

# Myanmar–China Relations: Interlocking Interests but Independent Output\*

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## Abstract

The bilateral relationship between China and Myanmar is important and intricate despite being asymmetrical in China's favour. Whereas most observers regard the relationship as being heavily weighted in China's favour, Myanmar does have a fair amount of latitude within the relationship that is informed by historical, economic, and strategic considerations. The nationalism and xenophobia present in the attitudes of elite from the Myanmar military junta is both recognized and understood by China that is keen to have a stable peripheral environment. There are also important security issues such as the ethnic armies that currently have a ceasefire arrangement with the junta along the border areas that need to be resolved in a coordinated fashion to prevent negative spillage into China. In light of such special idiosyncratic and terrain considerations, Myanmar wields relative independence within this asymmetrical relationship.

Burma/Myanmar's foreign relations have been subjected to significant changes from the late 1980s.<sup>1</sup> Its bilateral relationship with China in particular has become much stronger and wider in scope since then. Yet the reality of the situation is that Myanmar retains significant independence in the asymmetrical bilateral relationship and the Chinese influence on the country remains limited. This development is both a misnomer and

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<sup>1</sup> The terms Burma and Myanmar are used to simply denote the country. No connotative value is attached to either term, although the latter has acquired negative value among some scholars and analysts. As used in this instance, the name Burma refers to the country prior to 1988. In 1989, the ruling military junta, the State Law and Order Restoration Committee (SLORC) renamed the country Myanmar. The latter name is subjected to dispute owing to the high level of political violence that accompanied leadership transition from 1988. It is also sometimes associated with tacit approval or support of the renamed State Peace and Development Council (SPDC) government.

puzzle in international relations theory and practice. In this regard, Myanmar's foreign policy is informed by realist considerations that emphasize territoriality and sovereignty as well as the national acquisition and enhancement of power. These considerations that in turn provide it with latitude in its dealings with China may well seem a misnomer in the bilateral relationship. Yet, as Brantly Womack reminds us, asymmetries in power are often correlated to equally disproportionate resolve to subdue and resist between the superordinate and subordinate powers respectively.<sup>2</sup> The greater power in the relationship is less willing to totally commit itself to subjugating a smaller power, while a smaller power is prepared to expend much more resources to avoid such subjugation. Consequently, it is in the interest of both powers to maintain an equilibrium in the structurally asymmetrical relationship. And China has in the past resorted to such arrangements if subservience is implicitly understood and deference demonstrated.<sup>3</sup>

This maintenance of the asymmetrical status quo under conditions of equilibrium then yields a situation of mutual gain between two countries that is not unlike the philosophical underpinning of liberalism in international relations. Realism, on the other hand, is premised on the competitive acquisition of state power, and international relations are viewed in zero sum terms. Another interesting angle to this bilateral relationship is that Myanmar maintains a traditional realist-styled balance of power between its major bilateral relationships with China, India, and Thailand.<sup>4</sup> For observers of international relations in Southeast Asia, the asymmetrical nature of the bilateral relationship between Myanmar and China, and the former's seemingly heavy reliance on China for its security and economic and developmental needs, makes this complex layered situation somewhat of a little understood puzzle. Chinese foreign policy output towards Myanmar, which does not distinguish between state and regime security, also strengthens the military junta in power in Myanmar. Similarly, China's unwillingness to attach conditionalities in its international relationships, which has been a source of discomfort in the developed world, further strengthens Myanmar's bargaining position within the relationship.

This article examines the domestic contours and considerations in Myanmar's foreign policy output and the complex nature of its bilateral relations with China. Whereas it is generally assumed that China has overwhelming influence over Myanmar,

<sup>2</sup> See, for example, Brantly Womack, *China and Vietnam: The Politics of Asymmetry* (Cambridge: Cambridge University Press, 2006).

<sup>3</sup> The Imperial Chinese tributary system involved an elaborate web of subordinate relationships with China in the middle. Lesser states performed homage through gifts such as silk and gold. When such tributes were not forthcoming, China would launch a punitive expedition to correct the situation and restore equilibrium to the relationship. Similarly, the northern Malay states in peninsula Malaya paid homage to Siam at the turn of the twentieth century through gifts that were referred to as the *bunga perak* (silver flower) and *bunga emas* (gold flower). Such practices may well fall within a constructivist scheme of things where cultural norms and practices are given much greater importance than in realist and liberal renditions of international relations.

<sup>4</sup> See N. Ganesan, 'Myanmar's Foreign Policy Towards Its Near Neighbours', *International Studies Review*, 11, 1 (June 2010): 1–24.

the latter actually retains significant independence and latitude in the bilateral relationship. This policy independence derives from the country's policy principles and its retention of control over sensitive issues in the bilateral relationship with the possibility of complicating its own domestic political calibration. The military junta in power in the country is quite simply unprepared to envisage losing political control in the short to medium term and China appears to understand this consideration. This domestic political-security imperative is understood by China which has in the past faced its own domestic political challenges. Additionally, there are important cultural and ethnic sensitivities in the relationship that significantly complicate it. As a result of such considerations, China appears prepared to allow Myanmar greater input into the bilateral relationship than would otherwise obtain in like situations. And such consideration towards Myanmar by China has provided the necessary equilibrium to this complex asymmetrical relationship.

At the broader geo-strategic level, Myanmar's location also allows it to balance the bilateral relationship with China through those involving India, Thailand, and, more recently, Russia. All these countries are part of Myanmar's realist-styled balance of power involving external powers and also providing the country with a good buffer against the demands of the West. The policy output of China towards Myanmar has tended to be proactive and expansive but prudent. The Chinese government intuitively realizes in its dealings with Myanmar that certain bilateral issues and policy preferences are non-negotiable. Myanmar policy formulators also retain a strong sense of pride and independence and this nationalistic streak has to be factored into the bilateral relationship. Collectively, this web of important bilateral relationships has worked in Myanmar's favour in the international arena and significantly ameliorated the impact of wide-ranging sanctions imposed by the West, in particular the United States (US) and the European Union (EU).

