New Dynamics in Sino-Myanmar Relations

By Zhou Weifeng

China was Myanmar’s closest ally during the period of military rule and diplomatic isolation by the West, but Beijing’s dominant position has been gradually eroded as Myanmar launched democratic reforms in 2008 and re-established ties with Washington.

As a result, Beijing has had to adjust to a diminished role, writes Zhou Weifeng, but far from ‘losing’ Myanmar, relations remain close for both countries economically and strategically.

OVER MANY DECADES, China has maintained warm ties with Myanmar — what is called a pauk phaw, or fraternal, relationship — by enhancing economic, political and diplomatic linkages. Having experienced a long period of economic sanctions and political isolation by the West, Myanmar’s military government survived domestic turmoil and international pressures to finally achieve political stability, largely due to Beijing’s strong support. Consequently, Sino-Myanmar relations have developed significantly since the 1980s, and China is viewed as Myanmar’s most reliable ally in Southeast Asia. China’s growing engagement with Myanmar highlighted the importance of the country for its energy, security and geostrategic interests. Beijing’s prominent influence and support for Myanmar significantly contributed to the country’s economic development and political stability in a wide range of areas.

A dramatic shift in Sino-Myanmar relations began when Myanmar launched political and economic reform in 2008 and adopted a “Look West” policy by re-establishing its linkages with the US. Myanmar’s intention is to reduce its reliance on China and prioritize national unity by maintaining a strategic balance between China and the US.

Myanmar’s foreign policy has been strongly shaped since independence by domestic policy objectives. What was then called the Union of Burma was founded in 1948 after independence from Great Britain. But civil conflicts between the central government and ethnic minority groups have been a major obstacle to national unity. Ethnic linkages, cross-border trade and political calculation allowed China to maintain great influence over ethnic minority groups in the border areas of northern Myanmar. In recent years, Myanmar perceived that the asymmetric power of the two states, Beijing’s dominant influence and its close ties to ethnic minority groups were a potential threat to national unity and sovereignty, which remains the top priority of Myanmar’s domestic and foreign policy.

Meanwhile, the US reoriented its foreign policy toward Myanmar, shifting from political isolation to strategic engagement in accordance with Obama’s so-called Pivot to Asia, which is designed in part to rebalance China’s rising influ-
ence and power in the region. Overall, the reor-
ientation of Myanmar’s foreign policy toward
China and the US is strongly underpinned by its
domestic policy goals.

The geopolitical importance of Myanmar, the
US rapprochement and the rise of Aung San Suu
Kyi all have implications for future Sino-Myan-
mar relations and China’s strategic interests in
Myanmar and Southeast Asia.

A HISTORICAL SHIFT

Burma became the first non-communist coun-
try to recognize the People’s Republic of China
in 1949. The two states established formal dip-
ломatic relations in June 1950. Based on the
Five Principles of Peaceful Co-existence, China
and Myanmar signed a treaty of friendship and
mutual non-aggression. A Joint Declaration
released in June 1954 marked the beginning of
the pauk phaw era between China and Myanmar.
In the 1950s and 1960s, China maintained good
relations with Burma, with two exceptions. The
first was hostility on China’s part toward Burma
for its neutral foreign policy during the Sino-US
rivalry in the 1950s. The second was Beijing’s
support for the insurgent Communist Party of
Burma (CPB), which triggered anti-Chinese sen-
timent during China’s Cultural Revolution and
resulted in the expulsion of Chinese communi-
ties from Burma in 1967.1 However, relations
improved significantly in the 1970s. China also
reduced its support for the CPB and stopped the
spread of communist ideology and revolution in
Southeast Asian countries soon after Deng Xiaop-
ing took power by launching the reform and
open-door policy in 1979.

