New Neighbors: Changing Relations with China, India and Thailand

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China’s strategic calculations and apparently unshakeable sway over Myanmar have been upended in the wake of recent political reforms.

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China in Myanmar: Muddling through the Election Year

By Yun Sun

As recently as five years ago, it seemed China held immutable sway over Myanmar, given its close ties to the military government and its investments in the country. But with political reforms launched in Myanmar in 2011, Beijing’s strategic calculations about the bilateral relationship have been upended. It is now struggling to broaden its engagement with different stakeholders in the country, especially in the wake of the opposition’s resounding recent election victory, writes Yun Sun.

Since the beginning of Myanmar’s reforms in 2011, China has encountered new realities and challenges in the country. As a result of intensive policy introspection, China adopted a series of policy adjustments toward Myanmar. Recognizing the problems in its previous policy toward the country under its military government, over the past three years Beijing has enhanced its public diplomacy efforts in Myanmar, improved the behavior and local outreach of its companies, and diversified ties with different political forces. Ahead of Myanmar’s elections this year, China’s top priorities were the border ethnic groups and the new power distribution in Myanmar’s domestic politics. China is contemplating new policy initiatives and options toward the country beyond 2015, as well. As Myanmar’s largest neighbor with major vested interests in its politics and economy, China’s actions will have key implications for Myanmar’s future.

2015 has been eventful for China-Myanmar relations, with most attention focused on the border regions. It started with the arrest of more than 100 Chinese illegal loggers in Kachin state, who were sentenced to life in jail in June, only to receive amnesty eight days later. The Kokang conflict intensified in February, which led to Myanmar bombing Chinese territory in March and killing five Chinese civilians on Chinese soil. Former USDP chairman U Shwe Mann visited China in late April and had productive meetings with Chinese leaders; yet he was later dismissed from his party chairmanship in August. Aung San Suu Kyi also visited China in June after years of speculation about such a trip. However, her trip was so tightly managed that its symbolic significance greatly overwhelmed any substantive progress. Then, in September, it was revealed that although the Sino-Myanmar oil pipeline was completed and had had its first trial operation in January, there is no planned date to make it fully operational because of an impasse in negotiations over transportation, investment and tax terms.

The ‘Rescue’ of Illegal Chinese Loggers

Some of these developments are intriguing and send conflicting messages. On the issue of the illegal Chinese loggers, although Myanmar asserted its jurisdiction, the amnesty was granted so quickly and conveniently that it raised questions about what kind of negotiations China and Myanmar had behind the scenes and what kind of pressure, if any, was applied.

The issue was a political rather than a legal case for China. When the 155 illegal loggers were arrested in Kachin state during a military crackdown on illegal logging and mining, the issue quickly became a domestic controversy for the Chinese government. On the one hand, nationalist Chinese netizens called for Beijing to intervene politically or even militarily to “rescue” the Chinese nationals. On the other hand, such intervention would contradict China’s own position on a sovereign country’s jurisdiction over foreign criminals: Beijing has ardently defended its jurisdictional sovereignty over foreign criminals in China and executed multiple foreign drug-traffickers, despite pleas for clemency from their home governments. The picture was further agitated by the portrayal by ethnic groups of the arrest as Myanmar’s new belligerence toward China, resulting from deals reached with a visiting US Department of Defense delegation in January. This “threw gas over fire,” fueling domestic sentiment in China for assertive intervention.

The Myanmar government was faced with a different set of dilemmas. Although the legal case was unequivocally under Myanmar’s jurisdiction, harsh punishment of the Chinese loggers would be interpreted as a sign of heightened hostility by China. However, not to punish them would trigger domestic criticism inside Myanmar for kowtowing to China. In addition, it is also in the interest of Myanmar’s central government to crack down on illicit logging and mining in the ethnic areas because the revenue is believed to finance the armed ethnic groups’ military conflicts with the central government.

President Thein Sein’s amnesty granted on July 30 for more than 6,000 prisoners, including the Chinese loggers, was a seemingly smart way out of the predicament for both sides. Most observers agree that the Chinese government intervened and applied significant pressure on the Myanmar government for such a resolution. A deal must have been made, yet the details have not been made public. Some Myanmar analysts argued that the Thein Sein government, in face of an upcoming election and the expected Western criticism of its shortcomings, acquiesced to the Chinese in order to improve its external relations in advance. The gesture was to be reciprocated by China’s deportation of Myanmar criminals arrested in China. And it was face-saving for both governments, given the involvement of corrupt officials on both sides. The bright side of the whole ordeal is that the two governments agreed to a zero-tolerance policy towards illegal logging. While the actual effectiveness of the joint campaign remains to be seen, the general direction on this issue is positive.