Organizationally, this article is divided into three major sections. The first section examines normative values that have informed Myanmar's foreign policy as well as significant historical junctures that have led to major shifts in these policy positions.<sup>5</sup> The second section examines Myanmar's bilateral relations with China and the issues that inform the relationship in turn. Finally, the last section summarizes the nature of Myanmar's bilateral relations with China within the larger scheme of things.

### **Significant historical conjunctures and policy priorities**

Burma was colonized by Britain in parts during the nineteenth century. The process of colonization had two distinguishing features. The first of these was the high level of violence involved in the subjugation of the country – the British fought a total of

<sup>5</sup> On the importance of historical conjunctures and their impact on politics and policy, see Ruth Berrins Collier and David Collier, *Shaping the Political Arena* (Princeton, NJ: Princeton University Press, 1991), pp. 27–39 and Paul Pierson, *Politics in Time: History, Institutions and Social Analysis* (Princeton, NJ: Princeton University Press, 2004).

three wars, which came to be referred to as the Anglo-Burmese Wars.<sup>6</sup> The second and more unique feature was the fact that the British, up to the time of independence, had relatively little control over the highland areas that were typically populated by ethnic minorities. Hence, British control over Burma tended to be restricted to the lowland regions in what came to be called Ministerial Burma. Nonetheless, the British maintained a certain truce with the highlanders, and during the Second World War recruited a large number of Kachin, Chin, and Karen to fight Japanese occupation troops. At the time when Burma was granted political independence in January 1948, shortly after India, this broad-based division of the country continued to obtain.

Burma's foreign relations with the external world were a function of domestic political developments as well as a number of important general perceptions. In terms of important political developments, major historical conjunctures occurred in 1962 when the military wrested power from the civilian government and in 1988 when the Burma Socialist Programme Party (BSPP) government collapsed. Depending on how well the developments are nuanced, 1990 may be added as an important year when the outcome of nationwide elections called by the military government was annulled. The successor military government was renamed the State Law and Order Restoration Council (SLORC) in 1988 and in 1997, it was renamed the State Peace and Development Council (SPDC). Whereas leadership transition in 1988 was marked by a high level of political violence against the democracy movement, subsequent developments, at least in the lowlands, tended to be less violent. It may be noted however that since 1962, notwithstanding important developments, there has been leadership but not regime transition.<sup>7</sup>

The importance of noting significant conjunctures lies in the fact that these episodes affected the country's foreign relations. Since 1988 onwards, relations with Western countries, in particular the US and the EU have deteriorated significantly. Myanmar's relations with China have however improved significantly. Relations with another important immediate neighbor, Thailand, have been quite complicated and nuanced, just like those with many of the other ASEAN countries.<sup>8</sup>

<sup>6</sup> British administration of Burma began with Arakan and Tennasserim via India in 1825. The First Anglo-Burmese War was fought from 1824 to 1826, the Second in 1852 and the Third from 1885 to 1886. There was little by way of an articulate British policy towards Burma and most of it was done piecemeal from India. See Mary P. Callahan, *War and State Building in Burma* (Singapore: Singapore University Press, 2004), pp. 22–4.

<sup>7</sup> Notwithstanding the different names that have been given to the military junta in power, the fact remains that it is a military regime. Although Ne Win officially stepped down from power in 1988, it is widely believed that he continued to exercise power until the time of his death in December 2002. The persons most closely associated with the current government are Generals Than Shwe, Maung Aye, Thura Shwe Mann, and Thein Sein. Until his detention and fall from grace in October 2004, General Khin Nyunt who was head of military intelligence and Prime Minister was also strongly identified with the government. An interesting and relatively unknown detail is that Khin Nyunt was perceived as being pro-China and in a seeming snub to him, on the very week when Khin Nyunt was detained, Than Shwe paid a formal visit to Delhi, India.

<sup>8</sup> A recent treatment of Myanmar's foreign policy towards ASEAN and Thailand can be found in N. Ganesan, 'Thai–Myanmar–ASEAN Relations: The Politics of Face and Grace', *Asian Affairs: An American*

As a medium-sized and relatively underdeveloped Asian country, Burma's foreign policy has generally tended to be reactive rather than proactive. The relative inability of the country to determine or influence international relations was realized by the indigenous elite rather early on. Burma, not unlike Indonesia, upon independence, professed an independent and non-aligned foreign policy.<sup>9</sup> Nonetheless, both conditions are dependent on actions as well as circumstances. For all its assertions, independence and non-alignment evaded the country. It began in the first instance owing to the presence of a large detachment of Chinese nationalist Kuomintang (KMT) regular troops and deserters in the Shan states. This troop presence was complicated by communist China's interest in consolidating its own political situation and sovereignty by defeating the KMT threat. To make matters worse, the US, through the Central Intelligence Agency (CIA), funded and equipped this KMT detachment to attack and create instability in communist China. Hence, as soon as Burma obtained its political independence, it was dragged into the Cold War, notwithstanding its foreign policy pronouncements. The troubled bilateral relationship with China continued into the 1960s when Mao's policy of exporting the revolution abroad included support for the Burmese Communist Party (BCP). The domestic turbulence and violence in Chinese politics that accompanied the Cultural Revolution spilled across the border into Burma and led to anti-Chinese riots as well.

These early developments not only had a sobering effect on the government, but also more importantly reinforced a preexisting elite perception. From the time of British colonization, Burmese elite began to distrust foreigners and foreign interests. Although such elite perceptions were common during the later colonial period in most Asian and African countries, post-independence elite typically reconciled themselves to the structural dictates of the international system and tended to retain some linkages with their colonial masters. Burma ended such linkages fairly early on, at least in part owing to negative sentiments on both sides regarding resistance to Japanese imperialism and the role of the highland minorities in the post-independence period.<sup>10</sup> The negative perception of foreign countries and the nature of their interests also spilled over into Burma's appraisal of the larger Asian powers. Domestic elite were always conscious of the fact that the country is sandwiched between two large Asian powers – China and India – and retain historical memories of Japanese power and Thai enmity. Thailand's buffer

*Review*, 33, 3 (November 2006): 131–50. Also see Ganesan, 'Myanmar's Foreign Policy Towards Its Near Neighbours'.