China emerged as a key ally of what was now
called Myanmar when the two states signed an
agreement to legalize cross-border trade in 1968. Meanwhile, Myanmar, ruled by a military
junta, was confronting a comprehensive set of
economic and political sanctions imposed by the
US, the EU and Japan after the 1988 pro-democ-

Due to the asymmetric power between two states,
Myanmar is aware that it seems impossible to
achieve its goals without the help of China, which
prefers the status quo. Thus, it should not come
as a surprise that China was accused by some in
the Myanmar government of supporting the ethnic
armed forces, despite China’s repeated denials.

To achieve the normalization of Myanmar-US
relations, Thein Sein visited the White House in
September 2012, marking a new era soon after
Obama began lifting sanctions in February 2012.
Obama became the first US president to visit
Myanmar in 2014, re-establishing diplomatic ties
that highlighted the geopolitical importance of
Myanmar for Washington.

Sino-Myanmar relations appeared to be on the
rocks. In February 2015, fierce clashes between
government forces and the insurgent Myanmar
National Democratic Alliance Army (MNDAA)
along the northern border caused an influx of
over 30,000 refugees into China. A Myanmar
warplane involved in the fighting also dropped a
bomb in a sugarcane field in Yunnan province,
killing four civilians.4 China protested the bomb-
ing and called for a peaceful resolution. Myan-
mar officials alleged that China provided support
for the ethnic armed forces, but China denied any
involvement. Although Myanmar apologized for
the deadly strike, tensions rose between the two
countries. Most recently, the victory of the NLD in
the 2015 general election triggered wide-
spread debate about the strategic repercussions
of China “losing” Myanmar, one of its closest
allies in Southeast Asia.

CHINA’S STRATEGIC INTERESTS IN MYANMAR

Myanmar is at the strategic crossroads of South
and Southeast Asia and shares a 2,185km bor-
der with China. Its rich energy and mineral
resources and ports along the Bay of Bengal and
Indian Ocean make it important both econo-

cially and strategically. It is no surprise that even
while Myanmar’s military regime was isolated
for decades by the West, Beijing did not hesitate
to provide political, economic and military sup-
port for Yangon. In 2007, a UN Security Coun-
cil resolution drafted by the US and designed
to impose further sanctions on Myanmar was
vetoed by China and Russia. Beijing’s actions
reflected both its close relationship with Myan-
mar and the importance of the country in terms
of China’s strategic interests. It seems that Beijing
can never afford to lose its influence over Myan-

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mar, and its long engagement with the country can be grasped in four main aspects:

- Ensuring security and stability along its border with northern Myanmar;
- Creating a geo-economic agenda to enhance asymmetrical interdependence and enhance China’s prominent position on the periphery;
- Ensuring access to Myanmar’s gas and oil resources and diversifying its energy supply routes beyond the Malacca Strait;
- Securing access to the Indian Ocean to counter India’s regional hegemony and to break down US “encirclement” of a rising China.

First, China intended to ensure stability and security along the border in order to maintain a peaceful and stable periphery. Along the border areas of both countries, most ethnic groups have been related for centuries and maintain stronger affinities to their ethnic groups than their national identities. For example, the Shan of Myanmar are linked to the Dai people in Yunnan. The Kachin of Myanmar are tied to Yunnan’s Jinpo people. The Wa live on both sides of the border. And the Kokang people are ethnic Chinese living in Myanmar. The historic, cultural and economic linkages allow China to maintain great influence in the border area, however, the persistent conflicts between the central government in Myanmar and the ethnic groups have resulted in refugees, unrest and political turmoil that is viewed as a major threat to China’s border regions.

 Accordingly, China seeks a peaceful resolution by advocating a political dialogue between the Myanmar government and ethnic minority groups and adopts a neutral stance toward the clashes. While rising cross-border trade and economic dependence greatly enhance linkages along the border, China also confronts non-traditional security challenges such as drug trafficking, smuggling, illegal immigrants, cross-border crime and money laundering. Strengthening bilateral co-operation is essential for solving the traditional and non-traditional security issues on the border.