Growing Chinese Ambivalence toward the Border Ethnic Groups

The issue of the illegal loggers is only a manifestation of the complicated relationships across the Sino-Myanmar border among different central,
China’s ability to influence key events, such as the recent elections, is slight, if not non-existent. This is largely a legacy of its previous over-dependence on the military government for good bilateral ties. When the military government is gone, China’s past close association with it will backfire and became a major liability.

local, public and private actors on both sides. In essence, the key problem lies in the unsettled relationship between the border ethnic groups and the Myanmar government. The distribution of economic benefits related to the natural resources in the ethnic territories has been a major sore point between the ethnic groups and the central government. Believing themselves to be the rightful owners of the resources on their land, the ethnic groups such as the Kachin have bargained fiercely with the central government. The issue has also been a major obstacle in peace negotiations, which partially contributed to the decision by seven ethnic groups not to sign the nationwide ceasefire agreement on Oct. 15. Especially for the ethnic groups, the resources extraction and trade with China are a main source of their revenue, regardless of its legality.

On an official level, the Chinese central government has been consistently opposed to the illegal trade along the border, blaming it on the greed and unapproved actions by local actors in Yunnan Province. However, in reality, Beijing’s attitude toward the border groups plays a determining role in what happens along the border. And that attitude has evolved significantly in the context of this year’s election in Myanmar, due to China’s changing perception of what approach best serves its national interests.

The Kokang conflict serves as a perfect example. When the conflict first broke out in late 2014 and early 2015, China’s preference was to remain uninvolved, as long as the fighting did not affect China’s border security. At a result of this initial hands-off approach, China did not take specific measures to control the flow of people across the border until the Myanmar military bombed Chinese territory and killed five Chinese citizens in early March. While most speculate the bombing was an unintentional mistake, the Chinese ambassador in Rangoon was attacked and Chinese nationals killed as a result of local opposition to China’s revolutionary foreign policy.

The bombing of Chinese territory led to fierce reactions in China, including a diplomatic protest, demands for an explanation, apologies and compensation, and eventually a live military drill along the border in early June. However, on a deeper level, China began to question certain fundamental assumptions of its policy toward the ethnic groups along the Sino-Myanmar border. First, it began to question whether the excessive aggressiveness of the Myanmar military was indeed motivated by a desire beyond its national security — to cater to the anti-China sentiment in Myanmar and boost its popularity before the November elections. The suspicion was echoed by the fact that the Kokang conflict enhanced the sympathy and support for the Myanmar military, or Tatmadaw, among the Burmese population and strengthened its image as the guardian of the nation’s sovereignty and territorial integrity. Secondly, the Myanmar military’s apparent failure to defeat the 1,000-troop Kokang rebels in a prolonged conflict and the government’s inability to reach a ceasefire agreement with the border ethnic groups suggest a real possibility of continued autonomous presence by these groups and indefinite continuation of the armed conflict along the Chinese border.

With these questions, momentum for intervention has been building in China. Most Chinese see legitimate grounds for such intervention, despite its commitment to the principle of non-interference: the most vocal justification is that Myanmar’s internal affairs interfered with China first and damaged China’s critical national interests in a major way. Therefore, according to this argument, China cannot stand aside and do nothing. Beijing understands that border ethnic groups including the KIA, UWSA, MNDA and the Kokang rebels are not Chinese operatives, but instead have their own agendas that do not always align with those of China. However, in the Chinese view, the Myanmar government has failed to end the conflicts and these groups will indefinitely maintain their autonomous status along the Chinese border. Therefore, the most sensible policy for China is to prepare for the security implications of their continued presence and to shape the process and result of the peace talks in order to protect its national interests.

China’s view of its national interests certainly dwell heavily on the tranquility of the border. However, under the “One Belt, One Road” initiative, Myanmar’s strategic importance goes far beyond the 2,000-kilometer border. Myanmar stands as a key country in China’s 21st Century Maritime Silk Road and its Indian Ocean strategy, as a critical outpost for China’s access to the Bay of Bengal. At this stage, Beijing is not necessarily keen on competing with the US or Japan in lower Myanmar, but it also has no intention to abdicate its influence in upper Myanmar. For the Chinese foreign policy apparatus, the most important task is to ensure that Myanmar is incorporated into the One Belt, One Road initiative and is receptive and co-operative toward China’s infrastructure and connectivity projects to provide unhindered access to the Indian Ocean.

In China’s original assessment, gaining the Myanmar government’s support for its strategic agenda clearly overrode the value of the border ethnic groups. However, as the conflicts evolved, three factors emerged that changed China’s calculations. First, Myanmar’s lack of success both on the battlefield and in the negotiations has become a potential threat to China’s strategic agenda, because the conflict could block China along the border region before it even reaches the Bay of Bengal. Second, and perhaps more important, Myanmar’s tepid attitude toward China’s strategic agenda — as illustrated by its response to the BCIM economic corridor, the aborted Sino-Myanmar railway, and the delayed Kyaukpyu Special Economic Zone — raises questions as to whether Myanmar is at all interested in supporting China’s grand strategy. Given its domes-
tic anti-China sentiment and apparent efforts to engage the US in order to counterbalance Chinese influence, Myanmar’s reluctance is understandable. But in this context, China naturally desires more leverage in the bilateral relationship to influence Myanmar’s preferences. As such, China has become more relaxed in its border management and has enhanced its communications and co-ordination with the border ethnic groups.