<sup>9</sup> See Robert H. Taylor, *The State in Burma* (Honolulu: University of Hawaii Press, 1987), pp. 261 and 263. The Indonesian equivalent was encapsulated in the phrase '*aktif dan bebas*' or active and independent.

<sup>10</sup> The British distrusted Burman nationalists for their training and collaboration with Japanese forces, including the 'Thirty Comrades' that formed the core of the independence movement. As a result of such distrust and the British preference for 'martial races', both British regular troops and covert operatives relied heavily on the highland Kachin, Chin, and Karen for military recruitment. In fact, at the time of independence, the Burmese Army was disproportionately dominated by highland minorities, especially in command positions. See Callahan, *War and State Building in Burma*, pp. 104–6 and 129–35.

policy of providing sanctuary and support for Myanmar's minority ethnic insurgent armies along the long common border was especially problematic.<sup>11</sup>

In view of the circumstances surrounding Burma's post-independence experience with foreign countries, a number of generalizations may be made regarding the country's disposition to its external environment. Firstly, historically, the country's elite has always been uneasy and suspicious about foreign interests and, in particular, Western interests. A second generalization is elite realization that the country has little or no leverage to alter the tone and temper of international relations. Although Burma declared its foreign policy principles repeatedly from 1948 to 1961, many of its dealings with foreign countries were literally beyond its control. However, U Nu (first prime minister of Independent Burma) initially overestimated his country's influence in bringing the Cold War to a closure. As a result, from 1962, when the military staged a coup against the civilian government it became introverted and attended to internal matters. By this time, threats deriving from the KMT had dissipated. Consequently, in place of a simply declared policy of non-alignment, beginning from 1962, it adopted a policy of neutrality that was obtained through self-imposed isolationism. This second and more active policy of neutrality characterized the foreign policy output during the entire tenure of the BSPP government.

Since the late 1990s and especially after the extension of Aung San Suu Kyi's detention in 2005, the Myanmar government has demonstrated much greater latitude and initiative in foreign policy formulation.<sup>12</sup> Such latitude is often exercised in relation to China in order to avoid the evolution of a dependent relationship. The ASEAN decision to offer Myanmar membership in the organization in 1997 significantly empowered the country in terms of regional representation and stabilization of the immediate external environment. The ceasefires with many of the ethnic insurgent armies and the major military success against the Karen National Union (KNU – to be discussed later) between 1993 and 1995 also stabilized the domestic political environment. ASEAN members came to realize over time however that Myanmar could not be swayed, notwithstanding its membership in the grouping. In fact, subsequently, member countries such as Indonesia, Malaysia, the Philippines, Singapore, and Thailand became extremely critical of Myanmar. Yet, ASEAN's deeply cherished principle of non-interference in the internal affairs of member states provided Myanmar shelter from criticisms within ASEAN. Importantly, Myanmar's military junta has also cultivated cordial relations with China, India, and more recently Russia in order to deflect criticisms and ensure that the country is not subjected to even harsher Western-led condemnations and sanctions in the international arena. Countries such as China and Russia have often held positions in international fora that are substantially different

<sup>11</sup> Myanmar has always accused Thailand of providing sanctuary and logistical support and weapons to the Karen National Union (KNU) and the Shan State Army – South (SSA–S).

<sup>12</sup> See Jurgen Haacke, *Myanmar's Foreign Policy: Domestic Influences and International Implications* (London: International Institute of Strategic Studies, Adelphi Paper 381, 2006), p. 27.

from those of the West in order to articulate their own interests and concerns. And Myanmar appears to have found useful allies in such countries. Also, larger non-Western countries are equally anxious not to perpetuate a culture of external involvement in the resolution of domestic political problems. Myanmar appears to provide just such an example of Western attempts at intervention.

Since 1988, Burma/Myanmar has attracted a great deal of international attention. Most of such attention pertains to domestic political developments and in particular the violence associated with the 1988 protests for democracy, the annulment of the 1990 election results, and the detention of opposition politicians. There were also criticisms regarding the regime's slow response to the devastation wrought by Cyclone Nargis in the delta areas in May 2007 and the brutal suppression of the monk-led protest movement in September of the same year. All of these developments are in turn related to the military junta's anxiety in losing control of the domestic political situation. Whereas self-imposed isolationism allowed the country to cocoon itself during the BSPP period, by 1988, the world had become much more interdependent, communications and technology had improved vastly, and socialism had become widely discredited. The Western euphoria that greeted the collapse of communism was accompanied by an equally euphoric tendency to promote the virtues of liberal democracy globally. As a result, the military elite that headed the country became overwhelmed by the amount of international attention since 1988. Both the US and the EU have led the international community in imposing wide-ranging sanctions on the country. In 1990, the US Customs and Trade Act called for economic sanctions against Myanmar and since then the sanctions have been significantly expanded.<sup>13</sup> There is also a very critical and vocal Myanmar migrant community that brings pressure to bear on the US and European governments in their dealings with Myanmar. Consequently, in 1997, the sanctions bill was expanded to cover new investments as well. As a result, developmental aid from engaged European countries such as Germany and the United Kingdom is often funneled through local and foreign NGOs. In fact, many European NGOs maintain a strong presence in Myanmar and are involved in developmental work at the ground level in rural and remote areas.

The tremendous negative publicity given to the *tatmadaw's* (army) treatment of the political opposition and allegations about the forced use of unpaid labour and prisoners as porters for military offensives against ethnic insurgents eventually led to the Geneva-based International Labour Organization (ILO) to sanction Myanmar in 2001. The detention of Aung San Suu Kyi after a violent confrontation between the NLD and the government-sponsored Union Solidarity Development Association (USDA) in May 2003 led to a significant expansion of the US sanctions regime, including the banning of all imports, freezing of all financial assets and property holdings of junta members,

<sup>13</sup> John Bray, *Burma and the Politics of Constructive Engagement* (London: Royal Institute of International Affairs, 1995), p. 56.

and halting all foreign remittances.<sup>14</sup> The Bush administration was fundamentally at odds with the Myanmar government and although the Obama administration was beginning to signal greater latitude in its dealings with Yangon in 2009, the arrest, trial, and extended detention of Aung San Suu Kyi for violating the terms of her house arrest in May of the same year may well frustrate such attempts. Nonetheless, it is evident from recent hearings in the US Senate that there is a serious attempt being considered to reengage Myanmar.<sup>15</sup> There is a general suspicion that negative developments related to the terms of her detention are essentially meant to deprive Suu Kyi of the chance to contest in the November 2010 national election. Notwithstanding the fractured nature of the domestic political opposition, Suu Kyi is charismatic, remains immensely popular as an icon and is capable of galvanizing the political opposition and general population. The election was scheduled after Myanmar revised its Constitution and hurried through a referendum endorsing the new Constitution in May 2008 shortly after Cyclone Nargis devastated the country's delta areas in the south.