Second, China has pursued a geo-economic agenda to enhance its influence in the periphery by promoting sub-regional economic co-operation between China and ASEAN, as Myanmar remains the frontier of Southeast Asia. Southwest China — including Yunnan, Guizhou, Sichuan and Guangxi provinces — is economically underdeveloped in comparison to central and eastern China. In 1992, the Greater Mekong Sub-regional Co-operation (GMS) program, consisting of Yunnan province, Guangxi province, Myanmar, Laos, Cambodia, Thailand and Vietnam, was initiated to promote trade and investment in the Mekong River area. The initiative was supported by the Asian Development Bank and others, and China played a key role that contributed to economic development in Southwest China. More recently, Chinese Foreign Minister Wang Yi proposed the establishment of the Lancang-Mekong River Community, encompassing the six countries along the Mekong River, at the first meeting of the Lancang-Mekong River Dialogue and Co-operation in April 2015. This would significantly consolidate China’s prominent role within a set of regional multilateral initiatives such as GMS, ASEAN-China and ASEAN+3.

This sub-regional economic co-operation has great importance for China’s geopolitical objectives: enhancing asymmetric interdependence over Myanmar and other Asian neighbors, expanding its influence on the periphery and offsetting any negative effects arising from the US-led Trans-Pacific Partnership trade agreement, which is designed in part to rebalance China’s rising economic power in the region.

Third, China sought to secure access to Myanmar’s gas and oil resources and to diversify its energy supply routes to reduce its dependence on the Malacca Strait. China’s rapid economic growth has made it increasingly dependent on oil imports from the Persian Gulf via the Indian Ocean and the Malacca Strait — a region that Beijing sees as vulnerable to political and security threats.

In November 2008, China and Myanmar agreed to build a US$1.5 billion oil pipeline and US$1.04 billion natural gas pipeline, connecting Myanmar’s deep-water port of Kyaukphyu in the Bay of Bengal with Kunming, the capital of Yunnan province (see map). After the agreement was formally signed in March 2009, the gas pipeline, with a capacity of up to 12 billion cubic meters of natural gas and involving co-investment by China, Myanmar, South Korea and India, was completed in June 2013 and went into operation in October 2013. Meanwhile, the oil pipeline, with a capacity of 12 million metric tons of crude oil per year, was jointly invested by China and Myanmar and was completed in August 2014. It started to deliver oil to China in January 2015. The Sino-Myanmar pipelines have significantly diversified China’s oil delivery and supply. Most important, China’s oil imports from the Persian Gulf and Africa can be offloaded at Myanmar’s port and delivered to Kunming province without passing through the Malacca Strait, where the US can potentially exert great influence.

Fourth, China sought access to the Indian Ocean by strengthening the Sino-Myanmar strategic partnership. China expanded its presence in the Indian Ocean through Sino-Myanmar military co-operation, because the Indian Ocean is at the heart of Beijing’s “String of Pearls” strategy. Since the end of the 1980s, China has been Myanmar’s largest weapons supplier. The People’s Liberation Army not only trained Myanmar’s armed forces but also assisted in building and upgrading naval facilities at ports such as Coco, Sittwe and Kyaukphyu. According to a 1992 agreement, China leased Myanmar’s Great Coco Islands for potential military installations.

The Chinese presence in the Indian Ocean is strongly motivated by two factors: First, it is designed to contain India’s desire for regional hegemony in South Asia through its “Look East” policy of expanding ties with Southeast and East Asia. China’s close ties with Pakistan and Myanmar help rebalance India’s growing influence. Second, China’s presence in the Indian Ocean helps break down US encirclement, since the US pursues a containment strategy to check China’s growing influence and power in the Asia Pacific through Obama’s Pivot to Asia. China’s growing influence in the Indian Ocean will improve its strategic environment.
The problem of how to promote economic growth and reduce poverty is the top priority of the new government. Given that China is the world’s second largest economy, Myanmar’s largest trading partner and Asia’s most dynamic economy, the new government will likely continue close relations with its northern neighbor while enhancing its political ties with the West.

