

# China, the United States and the Kachin Conflict

By Yun Sun

This issue brief examines the development of the Kachin conflict in northern Myanmar's Kachin and Shan states, the negotiations between the Kachin Independence Organization (KIO) and the Myanmar government, and the roles China and the United States have played in the conflict.

## KEY FINDINGS:

- 1** The prolonged Kachin conflict is a major obstacle to Myanmar's national reconciliation and a challenging test for the democratization process.
- 2** The KIO and the Myanmar government differ on the priority between the cease-fire and the political dialogue. Without addressing this difference, the nationwide peace accord proposed by the government will most likely lack the KIO's participation.
- 3** The disagreements on terms have hindered a formal cease-fire. In addition, the existing economic interest groups profiting from the armed conflict have further undermined the prospect for progress.
- 4** China intervened in the Kachin negotiations in 2013 to protect its national interests. A crucial motivation was a concern about the "internationalization" of the Kachin issue and the potential US role along the Chinese border.
- 5** Despite domestic and external pressure, the US has refrained from playing a formal and active role in the Kachin conflict. The need to balance the impact on domestic politics in Myanmar and US-China relations are factors in US policy.
- 6** The US has attempted to discuss various options of cooperation with China on the Kachin issue. So far, such attempts have not been accepted by China.

This is the second of a series of four issue briefs on the changes and challenges that Myanmar faces in its domestic and foreign policies since the beginning of democratization in the nation in 2011. These briefs will explore how external factors and forces influence and shape various aspects of Myanmar's internal development, including economic growth, ethnic conflicts and national reconciliation.

This brief examines the development of the ongoing Kachin conflict, the obstacles to the peace negotiations and how the process affects the political reform. In addition, it discusses the vested interests of the US and China in the issue and the roles they have played. The third and the fourth briefs will explore the US-China dynamism in Myanmar and Myanmar and the ASEAN.



## Overview

Since 2011, Myanmar has made substantial progress in its political democratization. The reconciliation with the democratic opposition — especially with Aung San Suu Kyi and the National League for Democracy under her leadership — has won Myanmar applause from the international community. As a result, Western countries have lifted most of their financial sanctions. Among the remaining uncertainties, the peace process with the country's ethnic minorities has arisen as a crucial challenge. Currently, among all ethnic groups, only the Kachin Independence Army (KIA) is engaged in ongoing armed conflict with the Tatmadaw (the government military) and has yet to reach a cease-fire agreement. The Kachin conflict, therefore, has been a key obstacle in the peace process.

More than a dozen rounds of dialogue have taken place since 2011 but have failed to lead to a formal cease-fire. The underlying reasons for the failure lie in the inability of the two sides to reach a compromise on power-sharing and profit-sharing, the long-term mutual distrust and hostility as well as the existence of vested interests. Most immediately, the Kachin Independence Organization and the Myanmar government have disagreed on the sequence between a cease-fire agreement and a political solution. While the government sees a cease-fire agreement as the precondition for substantive political negotiation, the Kachin worry that a cease-fire will be the end of any dialogue. For the Kachin, a ceasefire agreement will generate more conflicts if it does not address their political and economic grievances. In addition, the momentum of the conflict is reinforced by vested interest groups from both sides that engage in illegal trade of jade and timber from the Kachin state to China.

The Kachin conflict has been a policy challenge for both China and the United States. For China, border tranquility, the protection of Chinese investments and the prevention of expanding US influence are the top three considerations for all border regions. The Kachin conflict has disrupted China's border security and jeopardized its economic investments in the region. More importantly, Beijing's strategic concern centers on Washington's interest and potential role in the issue. This made the so-called "internationalization of the Kachin conflict" China's gravest policy concern in Myanmar in 2013. For Washington, the ongoing conflict affects the US because it raises questions about whether lifting sanctions has removed incentives for Myanmar to improve its ethnic relations. However, due to the need to balance a potential backlash from the Tatmadaw and strong reaction from China, the US has opted to play a low-profile role in the Kachin conflict.