### Myanmar's relations with China

Myanmar's relationship with China was difficult from the time of its independence in 1948 to the end of the BSPP government in 1988. Despite recognizing communist China early on in 1949, Myanmar's problems with China pertained to security in the first instance. The approximately 16,000 KMT soldiers who had settled in Burma organized attacks against communist China, which had already involved itself in the Korean War. CIA support for the KMT soldiers further complicated the situation. Chinese support for the Burmese Communist Party (BCP) added to the government's woes of stabilizing domestic politics. Hence, from very early on, although the civilian government in Burma decided to steer clear from great power rivalry and pursue an independent and non-aligned foreign policy, the ability to exercise such a policy was clearly elusive. Burma's elite thus concluded that the greatest threat to the country's security actually obtained from China.<sup>16</sup> The complex nature of the relationship at the outset was also a precursor to the manner in which the bilateral relationship evolved under much better structural conditions in the 1990s and afterwards. The KMT threat receded by

<sup>14</sup> Kyaw Yin Hlaing, 'Myanmar in 2003: Frustration and Despair?', *Asian Survey*, 44, 1 (January/February 2004): 90.

<sup>15</sup> On 30 September 2009, the US Senate Sub-Committee on Asia and Pacific Affairs convened a meeting on Myanmar and invited the testimony of experts. During the meeting, even the Ethnic Nationalities Council of the Union of Burma had submitted a letter urging engagement with the military junta. Senator Jim Webb who chairs the Committee had earlier secured the release of John Yettaw who had been imprisoned in Myanmar for visiting Aung San Suu Kyi and violating the terms of her house arrest. More recently, the US sent a high-level team to Myanmar led by Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell to engage the country. See 'US warns of "slow, painful" talks with Myanmar', *Agence France Presse*, 22 October 2009 and 'US envoys in historic meeting with Myanmar PM', *ibid.*, 11 November 2009.

<sup>16</sup> Taylor, *The State in Burma*, p. 262 and Callahan, *War and State Building in Burma*, pp. 154–6. At least to partly deflect this threat, the U Nu government was the first non-communist country to recognize China in 1949. Also see Bray, *Burma and the Politics of Constructive Engagement*, p. 45.

1961, although the BCP threat continued until 1988 when the guerilla armies achieved multiple truces with the government and were disbanded and resettled.<sup>17</sup> Accordingly, from 1988, Myanmar's relations with China have become much more cordial. At the present time, the consensus is that China–Myanmar relations are extremely strong and that China is Myanmar's most important trade partner and benefactor. The relationship is often characterized as '*paukphaw*' in the local language, or one involving brothers or siblings. Nonetheless, in a recent essay, a veteran observer of Myanmar has noted that the country is likely to move from dependence to interdependence in preparation for a post-junta government in the future.<sup>18</sup> He also notes that the Myanmar government has been consciously cultivating ties with India and Russia to avoid over-reliance on China for material and diplomatic support.

The political violence associated with the 1988 uprisings and the annulment of the 1990 election results led to Myanmar's international diplomatic isolation. The dissipation of the BCP threat, combined with the difficult domestic situation, provided a window of opportunity for Myanmar and China to rework their bilateral relationship. The Tien An Men incident in 1989 and the general decline of socialism globally were presumably other important factors for China. Myanmar's geographical location between India and China, opportunities arising from the long common border between both countries and Myanmar's long coastline along the Andaman Sea and Indian Ocean appeared to have been motivating factors for China. Myanmar, on the other hand, is generally appreciative of strong and unconditional diplomatic support, trading opportunities, and developmental aid and weapon procurements. Official relations between the two countries are strong and cordial and there are frequent visits by

<sup>17</sup> The Wa and the Kokang were the original sword arms of the BCP. The 17 groups that have officially negotiated peace settlements with the government include the Kachin Independence Organization (KIO), New Democratic Army (Kachin), Palaung State Liberation Organization, Myanmar National Democracy Alliance (Kokang), Kachin Defense Army, Myanmar National Solidarity Party (Wa), National Democracy Alliance Army Military Local Administration Committee (Shan/Akhar), Shan State Army, Pa-O National Organization, Shan State Nationalities People's Organization, Mong Tai Army (MTA), Kayan National Guard, Kayinni National Progressive Party, Kayan New Land Party, Kayinni National People's Liberation Front, and New Mon State Party. The KNU that concluded a first round of peace talks has yet to ratify the agreement following the detention of Khin Nyunt in 2004 and the demise of its leader Saw Bo Mya in 2006. The Myanmar government reported that a 300-strong force led by Major General Htein Maung from the KNU/KNLA 'returned to the legal fold' in February 2007. Additionally, it was reported that another 71 members led by Saw Nay Soe Mya, son of Saw Bo Mya, along with 88 family members 'had also followed suit' in March 2009. The fighting along the Thai–Myanmar border between the tatmadaw and the KNU/KNLA in June 2009 led to more refugees crossing the border into Tak province in Thailand. See 'Ministry of Foreign Affairs releases Press Statement in Response to Declaration of EU Presidency', *New Light of Myanmar*, 14 June 2009. And in the most recent communication issued by General Htay Maung, Chairman of the KNU/KNLA Peace Council to Chief of Military Intelligence General Ye Myit, there is a clear rejection of the attempt to integrate the KNU within the Burma Army Militia Group in April 2010.