Myanmar’s Domestic Politics and Its Foreign Policy

To understand Myanmar’s changing foreign policy, it is critical to consider Myanmar’s domestic policy. Since independence, the central government has confronted a threat to its sovereignty from the ethnic minority groups that sought either greater autonomy or independence. Even after the military junta supplanted the military ruler Ne Win in 1988, the government continued to be challenged by ethnic armed forces in northern Myanmar. The suppression of pro-democracy movements caused a severe crisis of political stability for a junta that faced not only domestic unrest but also international pressure. The military junta’s enhanced ties with Beijing from 1988 to 2008 helped it overcome both domestic crisis and international isolation.

Meanwhile, Myanmar became increasingly concerned that Beijing’s influence could pose a potential threat to national unity and sovereignty. Myanmar also persistently pursued constitutional recognition for the military junta’s enhanced ties with Beijing from 1988 to 2008 helped it overcome both domestic crisis and international isolation.

The Union of Burma, now Myanmar, consisting of 135 distinct ethnic groups, was created during the era of British colonialism. While Burma, the largest ethnic group at just under 70 percent of the population, dominated the new government established in 1948, ethnic minority groups pursued their rights under the Pang Long Agreement of 1948, which awarded some autonomy to the Shan, Kachin and Kayah states of north Myanmar, which demanded greater autonomy and remained hostile to the central government. Thus civil wars have persisted for decades. In 2008, the new Myanmar constitution became a starting point for political and economic reform. All armed forces in Myanmar were to be taken over by the central government and all ceasefire groups were to be merged into a Border Guard Force. After the MNDA refused to sign a ceasefire agreement in August 2009, government troops launched a military offensive against the group in the Kokang region, which is mostly composed of ethnic Chinese sharing a common culture, language and family ties with China.

China has long had great influence both over the military and ethnic minority groups, since both sides rely on it for support. But China has always adopted a neutral stance, complying with its non-interference policy, advocating peaceful resolution and political dialogue. From a realist perspective, support for one of the parties would damage Beijing’s strategic interests in Myanmar, because maintaining a stable and secure neighborhood remained the top priority of Beijing’s foreign policy toward Myanmar.

The political changes in Myanmar present a dilemma for Beijing: While supporting Myanmar’s desire for national unity, Beijing could lose strategic leverage in northern Myanmar. Backing the ethnic minority groups’ political desires would inevitably damage Sino-Myanmar relations and Beijing’s strategic interests. So, from a Chinese perspective, maintaining its influence over both sides and preserving the status quo greatly enhances its role as a mediator. This meets Beijing’s strategic interests, but contradicts Myanmar’s domestic policy objectives.

As we have seen, Myanmar’s political and economic reform is underpinned by its domestic policy goals. Following the approval of the new constitution, Myanmar’s military offensive on the border sent a direct message that Myanmar seeks to change the status quo in northern Myanmar, rejecting any form of regional autonomy, achieving national unity and offsetting China’s influence. Indeed, Myanmar’s fears stemmed from Beijing’s earlier support for the Burmese Communist Party during the Mao era. Of the three most powerful ethnic armies, the Kachin Independence Army (KIA) is seen as supported by the US, but the Shan State Army and the United Wa State Army were partly linked to the old Communist Party of Burma, although China stopped its support in the 1970s.

Due to the asymmetric power between the two states, Myanmar is aware that it seems impossible to achieve its goals without the help of China, which prefers the status quo. So it should not come as a surprise that China was accused by some in the Myanmar government of supporting the ethnic armed forces, despite China’s repeated denials.

US Re-Engagement

After the Sept. 11 terror-attacks, the George W. Bush administration focused on the global anti-terror war, and the Asia-Pacific was neglected. China’s rising power and Sino-Myanmar relations attracted little attention. When Barack Obama took over in 2009, his Pivot to Asia was devised to reaffirm US strategic interests in Asia and contain China’s rising influence. The strategy was threefold: 1) re-establish ties with Asian allies; 2) enhance US dominance in Asia; and 3) rebalance China’s growing economic, political and military power.