**The Kachin conflict has been a policy challenge for both China and the United States.**

The Kachin have long had a strained relationship with the central government of Myanmar... the Kachin have been discontented about perceived ethnic inequality, discrimination, government neglect of ethnic minorities and the failure to implement the Panglong Agreement.

## II. The Kachin Conflict and Negotiations

### A. The Conflict

Ethnic conflicts have been a persistent problem for Myanmar since the nation achieved independence in 1948. The Myanmar central government has never exercised effective administrative control,<sup>2</sup> especially in many border areas occupied by ethnic groups with their own armed forces. In the Kachin and the Shan states adjacent to China's southwest Yunnan province, such armed ethnic groups mainly include the Kachin (Kachin Independence Organization), the Wa (United Wa State Army) and the Kokang (Myanmar National Democratic Alliance Army)<sup>3</sup>. Different religious beliefs have been a source of distrust between the predominantly Buddhist Burman and the predominantly Christian Kachin ethnic groups.<sup>4</sup>

The Kachin have long had a strained relationship with the central government of Myanmar. An original signatory of the historic 1947 Panglong Agreement, the Kachin perceive themselves as instrumental and indispensable to the creation of the Union of Burma and its independence in 1948.<sup>5</sup> However, in the following six decades, the Kachin have been discontented about perceived ethnic inequality, discrimination, government neglect of ethnic minorities and the failure to implement the Panglong Agreement.<sup>6</sup> As a result, a resistance movement — the Kachin Independence Organization (KIO) — was founded on Feb. 5, 1961 and controlled a large share of the Kachin territory and a part of Shan state during the three decades of armed conflict with the government from the 1960s to the 1990s.<sup>7</sup> The KIO's armed wing, the Kachin Independence Army, is one of the largest ethnic armed forces in Myanmar, claiming to have 10,000 troops.<sup>8</sup> The rich natural resources of the Kachin state — including jade, timber and minerals — have contributed large amounts of revenue to the KIO.

In 1994, the KIO signed a cease-fire agreement with the State Law and Order Restoration Council (SLORC), which granted the KIO political autonomy in a Special Region in the Kachin state.<sup>9</sup> From 2009 to 2010, the State Peace and Development Council (SPDC) issued repeated calls for the KIA to transform itself into Border Guard Forces (BGF) under the command of the Tatmadaw.<sup>10</sup> The government's imposition and poor management of the BGF plan exacerbated the hostility and distrust. The proposal was rejected by most of the ceasefire ethnic groups, leading to the designation of them as illegal organizations in September of 2010 under Myanmar's Unlawful Associations Act.<sup>11</sup>

The 17-year-long cease-fire fell apart when the Tatmadaw launched a major military offensive against the KIA on June 9, 2011.<sup>12</sup> The most immediate trigger of the fighting was the dispute over the control of an area where the Chinese Dapein Dam was built earlier that year.<sup>13</sup> However, decades of built-up tensions, the unsettled status of the KIO, and the unresolved ethnic grievances have all contributed to the re-igniting of armed conflict.<sup>14</sup> The conflict has been ongoing since then, displacing more than 100,000 civilians in and outside the Kachin state.<sup>15</sup>

The most recent intensification of the conflict occurred in late 2012 and early 2013, when the Tatmadaw launched large-scale air strikes and artillery attacks on Laiza, the KIO's headquarters.<sup>16</sup> The exact number of casualties in the conflict has been difficult to verify. However, a report by the Tatmadaw acknowledged more than 1,000 casualties on its side between September and December of 2012.<sup>17</sup> On the other side, the KIA boasted of 6,000 government troops killed, wounded and captured.<sup>18</sup> It is believed that use of landmines, rape, looting and torture are widespread in the Kachin conflict.

The Kachin conflict has cast a dark shadow over the democratic political reform by the Thein Sein government.