<sup>18</sup> See Tin Maung Maung Than, 'Myanmar's Relations with China: From Dependence to Interdependence?', paper presented at the conference 'East Asia Facing a Rising China', 11–12 August 2008, East Asian Institute, Singapore,

high-ranking officials between both countries.<sup>19</sup> China also continues to affirm that domestic political developments in Myanmar should not be subjected to external pressures or interference, as these would compromise the country's sovereignty.<sup>20</sup> Such an approach is articulated within the framework of a good neighbourliness policy.

To begin with strategic and political interests in the bilateral relationship, China has approached the relationship within the framework of a broader regional policy that is partly aimed at stabilizing and consolidating its interests and influence in Asia. The policy is also meant to cultivate allies on broader policy positions against Western countries and in particular the United States on issues such as democracy, press freedom, and human rights. Apart from securing its borders and stabilizing the external environment, many analysts also point to Chinese interest in gaining access to seaports and facilities along Myanmar's coastline. Such access has allegedly included the development of road linkages as well as naval facilities for surveillance and eavesdropping.<sup>21</sup> In this regard, China has explicitly expressed an interest in naval access to the Indian Ocean, much to the chagrin of Thailand and especially India, which maintains major naval facilities in the Andaman Islands.<sup>22</sup> On the Myanmar side of the equation, maintaining cordial relations is important in securing the border

<sup>19</sup> The most significant of such visits on the Myanmar side include those of Than Shwe, Khin Nyunt, Maung Aye, David Abel, Tin Oo, and Thein Win. On the Chinese side, Li Peng and Jiang Zemin visited Myanmar in 2000 and 2001 respectively, reaffirming cordial bilateral ties. See Mya Maung, *The Burma Road to Capitalism: Economic Growth versus Democracy* (Westport, CO: Praeger, 1998), pp. 185–9 and S. D. Muni, *China's Strategic Engagement with the New ASEAN* (Singapore, Institute for Defence and Strategic Studies, 2001), pp. 40–1 and 77–8. In January 2003, Chinese Vice-Premier Li Lanqing, during a visit to Yangon, expressed the desire to push the bilateral relationship to a new and higher level. 'China, Myanmar to Step up Cooperation: Vice-Premier', *People's Daily*, 15 January 2003. In March 2009, Li Changchun, a member of the CCP's Political Bureau Standing Committee visited Yangon to sign joint agreements on constructing petroleum and natural gas pipelines as well as a framework agreement to jointly develop hydropower. Typically, Myanmar leaders such as Maung Aye and Thura Shwe Mann pay two visits to China each year, one to Beijing and the other to Yunnan province, which account for about half the value of all bilateral trade. The most recent visit by Maung Aye to Beijing in June 2009 also led to the signing of a number of bilateral agreements. And in June 2010 Chinese premier Wen Jiabao visited Yangon and formally handed over the Chinese-built Myanmar International Convention Centre in Nay Pyi Taw's Zabuthiri township. Finally, Than Shwe has preferred to obtain medical treatment from China instead of Singapore since the former is able to provide greater privacy and secrecy.

<sup>20</sup> 'China Opposes Interference in Myanmar', *China Daily*, 21 August 2003.

<sup>21</sup> Such facilities were rumoured to include those in Hainggyi in the Irrawady River estuary near Bassein, Ramree Island south of Sittwe in Arakan state, Zadetkyi Kyun (St Matthew's Island) off the Tenasserim coast and Coco Island in the Andaman Sea. See Chi Shad-liang, 'Burma's Relations with the People's Republic of China: From Delicate Friendship to Genuine Cooperation', in Peter Carey (ed.), *Burma: The Challenge of Change in a Divided Society* (London: Macmillan Press, 1997), p. 85 and Mya Maung, *The Burma Road to Capitalism*, p. 189. Also see Donald M. Seekins, 'Burma–China Relations: Playing with Fire', *Asian Survey*, 37, 6 (June 1997): 535. More recent reports however suggest that there is no truth to such speculations. See Andrew Selth, 'Chinese Whispers: The Great Coco Island Mystery', *Irrawaddy* (online edition) (January 2007).

<sup>22</sup> This position is attributed to a statement made by General Zhao Nanqi, Director of the Chinese Academy of Military Sciences, in 1993 in which he is reputed to have said that China cannot accept the Indian Ocean being India's Ocean. See J. Mohan Malik, 'Myanmar's Role in Regional Security: Pawn or Pivot?', *Contemporary Southeast Asia*, 19, 1 (June 1997): 58.

areas and having a large power ally in the immediate vicinity to deflect internal and external threats. China, since 1989, has consistently supported Myanmar politically and reaffirmed the legitimacy of the regime. An important feature of the latter, especially for domestic political consolidation, has been the regular supply of weapons from China.<sup>23</sup> Additionally, at the international level, it has helped stave off punitive sanctions and defended Myanmar on issues pertaining to political reform and human rights. Privately and more subtly though, it has persuaded Myanmar to progress on its roadmap towards democracy in order for the SPDC to acquire greater domestic and international political legitimacy. It has also been active in offering its good services to facilitate the visit of United Nations envoys to Myanmar, in particular that of Ibrahim Gambari. Such pressures are brought to bear discreetly through diplomatic channels rather than megaphone diplomacy.<sup>24</sup>

Economic cooperation between the two countries has also developed very rapidly in the post-1988 period. Cross-border trade, in particular from Yunnan province in China, into Kachin, Chin, and Shan states in Myanmar has been significantly enhanced. Bilateral trade thus far appears to have been profitable for both countries and has escalated dramatically since the 1990s. Since 2006, China has been Myanmar's second largest trading partner after Thailand and in 2008 the total value of bilateral trade was valued at US\$2.63 billion, a 26.3% growth from the previous year. In line with the terms of the China–ASEAN Free Trade Arrangement (FTA), China has lowered tariffs and provided 'favourable tariff status' to some 220 products from Myanmar.<sup>25</sup> On the Chinese side of the border, the three major trading districts in Yunnan province are Yingjiang, Lungchuan, and Tengchung, while on the Myanmar side the link to Mandalay is via the Shan cities of Lashio and Muse via the Chinese cities of Wanding and Ruili. The legalization of cross-border trade since 1989 has also led to the construction of bridges and roads along the old Burma Road, the Silk Road, and the Ledo Road in the 1990s to encourage cross-border trade, and China is interested in constructing a direct road from Kunming in Yunnan province to Mandalay in northern Myanmar. Greater restrictions have however been placed on tourist visits on the Myanmar side of the border to these trading areas. So for example, foreign tourists travelling to the

