile has changed not only because of an avalanche of Chinese goods being made locally available as a consequence of industrial agglomeration in Ruili, but also because of the wave of Chinese business immigration that facilitates the export of raw material to Ruili. This immigration has its roots in the 1990s. Mya Maung revealed that in 1994 a Chinese migration in early 1990s led to a partial foreign occupation of Mandalay's urban zone in Mandalay. The immigrants built many modern high-rise buildings, hotels, restaurants, shops, and homes that were owned and operated by ethnic Chinese and Yunnanese merchants. Most of them are in the central sections of the city, especially in the sites of two famous markets, Zay Cho and Tayoke-tarn Zay. The China Town Bazaar has become the busiest and most expensive market, flooded with Chinese goods.<sup>42</sup>

<sup>39</sup> Interview, Merchant in Mahar Aung Myay Market, 2 February 2015.

<sup>40</sup> Egretreau, R. (2012). The Burmese Jade Trail: Transnational Networks, China and the (Relative) Impact of International Sanctions on Myanmar's Gems. In Cheesman, N., Skidmore, M., & Wilson, T. (Eds.). (2012). **Myanmar's Transition: Openings, Obstacles, and Opportunities**. Institute of Southeast Asian Studies, Singapore.

<sup>41</sup> Htay Hla Aung (2016). Mandalay SMEs near collapse. **Eleven Myanmar**,

<http://www.elevenmyanmar.com/business/7206><sup>42</sup> Maung, M. (1994). On the road to Mandalay: a case study of the Sinonization of Upper Burma. **Asian Survey**, 34(5), 447-459.

<sup>42</sup> Maung, M. (1994). On the road to Mandalay: a case study of the Sinonization of Upper Burma. **Asian Survey**, 34(5), 447-459.

The situation seems little changed in terms of Chinese presence, although the mechanics have changed. In interviews with members of the Yunnan Chinese Association in Mandalay, it was revealed that the Chinese who have migrated to Myanmar in recent times largely engage in business activities. They often have their own trade partners in Myanmar, who thereby give them assistance in conducting their businesses. There are both Burmese and ethnic-Chinese Burmese, who serve as trade partners. Most of the new Chinese migrants are not from Yunnan but from other regions in China. In addition, the pattern of their migration has changed; that is, they come for a temporary stay for business purposes and not for permanent settlement.<sup>43</sup> Zhuang and Wang also argue that since 1990s over one million Chinese migrants settled in Myanmar. The majority of them are traders and hawkers. Many of them are floating business people between China and ASEAN who seek better opportunities. As a diasporic community they keep close relations with their homeland.<sup>44</sup>

It is evident that a wave of Chinese mobility to Mandalay occurred after the border opened in 1988. The wave has changed much of Mandalay's economic landscape especially in city area. In addition, trade activities between migrant Chinese and their Myanmar counterpart is the important mechanism by which the economic relation between two countries via the road is constructed. The expansion of China's trade with Myanmar has thus been accompanied by continuing migration of Chinese to Myanmar, and this migration has been the instrument by which many kinds of raw material produced in Myanmar has made its way to fuel agglomeration in Ruili and other Chinese cities, while leading to deteriorated industries in Mandalay.

### ***Agriculturalized Northern Myanmar***

Ruili has gradually changed to be industrial core whereas Mandalay and the other cities in northern Myanmar have shifted to support agricultural exports (agricultural periphery) Agricultural land in Northern Myanmar has rapidly expanded, driven by China's opium substitution program together with Myanmar's policy to promote the development of the agricultural sector. The former, with the support of the Myanmar government, is aimed at supporting the shift towards an export-led, large-scale agro-industrial sector in which land-use rights are allocated to domestic and foreign agribusiness.<sup>45</sup> These policies have led to the pattern of practice that is called "compensation trade". This is a pattern of trade that involve Chinese partners who provide their Myanmar counterparts with techniques and equipment to process products for sale back to China, and that require the Myanmar counterparts to repay the loans as well as their interests for the purchase of these techniques and equipment with process products. Chinese entrepreneurs can get budget support from the government to run this kind of trade as part of the opium substitution project. More than 30 Chinese entrepreneurs from Ruili have applied compensation trade for agricultural development and production in the north of Myanmar. By the end of 2006 the accumulated value of this kind of trade had reached 100 million Yuan. Direct investment by the Chinese entrepreneurs