Furthermore, US involvement in Myanmar’s peace process, especially with regard to ethnic groups along the Sino-Myanmar border, is a constant irritant for China and affects its threat perception. While China has consistently said that it is opposed to the “internationalization” of the “northern Myanmar (ethnic) issue,” the lack of a strong role and assertive position by China could pave the way for a more prominent US role in the issue.

When it became clear in early fall that seven ethnic groups were not going to sign the nationwide ceasefire agreement, some Myanmar officials fiercely accused China of undermining their country’s peace process by lobbying these groups not to sign. It is debatable whether China should be held responsible for the document’s failed inclusiveness. China’s relations with the border groups and its vested interests in them make it an easy scapegoat. However, the assumption that groups such as the KIA and UWSA would have signed the agreement even without Chinese interference is highly problematic. In fact, disagreements over the political dialogue and the agreement’s inclusiveness, as well as the deep-rooted distrust between the ethnic groups and the Myanmar central government, are the fundamental reason ethnic groups did not sign. In other words, while China as an external factor may have influenced the process and contributed to its outcome, it was by no means the determining factor.

CHINA’S ATTITUDE TOWARD THE 2015 ELECTIONS

Looking ahead, the issue that could have the most critical impact over Chinese interests in Myanmar is the results of the 2015 elections. The Chinese policy-making community has a rather paradoxical view about the elections. On the one hand, most Chinese analysts are confident that given its geographical proximity and China’s overwhelming political and economic power, no president of Myanmar will pursue a hostile policy toward China or completely ignore China’s national interests. But on the other hand, there is also recognition that the foreign policy course and the geopolitical alignment of the next Myanmar president will have a major influence over Chinese interests, especially on the issues of infrastructure and connectivity projects under the One Belt One Road initiative.

Despite China’s large vested interests in the country, its ability to influence Myanmar’s domestic politics beyond the border ethnic groups is limited. China has maintained relatively good ties with the Myanmar military. In the past four years, it has diversified its relationship with the democratic opposition and Myanmar’s civil society. The government-to-government relationship has also been largely smooth, despite problems with Chinese investment projects, such as the Myitsone dam, the Letpadaung copper mine and the oil and gas pipelines. However, China’s ability to influence key events, such as the recent elections, is slight, if not non-existent.

This is largely a legacy of its previous over-dependence on the military government for good bilateral ties. When the military government is gone, China’s past close association with it will backfire and become a major liability, because no politician in Myanmar can afford to be seen as the new proxy for China.

The volatility and unpredictability of Myanmar’s domestic politics also make any attempt to influence elections seem unwise for China. China in the past failed to foresee key political trends in the country, such as political reform by the Thein Sein government. What happened to Suu Kyi in 1990 and to Shwe Mann in 2015 further proved that betting on any one politician in Myanmar, despite their apparent popularity, could be imprudent and politically costly. Indeed, after the 1990 elections, the Chinese ambassador was among the first ones to send a letter of congratulations to Suu Kyi, which later resulted in him being shunned by the State Law and Order Restoration Council for the rest of this post.

The case of Shwe Mann further confirmed the wisdom of remaining aloof. Before Shwe Mann was stripped of his chairmanship of the Union Solidarity and Development Party, there was a widespread view in China that he was the most likely candidate to succeed Thein Sein as the president of Myanmar in 2016. Through its frequent visits to China (in 2011, 2012, 2014 and 2015), Shwe Mann demonstrated the importance he attached to China and his willingness to work with Beijing, a gesture clearly appreciated by top Chinese leaders. While this does not equate to Chinese support for his candidacy, many in China were indeed surprised when he was ousted in August. The event once again proved to China that acquaintance with any one politician in Myanmar will not serve China’s broad and long-term interests.

In this sense, the normalization of the relationship with Suu Kyi became an inevitable task for China’s foreign policy toward Myanmar. Beijing understands very well that even if Suu Kyi cannot become the president under existing constitutional restrictions, her influence in Myanmar’s domestic politics will only increase following her party’s success in the elections. The overwhelming victory of her National League of Democracy ensures that she will have a more prominent role and/or important position in the executive and legislative branches. In this context, her visit to China, especially her meetings with top Chinese leaders including President Xi Jinping, successfully filled in the missing link both in her foreign policy credentials and China’s overall relations with Myanmar. The trip was closely managed by China to contain any potential negative repercussions in Chinese society, given her status as a democratic icon and a Nobel Peace Prize laureate. Nevertheless, her carefully crafted positions and statements avoiding any mention, let alone criticisms, of China on political or human rights issues surely won her at least some confidence as someone with whom China can work.

CONCLUSION

In summary, China has significant vested interests and strategic aspirations in Myanmar. These go beyond border security and commercial investment projects, and are firmly anchored in China’s regional and global strategy. China has learned its lessons about the need to develop good relations with different political forces in Myanmar since 2011. While Beijing muddles through the complicated border conflicts and domestic electoral politics in Myanmar, it will be keen on building a good relationship with Myanmar. However, if China’s plans are met with less than enthusiasm by Myanmar, how China opts to influence Myanmar’s policy will be worth watching.