<sup>23</sup> Most writers refer to a large defence procurement exercise in August 1990 valued at some US\$1.4 billion as the start of this weapons acquisition programme. Such acquisitions include fighter, ground attack, and trainer aircraft, frigates and fast patrol boats, main battle tanks and armoured personnel carriers, anti-aircraft guns and missiles, and assorted small arms. Between 2001 and July 2003 alone, four shipments of weapons were reported. See Chi shad-liang, 'Burma's Relations with the People's Republic of China', pp. 84–86 and *Military Balance* (London: International Institute of Strategic Studies, 1998–99 and 2000–2001). In 1993 and 1999, Myanmar's defence expenditure was at its highest, at nearly 50% of the state budget. See Andrew Selth, *Burma's Armed Forces: Power Without Glory* (Norwalk, CO: Eastbridge, 2002), p. 332.

<sup>24</sup> In the case of the Gambari visit, the Chinese government reportedly leaned heavily on Myanmar by summoning the ambassador in Beijing repeatedly to enquire on the status of his visa application.

<sup>25</sup> See Ren Xiao, 'The Fusion of Principle and Interest in Chinese Foreign Policy: The Case of the Myanmar Issue', paper presented at a conference in Kunming, 21–2 July 2009.

border town of Muse are now required to obtain security clearance 30 days ahead of the visit. The reason for this requirement is simply because the town has attracted its usual share of negative activities such as gambling, smuggling, and drug trafficking that are typical of dynamic border towns in mainland Southeast Asia. Both countries have promised to expand trade linkages and usher in an era of ‘relatives born together’ (*swemyo pauk hpaw*).<sup>26</sup> In 1996, joint fisheries agreements were also signed between both countries, allowing 300 Chinese trawlers access to Myanmar waters and a joint-venture cold storage facility.<sup>27</sup> This fishing agreement has effectively displaced Thai trawlers from Myanmar waters after the latter accused Thailand of abusing the bilateral arrangement in the 1990s by duplicating licenses and engaging in illegal fishing. The practice of issuing trawling licenses to Thailand was terminated in 2000 when both countries experienced a significant deterioration in bilateral relations.

China has also been involved in the exploration and purchase of oil and gas from Myanmar and is significantly involved in the provision and upgrade of the country’s infrastructure. Such projects have typically included port and storage facilities, hydroelectric power plants along the Mekong and Thanlwin rivers, suspension bridges, satellite and television transmission stations and the provision and maintenance of roads.<sup>28</sup> China is also keen on establishing a road and rail network linking Kunming in Yunnan province to the port of Sittwe in Myanmar’s Rakhine state. This transport network will then significantly shorten the route for the transport of oil, gas, and other goods by effectively bypassing the Strait of Malacca and making it much more cost effective as well. Thailand that had in the past toyed with the idea of creating a shipping channel through the Isthmus of Kra for similar reasons appears to have abandoned the project.

In the main, the China–Myanmar bilateral relationship is deemed to be in the neighbourly interest of both countries. There is a good measure of convergent political and economic interests. However, there are also a number of areas where the relationship is regarded as potentially injurious to Myanmar. Chief among such concerns is the fear that diplomatic and moral support and weapon sales by China have seriously altered the size and capability of the Myanmar military, significantly leveraging it *vis-a-vis* other social forces and made the process of domestic political reconciliation much more difficult. In other words, the distributive impact of the positive relationship is highly skewed in favour of the military junta. There are also some fears regarding Myanmar’s overly close alignment with China on economic and political matters, both domestically and externally.

Domestically, there is some evidence of unease among residents along the border areas regarding the pervasive impact of China in terms of overwhelming the domestic

<sup>26</sup> Mya Maung, ‘On the Road to Mandalay: A Case Study of the Sinocization of Upper Burma’, *Asian Survey*, 34, 5 (May 1994): 186–7.

<sup>27</sup> Anthony Davis, ‘Burma casts wary eye on China’, *Jane’s Intelligence Review*, 1 June 1999.

<sup>28</sup> During a routine road trip between the Myanmar–Thai border town of Tachilek to Chengtung in the Eastern Shan states in 2007, the author witnessed a large number of Chinese workers repairing the road.

population and culture.<sup>29</sup> Myanmar nationals have always been extremely careful in their dealings with ethnic Chinese and continue to harbour suspicions and anxieties about them. Such apprehensions sometimes spill over into trade matters as well. So for example, the local business community in Mandalay was upset when China began sponsoring and circulating a publication among ethnic Chinese in the city. Similarly, when the Home Ministry deregistered the local Chinese Chamber of Commerce for a short while, some businessmen approached the Chinese Embassy for assistance. Although the trade association was subsequently reopened, there were many within the organization itself who had misgivings about having utilized the Chinese Embassy to bring pressure to bear on the government. The country has in the past experienced bouts of xenophobic violence that targeted the Indian and Chinese ethnic communities and both locals and ethnic Chinese are aware of latent undercurrents of anxiety and hostility. Such sentiments can easily boil over and lead to violence when the situation is sufficiently ripe and then aggravated by a triggering event or episode. In this regard, it needs to be borne in mind that Myanmar locals often distrust ethnic Chinese residing in the country for their loyalties and leanings. Both the trade and political relationship are generally perceived to be asymmetrical, in China's favour, although it should be noted that the high level of fluctuation in the foreign exchange rate of the Myanmar Kyat and the high level of inflation are not necessarily in China's economic interest.

Issues related to ethnicity and culture are also sensitive in the border areas, and in the past have led to insurgency and the production of natural and synthetic drugs.<sup>30</sup> The major ethnic groups with insurgent armies involved in the ceasefire arrangements bordering China include the Wa, Kokang, Shan, and Kachin. The Wa and the Kokang are especially problematic since many of them originate from China, have intermarried with Yunnanese Chinese, and maintain strong linkages and trading interests across the border. Additionally, as previous sword arms of the BCP, many from the Wa and Kokang ethnic groups had strong linkages with the Chinese Communist Party (CCP) in the past. In fact, some of the violence and purges associated with Mao's Cultural Revolution in the 1960s spilled across the border into Burma and broke out into open anti-Chinese riots in Rangoon and the rest of the country. There were also similar

<sup>29</sup> See Donald Seekins and Mya Maung, 'On the Road to Mandalay'.

