

MYANMAR UNDER THE NATIONAL LEAGUE FOR DEMOCRACY: WILL CHINA BE A CLOSE PARTNER AGAIN?

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The reforms that have followed Myanmar’s democratic transition have led to two major achievements in Myanmar’s integration into the international community. One is the re-engagement with the United States, which has lifted the economic sanctions it has imposed on Myanmar for two decades. The second is Myanmar’s opportunity to channel the momentum with international financial institutions. However, Myanmar’s close relationship with China has reached its lowest point since Myanmar’s transition to democracy, as a result of public demonstrations about Chinese investment projects.

China still remains an important partner for Myanmar in economic, political and security interests under the new, democratic civilian government led by the National League for Democracy (NLD). In the context of economic interest, China has provided market access for exports from Myanmar such as agricultural, mineral and marine products, as well as oil and gas. Border trade has provided a direct route connecting the centre of Upper Myanmar to Yunnan Province in China. Without a massive influx of Chinese products, the Myanmar economy might have suffered severe shortages of commodities, and if China had not opened its markets to Myanmar’s exports, Myanmar might have suffered severe shortages of foreign currency. However, there

remain issues to be addressed in border trade. The closure of accounts of Shwe Li bank is an example of an occurrence that has impacted very negatively on Myanmar’s business people. And for the future, China needs to consider that its protectionist behavior will not build trust with Myanmar.

China still ranks first in terms of Foreign Direct Investment (FDI). Although Myanmar has diversified its sources of foreign investment since reforms took place, China has remained the biggest source of FDI in stock. With the establishment of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund (SRF) within China’s Belt and Road Initiative (BRI), Chinese firms appear to continue to play an important role in Myanmar, not only in traditional energy and infrastructure sectors, but also in manufacturing and services. Myanmar-China relations after the 2015 election were restructured with State Counsellor Daw Aung San Suu Kyi’s visit to China in August 2016. This visit paved the way for the signing of the implementation of two infrastructure development projects worth 20 billion US dollars, which fall under the framework of the AIIB. Also, in May 2017, Myanmar was among the 29 countries attending the Belt and Road Forum for International Cooperation in Beijing, with high-level participation by the State Counsellor. Even though Myanmar’s government is willing to embrace the BRI, it would be necessary to consider the voice of local people in areas where major infrastructure connectivity projects would be carried out.

Ceremony for the commissioning of the Myanmar-China Gas Pipeline in 2013.

Source: CNPC Southeast Asia Pipeline Co., Ltd.



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In the context of political and security interests, China, as an immediate neighbour, plays an important role in Myanmar's peace process. The NLD government's priority is national reconciliation and it continues its quest for peace under the name of the 21st Century Panglong Conference. The complicated issue of the peace-making process is now the responsibility of Daw Aung San Suu Kyi. In order to identify China as a game player or a peacemaker, it is necessary to explore how China is involved in Myanmar's peace process. In academic circles, there remain different perspectives on the peace process in Myanmar. Chinese scholars repeatedly explain that the Chinese interest is to maintain peace and stability at the border. On the other hand, Myanmar scholars see China as an obstacle to the success of the peace process.

China's official position on Myanmar's peace follows the principle of non-interference, using persuasion for peace and facilitation of dialogue. However, China's active involvement in the peace process can be seen in its participation in the Nationwide Ceasefire Agreement (NCA) under the U Thein Sein administration and the 21st Century Panglong Conference under the U Htin Kyaw administration. As a peacemaker, Beijing contributed by donating 3 million US dollars through the United Nations to a Joint Monitoring Committee, which comprised representatives of Tatmadaw (the country's army) and the eight ethnic armed organizations (EAOs) who signed the NCA in November 2015. To strengthen cooperation in security and management along Myanmar–China border areas, the (2+2) High Level Consultation mechanism between the Government of Myanmar and the Government of China was established. To mediate the armed conflict between the Myanmar government and EAOs, special envoys for Asian affairs have been appointed since 2013.

On the other hand, a majority of people and scholars in Myanmar see China as a game player in the peace process. Myanmar has been accused of human rights violations by military government, such as recruiting child soldiers, exploiting forced labour, and exploiting prison labour since 1988. The UN Security Council (UNSC) adopted several resolutions on Myanmar and imposed economic sanctions during the military administration (1988–2010). In this situation, China became Myanmar's closest partner by disbursing financial aid via infrastructure projects, turning into a guarantor at the political forefront.

During the Cultural Revolution, China provided assistance to the Communist Party of Burma, which was regarded as an armed rebellion group. With the Deng Xiaoping leadership, China ended its assistance, but the Wa ethnic people, living alongside the

Chinese border, established the United Wa State Army (UWSA) and developed the closest ties with China.

Myanmar needs to achieve peaceful resolution of its six decades of internal conflict, which have created instability and hindered development. In order to achieve a sustainable peace, the immediate priority must be to stop all fighting between the military and the different EAOs. These EAOs have established their bases along Myanmar's borders with China, India and Thailand. As mentioned, some EAOs reached a ceasefire agreement under President U Thein Sein's administration by signing the NCA in 2015. However, along the border with China there still remain EAOs that have not reached ceasefire agreements.

In the context of the Bengali crisis, China resisted stronger involvement by the UNSC in addressing the crisis in Myanmar. As reported by *The Irrawaddy*, "China, together with Russia, blocked a brief UNSC statement when the 15-member body met to discuss the situation in Rakhine state". The meeting between Chinese Foreign Minister Wang Yi and UN Secretary General António Guterres came one day after the State Counsellor called on the world community to help find peace for Myanmar.



In order for Myanmar to meet its domestic needs, it will remain important for it to be partnered by China in its economic, political and security interests under the new, democratic NLD-led civilian government.



It cannot be denied that there are several reasons for China to stand alongside Myanmar. China is the major investor in the country and there are several Chinese investments in Rakhine state, such as the Deep Sea Port in

Kyauk Phyu, which is situated in the Bay of Bengal, the strategic point of connection to the Indian Ocean. Another project is the oil and gas pipeline that runs from Madaya island to Kunming, Yunnan Province. For China to expand its economic corridor to its southern neighbours, stability in Rakhine state is extremely important. As for Myanmar, in a critical situation that is facing condemnation by the West it is in its interest to have China on its side. In order for Myanmar to meet its domestic needs, it will remain important for it to be partnered by China in its economic, political and security interests under the new, democratic NLD-led civilian government.

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