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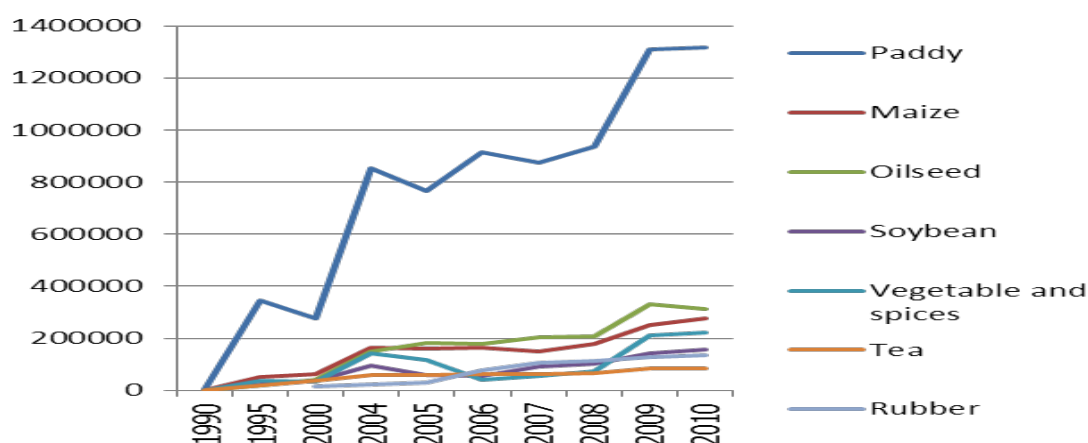
<sup>43</sup> Interview, Representative from Yunnan Chinese Association in Mandalay, 3 February 2015.

<sup>44</sup> Guotu, Z., & Wangbo, W. (2010). Migration and trade: the role of overseas Chinese in economic relations between China and Southeast Asia. *International Journal of China Studies*, 1(1), 174-193.

<sup>45</sup> Walter Kollert and Przemyslaw Jan Walotek (2015). **Global teak trade in the aftermath of Myanmar's log export ban**. United Nations, Planted Forests and Trees Working Paper Series No. 49.

includes investment in seeds, seedling, chemical fertilizers, as well as training on farming techniques, to produce grains, rubber, sugarcane, rice tea, and other crops that are transported back to China to repay the investors.<sup>46</sup>

Figure 4 Sown acre of annual and perennial crops substituting for opium poppy in border area (Acre)



Source: Central Statistical Organization, Myanmar, 2017.

From the early 1990s to 2010 the sown area that substituted opium production is paddy, occupying approximately 1.3 million acres. This has been beneficial to the Chinese, as China became one of the world's largest rice importers since 2013 because it was facing stagnation of supply and increasing domestic demand.<sup>47</sup> Chinese demand for rice has led to the growth of production in mountainous areas of Myanmar. Intensive rice farming was first introduced in border area to China strongly enhanced by the government. From the late 1990, it became the latest growth phases of rice production in Myanmar that boom in mountainous zone instead of delta and central zone as in the past.<sup>48</sup> According to the Ministry of Commerce, Myanmar exports rice to over 50 countries and more than 70% of exported rice goes to China. Between April 2016 and January 2017, Myanmar exported 1.15 million tons of rice and broken rice to China. Traders export rice to China mostly via border routes.<sup>49</sup>

The expansion of agricultural area and the increasing export to China demonstrate that Mandalay and northern region of Myanmar have become the agricultural periphery in the core-periphery relation between Mandalay and Ruili.