<sup>30</sup> David Arnott, 'China–Burma Relations', *Challenges to Democratisation in Burma* (Sweden: International Institute for Democracy and Electoral Assistance, 2001), pp. 74–7. China is itself wary of the inflow of drugs from Myanmar and the international community has expressed reservations about the drug-related activities of certain ethnic groups, in particular the Shan, Wa, and the Kokang. In late August 2009, the Myanmar military engaged the Kokang 1,000 strong Myanmar National Democratic Alliance Army (MNDAA) that in turn led to some 30,000 Kokang and ethnic Chinese crossing the border into Yunnan province. The action drew a rare rebuke from the Chinese government. The Myanmar government claimed that it was raiding a drug factory, while detractors emphasized the action as a signal to other ceasefire groups and part of preparations for the 2010 national election. Eventually, however, a large quantity of methamphetamine tablets and precursors were seized, validating the junta's claims. See 'Burmese junta issues a warning to China', *Nation*, 4 September 2009 and 'Myanmar police seize drugs', *Reuters*, 4 September 2009.

purges within the upper echelons of the BCP. With strong party-to-party ties between the CCP and the BCP, China had previously offered both moral and material support to both groups as well as sanctuary during difficult times and treatment for medical cases.

In August 2009, the Myanmar military launched an offensive against the Kokang National Democratic Alliance Army (NDAA) in Special Region 1. The ensuing conflict resulted in the displacement of over 30,000 Kokang who then crossed the border into Yunnan province in China. Whereas Myanmar press reports described the attacks as a raid on a weapons and drug factory, external observers interpreted it as a warning to the other ceasefire groups to fall in line or risk similar attacks. The ethnic groups are expected to participate in the 2010 election, although the terms of reference remain unclear. The Myanmar government has long expressed the desire to induct the insurgent armies as part of a border security force, although the ethnic armies appear unwilling to accede to such an arrangement.<sup>31</sup> They, in turn, are anxious to retain control of the arms, territories, and resources that they now control.

Similarly, in areas controlled by the Shan State Army – North (SSA–N) in Special Region 4 – it is the Chinese Yuan that is used for commercial transactions, including levies at border crossings. As for the Kachin, although their ethnic background is much more distinct from the other three groups, the border area is extremely long and the Kachin Independence Organization's armed wing, the Kachin Independence Army (KIA) with a reported troop strength of between 5,000 and 8,000 in the 1990s, is firmly ensconced in the remote Hukawng Valley along the Sino-Myanmar border. Both the Kachin and the Karen have been at the forefront of trying to promote education and socio-economic development in the ceasefire areas through NGOs. The Kachin Shalom and Nyein Foundations and the Karen Development Network (KDN) are classic examples of such organizations. Such work is especially relevant in integrating the communities into mainstream life in the country in the wake of evidence that many ceasefire groups and demobilized soldiers are demoralized and regard their chances of a fair settlement of the conflict as getting more and more remote over time.<sup>32</sup> Equally

<sup>31</sup> The Kachin Independence Organization (KIO) and the Kachin Independence Army (KIA) were clearly opposed to being inducted into a border security force. During a private interview conducted in Myitkyina with a Kachin leader in January 2010, it was disclosed that some 60% of KIO members are opposed to the idea. Among the major disagreements are force size and structure and whether the *tatmadaw* or Kachin officers will command units at battalion and brigade levels. In a subsequent briefing, it was revealed that the KIA is now able to field 35 operational battalions. Similar sentiments also appear to be shared by the Shan State Army – North (SSA–N). Both these groups, together with the Wa will have the greatest input into the negotiations in view of the size of their armies and the demonstration impact in turn on the smaller ceasefire groups. In April 2010, the United Wa State Army (UWSA) proudly inaugurated its Fourth Brigade in Pangsang to indicate that it has a current troop strength of 40,000 soldiers. Both the KIA and the SSA–N have taken note of the development and in seeming coordination with the Wa have opened offices in Pangsang. Interview with NGO worker, Yangon, 21 June 2010.

<sup>32</sup> This was certainly the view of demobilized soldiers from the Mon State Party that the author interviewed in December 2006 at the headquarters of the Party.

demoralized are the large number of political dissidents in Thailand and elsewhere in the West who fear that the 2010 election will effectively cut them out of the equation for future political involvement in Myanmar. And, even in this area, China appears to maintain an interest since Chinese agents are frequently sighted in Chiangmai, Thailand that is home to a large dissident community that actively monitors domestic politics in Myanmar.

Many of the ethnic insurgent armies along the China–Myanmar border have in the past been complicit in the manufacture and sale of drugs, both heroin as well as synthetic methamphetamines. In fact, the Myanmar government has long been aware of this problem and since the 1990s has been involved in eradicating the problem in the Shan, Wa, and Kokang areas. Programmes designed to wean the areas from drug production include the introduction of drug free zones, development and rehabilitation assistance, and crop substitution.<sup>33</sup> A 15-year long Drug Elimination Plan was also drawn up in 1999 primarily targeting the Wa and Kokang areas. Additionally, Myanmar has engaged international agencies such as the United Nations Drug Control Programme (UNDCP) and the US Drug Enforcement Agency (DEA) for assistance. Across the border, China's public security border defense brigade regularly launches cross-border operations with the Myanmar military from Yunnan province and in the first quarter of 2009 alone interdicted 182 cases of drug trafficking.<sup>34</sup> Chinese border troops at Xishuangbanna in southern Yunnan confiscated some 140 kilograms of drugs during the first half of the same year. China has also taken a hard line in combating illegal gambling by its officials on the Myanmar side of the border. In a famous incident, it dispatched the military to repossess official cars that were seized by a casino in lieu of cash at the border in Mongla, in Special Region 4 that is controlled by the SSA–N. Subsequently, pressure was brought to bear on the Myanmar government to close down the casino. Notwithstanding these hiccups, there is some evidence to suggest that the political elite in Myanmar is aware of such sensitivities and complications and has in the past been deft in dealing with them and avoiding being overwhelmed by China.<sup>35</sup> Additionally, Myanmar has sought to balance this bilateral relationship with recent and more positive overtures towards India and Russia.