The Kachin conflict has cast a dark shadow over the democratic political reform by the Thein Sein government. First of all, the fact that armed conflict broke out three months after the inauguration of the Thein Sein government lends credence to the belief that there was a causal relationship between the political change and the armed conflict. Some international observers have criticized the new political system as being responsible for resuming rather than ending armed violence.<sup>19</sup> Second, even if the reform and the new government were not accountable for the renewed outbreak of conflict, they are responsible for ending it. Indeed, whether the government can find a peaceful and sustainable solution to the ethnic conflicts and the long-term injustices is a great test for the new democratic system and its success. Finally, the ongoing Kachin conflict raises serious questions about the civilian government's ability to control the Tatmadaw. Since June 2011, President Thein Sein ordered a halt to military offensives in the Kachin state several times, but the Tatmadaw attacks continued nonetheless.<sup>20</sup> On Jan. 18, 2013, the president announced a unilateral cease-fire with the KIA.<sup>21</sup> However, up until now, small-scale fighting has continued.<sup>22</sup> The role of the Tatmadaw and the level of its civilian control are key criteria in the assessment of the genuineness and progress of the country's political reform. Therefore, the perceived failure of President Thein Sein to control the Tatmadaw's actions significantly undermines the positive assessment of the reform.

## B. The Negotiation

Peace talks started soon after the outbreak of the Kachin conflict, with two rounds between the KIO and a team from the Kachin State government held on June 30 and August 1, 2011.<sup>23</sup> In the following two years, more than a dozen dialogues were held between KIO and government representatives, but they were undermined by a variety of factors including:

- The government's poor choice of a negotiator early on. Between the fall of 2011 and May 2012, the government chose former Army Col. Aung Thaung, a hard-liner with wide business interests and little flexibility regarding concessions.<sup>24</sup> The talks did not produce any meaningful progress.
- Disagreements on technical details, especially the location of the talks. Due to historical distrust, the KIO and the government representatives have been reluctant to attend talks hosted in the other side's territory.<sup>25</sup> As a result, several rounds of talks were hosted in Chiang Mai in Thailand and Ruili in China.
- Unequal levels of participation. In the talk on October 30, 2012, the government side dispatched a high-level military delegation to discuss troop withdrawal and force separation, but the KIA failed to send its senior leaders.<sup>26</sup> Less than two months after the October meeting, the Tatmadaw launched large-scale airstrikes and artillery shelling against KIA territory.
- Reluctance to compromise. For example, in addressing force separation, the KIA argues that the Tatmadaw needs to withdraw from the posts it has occupied since June 2011, while the Tatmadaw refuses to abandon territories its soldiers "shed blood for."<sup>27</sup>

Currently, the negotiation is being held between the KIO and the Union Peace Working Committee established in May 2012 and led by the minister of the president's office, Aung Min. The government has so far reached cease-fire agreements with 14 ethnic groups, including major insurgency forces such as the Karen National Union that had



Aside from the political considerations, there are also economic calculations on both the KIO and Tatmadaw's sides that undermine the incentive for a cease-fire.

been fighting for self-determination for more than six decades.<sup>28</sup> A key goal of the Thein Sein government was to forge a standard nationwide cease-fire accord that would cover all groups before the end of 2013.<sup>29</sup> The hope was that the signing ceremony would be witnessed by the leaders of the parliament and the democratic oppositions (Shwe Mann and Aung San Suu Kyi), as well as foreign observers, showcasing progress by the government in national reconciliation and further gaining approval inside and outside Myanmar.<sup>30</sup>

Since the KIA is one of the country's largest armed ethnic groups and the only one in active combat with the Tatmadaw, a cease-fire agreement with the KIO and its participation in the nationwide cease-fire accord are almost by definition required for the accord to succeed. However, the reality has proved less promising. Despite the rounds of talks held in 2013 and the peace deals signed between the KIO and the government, a formal cease-fire agreement has been lacking.<sup>31</sup>

According to senior KIO leaders, the group's rejection of a cease-fire agreement is based on several considerations. Firstly, the KIO's eventual goal for negotiations is to reach a political settlement on power- and profit-sharing (especially in the extractive industries), as well as constitutional revisions. The group sees a cease-fire agreement as potentially damaging to such efforts. The logic is that the government's sole incentive for negotiation is to reach a cease-fire for domestic political purposes and international applause; therefore, once that goal is achieved, the government will stop negotiating on more critical issues and the situation will return to the pre-2011 status. The KIA continues to argue that any cease-fire without a long-term political solution will be empty and temporary, leading to more armed conflict.