### Changing of Myanmar's policies and its implication for spatial economic relation

After Myanmar shifted to semi- civilian government in 2011, the country has been regarded as undergoing political and economic reform.<sup>50</sup> Politically, the reforms are

<sup>46</sup> Nuchpam, T. (2010). **Study on Cross Border Economic and Social Transformation in The Greater Mekong Sub-region (GMS): Impacts and Implications**. Institute of Asian Studies, Chulalongkorn University.

<sup>47</sup> Peng, S., Tang, Q., & Zou, Y. (2009). Current status and challenges of rice production in China. **Plant Production Science**, 12(1), 3-8.

<sup>48</sup> Matsuda, M. (2009). Dynamics of Rice Production Development in Myanmar. **Tropical Agriculture and Development**, 53(1), 14-27.

<sup>49</sup> Nilar (2017). 70% of rice exported to China. **Eleven Myanmar**, <http://www.elevenmyanmar.com/local/7855>

<sup>50</sup> Taylor, R. H. (2012). Myanmar: From army rule to constitutional rule?. **Asian Affairs**, 43(2), 221-236.

numerous and varied. The government has opened more political space for the political opposition and civil society to participate in national politics by allowing parties to form and contest elections, as well as allowing the public to impact on the public agenda. It has also freed political prisoners.<sup>51</sup> Economically, a number of important liberalizing reforms have been made to connect Myanmar's economy with the global economy. Most significant have been changing from a fixed exchange rate to a managed float system in 2012 and the passing of a new law governing foreign investment, followed by another law for domestic investment to encourage investment in special economic zones.<sup>52</sup>

In addition, shifts could also be observed in the realm of foreign policies. The crucial aim has been to reengage with western states and create some distance with China. The overwhelming dependence on China is said to be one factor that pushed in Myanmar to transition. Myanmar's economic and security dependence on China was said to be worrying to the generals who eventually sought to dilute Chinese dominance by reengaging with the west. This played a role in allowing limited democratization of the country.<sup>53</sup> The consequence is that since 2011 the government's attitude toward Chinese investment projects shifted. It has come under increasing scrutiny, criticism, and even opposition in the case of the suspension of the Myitzone dam project.<sup>54</sup> Unlike the earlier period of high dependence, during the liberalization period the suspension of the dam project shows that China was unable to prevent Myanmar from threatening China's interest in Myanmar.<sup>55</sup> It also shows that Chinese influence can be challenged by a smaller country like Myanmar and that the simple assumption of dependency should be reassessed.

The changing policy of Myanmar toward China is also reflected in Mandalay-Ruili relation. A key question of this article is what Myanmar has done and might in the future do to change the relational structure that has been well established in Mandalay-Ruili relations since the 1990s, and which was discussed above. Additionally, what is the implication for core-periphery relation between the two cities. As the model applied in this article suggested, the central factor to form such a relation was the transport cost – but such an account also needs to be complemented by other factors that impact on that cost. The policies that affect the cost that can be addressed here are changing the border policy, centralizing the natural resource management and the polar growth strategy policy.

First of all is the national integration policy that changed after 2008 that led to the war between Myanmar military and ethnic insurgent groups in the border area to re-erupt. Many ethnic armed groups have been salient stakeholders in economic activities along the border because they control areas that involve jade mining, logs extraction and large scale plantation. The new policy is that Myanmar government intends to assimilate ethnic arm group into the national army, leading to further conflict. Instability in border areas created a

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<sup>51</sup> Huang, R. L. (2013). Re-thinking Myanmar's political regime: military rule in Myanmar and implications for current reforms. *Contemporary Politics*, 19(3), 247-261.

<sup>52</sup> Freeman, N. J. (2014). Navigating the Economic Reform Process. *Southeast Asian Affairs*, 2014(1), 224-240.