Due to Myanmar’s geopolitical importance, China’s dominant influence there generated anxiety in Washington. US policy-makers perceived that the West’s sanctions had not only failed to achieve their goals, on the contrary, they had provided an opportunity for Beijing to gain unchallenged influence in Myanmar. In this respect, Washington reoriented its foreign policy by re-engaging Myanmar’s military regime while Myanmar sought a “Look West” policy to balance China’s influence by launching political and economic reforms. Following the landmark 2011 election, Thein Sein, a former leader of the military junta, assumed the presidency. Washington’s eagerness to embrace a democratized Myanmar in pursuit of its geopolitical strategy to check China helped Myanmar diversify its international relations and reduce its reliance upon China, making Myanmar a new battlefield between Beijing and Washington.

Myanmar’s democratic transition has its limitations, because the new constitution reserves 25 percent of the population, dominated the new government established in 1948, ethnic minority groups pursued their rights under the Pang Long Agreement of 1948, which granted self-determination, a federal system of government (i.e. regional autonomy), religious freedom and political and economic equality for ethnic minorities.

Cultural ties, economic dependence and political calculation allowed China to maintain its influence over ethnic minority groups in the Shan, Kachin and Kayah states of north Myanmar, which demanded greater autonomy and remained hostile to the central government. Thus civil wars have persisted for decades.

In 2008, the new Myanmar constitution...
percent of the seats in parliament for the military, a move deeply opposed by Suu Kyi. Furthermore, any changes to the constitution must be approved by at least 75 percent of both houses of the legislature. And even though the NLD won the national election in November 2015, Suu Kyi is banned from being president because of her marriage to a British citizen, implying that the military will continue to dominate Myanmar. Despite Myanmar’s tactical ties with Washington, it still faced US pressure to move toward greater democracy and lift the ban on Suu Kyi’s presidency. Washington also sought to entice the Kachin Independence Army to provide her with military backing. For the military government, Washington’s support for Suu Kyi and the KIA not only seriously challenged its dominance but also posed a threat to its domestic policy objectives, namely realization of national unity with a centralized state dominated by Burmans. Beijing felt Washington’s apparent intention to escalate the civil wars in Myanmar seriously endangered its strategic interests in Myanmar.

Washington’s geostrategy toward Myanmar is to counter, rebalance and constrain China’s rising influence and power in South and Southeast Asia. The escalation of the civil war in Myanmar is one of the strategic alternatives to serve Washington’s interests in four main ways: 1) weakening Myanmar’s political, military and economic linkages with China; 2) blocking China’s ambition and access to the Indian Ocean; 3) gaining control of the Sino-Myanmar gas and oil pipelines and undermining China’s energy security; and 4) impeding regional co-operation such as GMS, ASEAN-China, ASEAN+3, One Belt One Road, and containing China’s expanding influence in the region.

More importantly, if the civil war is out of control, it might provide an opportunity for Washington to expand its presence by politically and militarily intervening in Myanmar, which would seriously endanger China’s and Myanmar’s interests. While the military pursued its goals of national unity and a centralized state through force, Suu Kyi instead called for a comprehensive peace settlement with the ethnic minorities as a way toward lasting peace and national reconciliation. Thus, it seemed unrealistic that the incoming government would build a political and military alliance with Washington against a powerful neighbor, despite its concerns about China. In essence, Myanmar’s “Look West” policy is only a hedging strategy to maintain the country’s autonomy and avoid being dominated by China, the US or any great power.

THE RISE OF AUNG SAN SUU KYI AND THE FUTURE SINO-MYANMAR RELATIONS

In November 2015, Suu Kyi’s NLD won the general election, marking a new era of political and economic reform. Confronting the rise of Suu Kyi and the Myanmar-US rapprochement, Beijing reoriented its Myanmar policy by inviting her to visit Beijing and expressing its support for the NLD. During their meeting in Beijing, Chinese President Xi Jinping said: “We hope and believe that the Myanmar side will also maintain a consistent stance on the China-Myanmar relations and move in the right direction, no matter how its domestic situation changes.”