Aside from the political considerations, there are also economic calculations on both the KIO and Tatmadaw's sides that undermine the incentive for a cease-fire. The armed conflict and lack of governance in the conflict areas have facilitated massive exploitation of natural resources in the Kachin state and part of Shan state. Illegal trade of jade and timber has prospered to a new level as a result of the instability. The jade mines in the Kachin state were nominally closed in mid-2012 and official jade production plunged by more than 50 percent in fiscal year 2012/2013.<sup>32</sup> However, the official data do not catch the estimated \$1 billion of unofficial and illegal trade of jade orchestrated by Kachin, Burmese and Chinese traders. Despite the Sino-Myanmar agreement to halt the illegal timber trade, the transport of logs from the Kachin state to Yunnan has thrived in the past two years.<sup>33</sup> According to unofficial data from traders, 2 million cubic meters of logs were shipped through Ruili into China during the first 10 months of 2013.<sup>34</sup> It is also widely acknowledged that such illegal trade takes place under the blessing of local Kachin leaders as well as Tatmadaw officers in the region. Therefore, the illegal trade undermines the effort for peace both by funding the fighting and by strengthening the vested interests that a cease-fire will hurt.

### III. China and the Kachin Conflict

#### A. China's Interests in the Kachin region

China has a long border with Myanmar's Kachin state with deep political, economic and social ties. The situation in the Kachin conflict directly affects China's border stability. In 2009, the Kokang conflict in neighboring Shan state sent approximately 37,000 refugees into China's Yunnan province and gravely threatened the local border security and social stability.<sup>35</sup> Since then, border stability has been an issue constantly emphasized

by Chinese leaders in meetings with their Burmese counterparts.<sup>36</sup> The Kachin conflict could also affect China's internal stability and Han-minority relations due to the Jingpo (Kachin population in China) sympathy and support of the KIO.<sup>37</sup>

Strategically, there has been an ongoing debate in China as to whether the KIO could potentially become China's policy asset and leverage against the central government in Myanmar. The debate exists between the central government and the local government, and between the foreign policy apparatus and vested interest groups. The proponents of this strategy argue that, in light of the pro-West propensity of the Thein Sein government, China needs to strengthen its own influence in the country to press Myanmar to respect China's national interests and the KIO could be China's effective and loyal ally.<sup>38</sup> The opponents object on the basis of Beijing's long-standing policy of non-interference in other countries' internal affairs and argue that inciting ethnic problems will further alienate Myanmar. Although Beijing's policy has tilted in recent months against supporting the KIO, voices arguing for Kachin's potential political utility still exist, particularly in Yunnan province.<sup>39</sup>

Economically, China has significant interests in the natural resources of the Kachin and Shan states. China emphasizes Myanmar as an important hydropower supplier to energy-thirsty southwestern China.<sup>40</sup> For example, the largest Chinese investment project in Myanmar, the controversial \$3.6 billion Myitsone Dam, is located in upper Kachin state. A smaller hydropower project invested by Chinese Datang Group, the Dapein Dam, is also located in Kachin state but closer to the Chinese border. China's strategic oil and gas pipeline project, built by the China National Petroleum Co., passes through the Shan state, but is located close to the conflict zones in lower Kachin and upper Shan states.