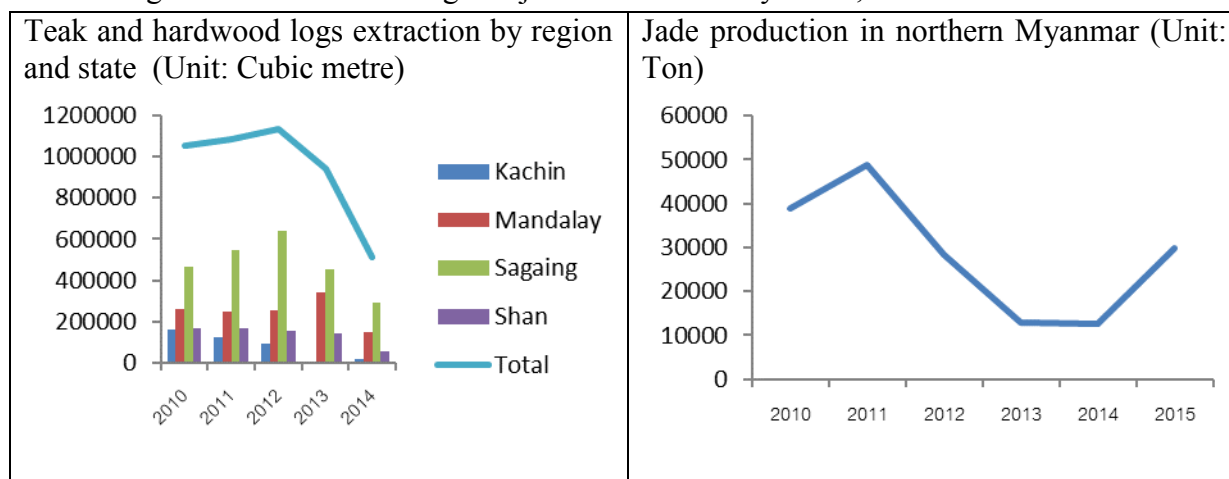
<sup>53</sup> Zin, M., & Joseph, B. (2012). The democrats' opportunity. *Journal of Democracy*, 23(4), 104-119.

<sup>54</sup> Yun, S. U. N. (2012). China and the changing Myanmar. *Journal of Current Southeast Asian Affairs*, 31(4), 51-77.

<sup>55</sup> Goh, E., & Steinberg, D. I. (2016). Myanmar's Management of China's Influence: from Mutual Benefit to Mutual Dependence'. In Goh, E. (Ed.). (2016). *Rising China's Influence in Developing Asia*. Oxford University Press, pp. 75-76.

downturn in economic activities for example jade production and timber trade in Kachin state were hurt, agricultural land in Kokang area was impacted significantly. In terms of the core-periphery relation outlined above, fighting along the border has made the “transport costs” higher, and that has impacted, at the least, on wood and jade industries in Ruili and also agricultural activities near the border.

Figure 5 Production of log and jade in northern Myanmar, 2010-2015



Source: Central Statistical Organization, Myanmar, 2015.

The second policy that impacted the relationship is the new forest policy, which aims at greater national control in the use of timber and wood. Support and pressure by civil society groups and the EU led in 2013 to the initiation of a formal ‘Forest Law Enforcement, Governance and Trade’ (or FLEGT), which resulted from a bilateral process between the European Union and the Government of Myanmar.<sup>56</sup> Since 2014 a log export ban has been in force across Myanmar. Xinhua reported that the ministry of forestry said “*Three schemes are being laid down with the timber extractive industry with the first one being that timber production is allowed every two years to fulfill the requirement of raw materials for the value-added export products. The second scheme allows timber production only for self-sufficiency, while the third one permits import of products substituting wood to fulfill the local requirement for raw materials.*”<sup>57</sup>

The log export ban in Myanmar has had a distinct impact on the Chinese markets. China, which imports 80 % of its teak from Myanmar and still demand for high-quality logs, coupled with a sharp rise in teak prices from about US\$750/m<sup>3</sup> at the end of 2013 to almost US\$2,000/m<sup>3</sup> in January 2014.<sup>58</sup> In the short term, businessmen in Ruili told Xinhuanet that the policy has made hard wood raw material prices “crazy up”. The soaring cost of wood has led to a sales market downturn to which wood enterprises have needed to plan transition.