Beijing’s efforts to enhance political ties with the NLD are aimed at, on the one hand, offsetting the US’s dominant influence over the NLD and, on the other, reducing its reliance on the military in order to maintain a strategic balance.

Beijing’s benign support for Suu Kyi will greatly enhance the political legitimacy of the NLD and also help Beijing limit Washington’s intentions to endanger China’s strategic interests in the region. In this respect, the military will have to maintain close ties with Beijing to overcome pressure for further democratic reform and to maintain its dominant power. It seems quite reasonable that former President Thein Sein has repeatedly said that Myanmar’s transition to democracy would not change its friendly relationship with China.

Given that Beijing maintained close ties with the junta for decades, the political changes in Myanmar triggered a debate on whether the opposition party’s success would affect future Sino-Myanmar relations. Answering this requires some insight into Myanmar’s domestic politics. First, Suu Kyi as a pro-democracy leader strongly pushed for political reform and national reconciliation that would inevitably weaken the military’s power. In addition, her appeal to build a peaceful and democratic federal union in which ethnic minorities could enjoy greater autonomy also contradicts the military’s political commitment to the creation of a centralized state dominated by Burmans. If the generals’ core interests are challenged, the military may try to overthrow a Suu Kyi-led government under certain circumstances through force and political mobilization of Burmans, who may, as the country’s largest ethnic group, support such a regime change. In this respect, Suu Kyi is strongly motivated to maintain close relations with both Beijing and Washington in order to constrain military provocation and consolidate domestic political stability. For Beijing, Suu Kyi and the new government seeking a peaceful resolution of domestic conflicts with the ethnic minorities will ensure domestic stability that serves China’s geostrategic and geopolitical interests in Myanmar and beyond.

Second, although the opposition party gained an overwhelming victory in the recent election, the way ahead appears filled with political uncertainties and risks. Suu Kyi is still banned from the presidency, and that may undermine her ability to lead the government. Furthermore, the NLD’s lack of experience in public administration could make it difficult for the incoming government to confront internal challenges such as economic reform and domestic development. The problem of how to promote economic growth and reduce poverty is the top priority of the new government, and that not only involves its political legitimacy but also domestic political stability. Given that China is the world’s second largest economy, Myanmar’s largest trading partner and Asia’s most dynamic economy, the new government will likely continue close relations with its northern neighbor while enhancing its political ties with the West. No doubt, further consolidation of economic ties with Beijing and participating in Beijing-led sub-regional cooperation frameworks will promote the country’s growth, prosperity and stability. However, we must admit that China’s dominant role in Myanmar will be eroded by the US, India and other powers.

CONCLUSION

With strong support from Beijing, Myanmar’s military regime survived domestic instability and the West’s sanctions. By enhancing its economic, political and military ties with Myanmar, China greatly expanded its influence in Myanmar, Southeast Asia and the Indian Ocean. As Myanmar’s military government perceived that the country’s growing reliance upon China potentially undermined its domestic policy goals of national unity and the creation of a centralized state, Myanmar adopted a “Look West” policy to re-establish diplomatic ties with the US.

In fact, Myanmar’s changing foreign policy toward China is underpinned by a hedging strategy to keep a strategic balance between the two great powers and avoid being dominated by either. Accordingly, the rapprochement with the US and the rise of Aung San Suu Kyi will not greatly affect future Sino-Myanmar relations, even if Suu Kyi enhances political ties with the West in support of Myanmar’s democratic transition. The consensus to maintain a friendly relationship between China and Myanmar is fundamentally rooted in the shared interests of the two countries. However, China’s dominant power in Myanmar has been weakened by the US, India and other great powers as Myanmar opens up to the West.