Externally, the situation is complicated by the fact that a strong bilateral relationship between China and Myanmar will tilt the regional balance of power in China's favour.

<sup>33</sup> For a discussion of the Myanmar government's efforts at drug eradication, see Maung Aung Myoe, *Neither Friend Nor Foe: Myanmar's Relations with Thailand Since 1988* (Singapore: Institute of Defence and Strategic Studies, 2002), pp. 130–42. For a more detailed discussion, see Ko-Lin Chin, *The Golden Triangle: Inside Southeast Asia's Drug Trade* (Ithaca: Cornell University Press, 2009).

<sup>34</sup> Ren Xiao, 'The Fusion of Principle and Interest in Chinese Foreign Policy'.

<sup>35</sup> For example, in 1998, the Myanmar government announced a restricted list of items for import and export, leading to a fall in the total bilateral trade turnover from \$749 million in 1997 to \$400 million in 1998. Davis, 'Burma casts wary eye on China', p. 3. It has also been reported that the SPDC apparently turned down a Chinese proposal to build a container port at Bhamo and to improve the port facilities at Kyaukpkyu in Rakhine state. See David Steinberg, *Burma: The State of Myanmar* (Washington, D.C.: Georgetown University Press, 2001), p. 233.

India, Thailand, and ASEAN countries in general, especially those with external threat perceptions pointing in the direction of China, such as Indonesia and Vietnam, have been uncomfortable with the relationship. In fact, some analysts have suggested that extending ASEAN membership to Myanmar was meant to partially stave off the threat arising from a strong China–Myanmar bilateral relationship. Generally, however, the current trajectory of positive bilateral relations is set to continue and many analysts regard the China–Myanmar bilateral relationship as perhaps the most significant of China’s bilateral relationships in Southeast Asia at the present time, albeit a complex one that involves many issues and interests. Sensitive issues pertaining to ethnicity and culture, drug production and trafficking, and arrangements with the ceasefire groups will also have an immediate and direct bearing on China given the long and porous border between the two countries.

### Conclusion

Myanmar’s bilateral relationship with China is strong, important, and expansive. Notwithstanding hiccups in the early stages of the relationship – a legacy of China’s civil war and Myanmar’s inadvertent involvement in it and China’s support for the ethnic insurgent movements along the common border and the BCP – the current relationship is strong and expected to continue along the present trajectory. Both countries are conscious of the sensitive issues in the relationship and equally keen to keep it on an even keel. China has always been interested in maintaining a secure and peaceful immediate external environment in order to continue with socio-economic development. Similarly, Myanmar is anxious that nothing untoward happens that will derail the November 2010 national election. The election is especially important since it will simultaneously invalidate the 1990 election that was won by the NLD and grant it greater legitimacy after the collapse of the BSPP government in 1988. The election will also legitimize the new constitution and ensure the military institutionalized representation in future governments.<sup>36</sup> It has also been speculated that Generals Than Shwe and Maung Aye are likely to resign after the elections to make way for a younger generation of officers while retaining executive power through an alternative executive

<sup>36</sup> The constitution explicitly requires 255 of the seats in the House of Representatives or 110 out of 440 seats be reserved for the military. Additionally, the military chief will be able to nominate 56 candidates out of the 224-member House of Nationalities. This situation is not unlike that which obtained in Suharto’s New Order Indonesia where 100 of the 500 seats in parliament were also reserved for military representation. The Myanmar Election Commission is expected to approve the registration of 40 political parties with a minimum of 1,000 members each. The registration process requires the payment of a US\$500 fee per party member. Consequently, the registration of political parties is a tedious and expensive affair. The seven states and seven divisions in the country have been divided into a total of 330 electoral constituencies with 45 in Yangon and 36 in Mandalay, the second largest city. The new administrative capital of Naypyitaw will have a total of eight seats. Registration of candidates for elections will be from 16 to 30 August and withdrawal of candidates by 3 September 2010. See ‘Myanmar announces November 7 for general election’, *Xinhua*, 13 August 2010.

appointment.<sup>37</sup> Consequently, there are important domestic considerations driving both countries towards the maintenance of the status quo.

Notwithstanding the asymmetry in the bilateral relationship in China's favour, it should not be assumed that Myanmar has little leverage in the relationship. In fact, Myanmar has always prided itself on the maintenance of a neutral foreign policy and on determining its own interests rather than being dictated to by other countries on the proper course of action. If for no other reason than to demonstrate its independence in policy matters, the country often comes across as obstinate and unreasonable. Importantly, Myanmar officials have traditionally been suspicious about China and tended to deal with the country and those of Chinese ethnicity with some anxiety and suspicion. Nationalism is therefore sometimes expressed in anti-Chinese terms. China on its part has important strategic and trade issues and so will not derail the relationship but rather will accommodate the seeming idiosyncratic tendencies of the Myanmar military junta. Arising from such complex considerations, it is able to exert some pressure on the Myanmar government, especially in its observance of some international norms. Nonetheless, such influence is substantially less than what would otherwise accrue from a similar asymmetrical bilateral relationship. In this regard, the maintenance of the present equilibrium is preferred over an adjustment of the terms of reference in the bilateral relationship that may well undo the positive relationship and benefits for both countries that have obtained thus far. China also realizes that the resolution of many sensitive bilateral issues will in turn have a direct bearing on its own stability and security in the border areas. And China's willingness to ignore the conflation between state security and regime security in Myanmar and ignore the international sanctions regime imposed on the latter further strengthens the military junta and affords it far greater leverage. Finally, Myanmar's geo-strategic position and abundance of oil, gas, and hydroelectric power resources also allows the country to manage its relations competitively between China, India, and Thailand.

### About the author

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<sup>37</sup> The executive head of state is identified as someone with training in military or strategic affairs. Whereas some scholars regard the writing as subject to some interpretive latitude, the general feeling is that Than Shwe is likely to assume this executive appointment upon retirement.