<sup>56</sup> Springate-Baginski, O., Thein, A. K., Neil, A., Thu, W. M., & Doherty, F. (2014). Democratising timber: An assessment of Myanmar's emerging ‘Forest Law Enforcement, Governance and Trade’(FLEGT) process. **Forest Policy and Economics**, 48, 33-45.

<sup>57</sup> Tian Shaohui (2016). **Myanmar to allow resumption of timber production in next financial year**. Xinhua, [http://news.xinhuanet.com/english/2016-09/12/c\\_135681243.htm](http://news.xinhuanet.com/english/2016-09/12/c_135681243.htm)

<sup>58</sup> Walter Kollert and Przemyslaw Jan Walotek (2015). **Global teak trade in the aftermath of Myanmar's log export ban**. United Nations, Planted Forests and Trees ,Working Paper Series No. 49.



Some Chinese companies have turned their attention to factories in Myanmar in order to secure access to high quality of wood at a lower price in order to continue their business.<sup>59</sup> The policy directly affect to the wood industry not only in Ruili, but also in Kunming, Guangzhou and Shanghai, the center of wood processing industry of China.

Regarding jade industry in Ruili, the status to be the “Jade Center” of Ruili is also undermined by at least 2 factors. The one is decreasing demand in China since 2000s.<sup>60</sup> The other is the insecurity of raw jade supply sourced from Myanmar. The insecurity comes from the strict export control on raw jade and also the monopoly of jade export company.<sup>61</sup> Both factors have led to downturns in the jade trade and industry in Ruili. The Chinese newspaper Global Times reported that now only a few buyers can be found in the jade street and some jade stores have already shut down and businessman are looking for business diversification.<sup>62</sup> The situation shows that the “core” status of jade industry in Ruili is also in decline.

The policy also affects the ethnic arm groups along the border. The resources especially timber, jade and agriculture land were the fuel for peace since 1990s. Under the ceasefire agreement ethnic arm groups had shared benefit with government by selling these resources to China as Woods (2011) call it “ceasefire capitalism”.<sup>63</sup> Therefore, the log export ban and the strictly controlled trade of raw jade reflects not only that the government is improving resource management in order to preserve natural resource, but the government is also trying to disempower insurgent groups.

Finally, Myanmar’s assertion of independence, as it attempts to break from the core-periphery relationship is evident in the two polar growth strategy guideline. The Two polar growth strategy was launched by the Thein Sein government and was present in National Comprehensive Development Plan (2011-2031)<sup>64</sup>. Initially, the policy probably impacted on the emergence of industrial agglomeration in Ruili but in actuality the two polar growth strategy aimed at higher and balanced economic growth of both Yangon and Mandalay. The government proposed a two-polar growth strategy in which Mandalay would be the second growth pole and the first would be Yangon.<sup>65</sup>

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<sup>59</sup> 新华网 (2013). 缅甸禁止红木原料出口 中国红木行业或将重新洗牌. *Xinhua*, [http://news.xinhuanet.com/jiaju/2013-12/03/c\\_125799216.htm](http://news.xinhuanet.com/jiaju/2013-12/03/c_125799216.htm)

<sup>60</sup> 橘子 (2017). 玉石市场面临行业调整 面临洗牌. *Sina*, <http://collection.sina.com.cn/yjjj/2017-03-19/doc-ifycnpiu9070298.shtml>

<sup>61</sup> Xiaochun, S. U. N. (2015). The Development Strategy of Tengchong Jade Processing Industry. *Cross-Cultural Communication*, 11(5), 30-37.

<sup>62</sup> Zhang Ye (2016). Jade and redwood traders in China face challenges. *Global Time*, <http://www.globaltimes.cn/content/999231.shtml>

<sup>63</sup> Woods, K. (2011). Ceasefire capitalism: military-private partnerships, resource concessions and military-state building in the Burma-China borderlands. *Journal of Peasant Studies*, 38(4), 747-770.

<sup>64</sup> Myanmar Investment Commission (MIC) and Japan International Cooperation Agency (JICA) (2015). **Mandalay Investment Opportunities Survey 2015**.

[http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/en\\_mandalay\\_investment\\_opportunities\\_survey\\_final\\_report\\_160217\\_mic\\_jica\\_mmrd.pdf](http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/en_mandalay_investment_opportunities_survey_final_report_160217_mic_jica_mmrd.pdf)

<sup>65</sup> Kudo, T., Kumagai, S. (2012). Two-polar growth strategy in Myanmar: seeking "high" and "balanced" development. *IDE Discussion Paper*. No. 371.



In the growth strategy, Mandalay was projected to become an industrial city by promoting three existing industrial zones and the creation of a new zone, the Mandalay Myotha Industrial Park (MIP), located about 58 km from the city of Mandalay and 45 km from Mandalay International Airport. The latter is also being developed under a joint venture between the Mandalay city government and the Mandalay Myotha Industrial Development Public Co. (MMID). MIP will be developed in three phases: Phase 1 during 2013-2017, Phase 2 during 2017-2022 and Phase 3 during 2022-2025. The park includes areas for industrial development, warehouse and logistics development, residential development, road transportation development, and the development of commercial facilities. The MIP is expected to create a new industrial and logistic hub in upper Myanmar, enhancing the overall competitiveness of Mandalay in the future.<sup>66</sup>

The discussion above shows that Myanmar since 2009 has set in motion a gradual reversal of the core-periphery pattern that developed after the border opening in 1988. Ruili as an industrialized core has tended to decline, especially in those industries that depend on raw material from Myanmar. Myanmar government policies that have created instability on the border have tended to increase the transportation cost which was the heart of relationship. At the same time, stability and policy initiation to boost economic growth in Mandalay can be the push factor to attract investment not only from Ruili but also from other part of the country and also from abroad, with a view to transforming Mandalay from agriculturalised periphery to the new industrial core.

### **Conclusion: transitional Myanmar on diplomacy**

This article has suggested that the core-periphery model of the NEG school helps us to illuminate the economic relation between Mandalay and Ruili, which in part mirrored the broader economic relationship between the two countries. When the border opened in 1988, and the road was completed in 2000 the transport costs between the two cities reduce significantly and trade rapidly increased. The major goods that flowed between the two cities were complementary, led to a core-periphery relationship. The flows of raw materials to Ruili and manufactured goods to Myanmar finally led to the industrial agglomeration in Ruili and agriculturalization in Mandalay and northern Myanmar.

Such a pattern of core-periphery relations as described in this article confirms the dependency structure between China and Myanmar that has been discussed in the literature. However, this article illustrates how economic processes that flow from transport costs can emerge at regional and sub-regional levels, without necessarily reflecting overall government policy. It is unlikely the Myanmar government sought a core-periphery relationship with China, and indeed once it emerged in relation to the two cities discussed, the government has worked to reverse the trend. The changing policies of Myanmar since 2011 show that the dependency structure is not permanent and can be mitigated. This article reveals that emphasizing the role of a bigger country like China may lead to misunderstanding about “China influence”, and ignore the complex ways in which a core-periphery relation may

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<sup>66</sup> Winnie Tsui (2016). Myanmar Rising: The Mandalay Opportunity. **HKTDC Research**, <http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Myanmar-Rising-The-Mandalay-Opportunity/rp/en/1/1X000000/1X0A6RN4.htm>

emerge. The empirical evidence offered in this article also suggests that a smaller country like Myanmar can make a change to that relationship.

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