The success of these investments is closely associated with the local stability and the endorsement by the local people. For example, the suspension of the Myitsone Dam has been partially attributed to the Kachin's opposition to the project and the government's concern for national reconciliation.<sup>41</sup> Dapein Dam was forced to shut down as a result of the Kachin conflict starting in June 2011 and operations were only resumed two years later.<sup>42</sup> In addition to the fear that the ongoing armed conflict in Kachin state might jeopardize the operation of the oil and gas pipeline, there have been concerns among Chinese analysts that armed groups in Myanmar might target the project in retaliation for China's cooperation with the central government.<sup>43</sup>

## B. China's Changing Attitude toward the Kachin Conflict: From Aloofness to Active Intervention

How the Kachin conflict affects these interests of China has played a determining role in China's policy toward the conflict. From June 2011 to the end of 2012, China's position was aloof and distant. The bloodshed in the Kachin state resulted in little reaction from Beijing compared with the Kokang conflict two years earlier. The Chinese Foreign Ministry routinely called for "restraint and negotiation."<sup>44</sup> However, it declined the KIA's public appeal for China to be the referee in its negotiations with the Myanmar government.<sup>45</sup>

A primary reason for China's indifference was that during this period, the conflict did not result in significant damage to China's interests. The refugee flow into China was small: 80 percent of the 100,000 internally displaced people gathered along the Sino-Myanmar border and close to Laiza, but did not attempt to enter China until the escalation of fighting in December 2012.<sup>46</sup> Economically, China was not inclined to support the KIO as the

**How the Kachin conflict affects these interests of China has played a determining role in China's policy toward the conflict. From June 2011 to the end of 2012, China's position was aloof and distant.**

**China's most significant policy adjustment on the Kachin conflict was intervention in the negotiations.**

Kachin were perceived to be undermining China's commercial interests in the region: the KIO strongly opposed China's Myitsone Dam project and it was believed that in June 2011, the KIA attacked the Tatmadaw over the control of the Chinese Dapein Dam for its own advancement with little respect for China's commercial interests.<sup>47</sup>

The escalation of tension in the Kachin state from December 2012 to January 2013, however, dramatically changed the landscape of China's policymaking. The fighting began to take a heavy toll on China's border stability, with the explosion of artillery shells inside China, the inflow of thousands of refugees, disruption of local economic activities and rising dissatisfaction among Chinese citizens regarding the Tatmadaw's military actions.<sup>48</sup> As a result, China had to strengthen military deployments along the border.<sup>49</sup> Economically, with the Sino-Myanmar oil and gas pipelines set to become operational in mid-2013, the escalating tension became an increasing concern and threat.<sup>50</sup> The conflict hindered the progress of existing Chinese investment projects in the Kachin state. For example, China Power Investment has cited the ongoing conflict as a key reason for the delayed construction of its six small dams in the region.<sup>51</sup> Illegal trade might have prospered and benefited local interest groups, but on the national level, it does not offset the damage to China's broader economic stakes. (Another more fundamental factor that resulted in China's change of attitude was the so-called "internationalization" of the Kachin issue, which will be discussed in the following section.)

China's policy adjustments were quick and effective. On the civilian side, Beijing urgently dispatched a senior diplomat, Vice Foreign Minister Fu Ying, as a special emissary to Myanmar, where she met with President Thein Sein on Jan. 19 to voice China's dissatisfaction.<sup>52</sup> To ensure that the Tatmadaw also fully got the message, Deputy Chief of Staff of the Chinese People's Liberation Army, General Qi Jianguo, arrived in Myanmar on the same day: how Myanmar would "properly settle the issue of ethnic Kachin group through peaceful means as well as safeguard the tranquility along the China-Myanmar border areas" was the top priority for the first China-Myanmar strategic security consultation.<sup>53</sup> To strengthen policy coordination and implementation on the top level, China for the first time created a "Special Envoy on Asian affairs" to "participate in related Sino-Myanmar affairs."<sup>54</sup> The appointee, Ambassador Wang Yingfan, paid his first visit to Myanmar as the special envoy three days after his appointment.<sup>55</sup>

China's most significant policy adjustment on the Kachin conflict was intervention in the negotiations. China was instrumental in arranging the two rounds of talks at the beginning of 2013. Due to the lack of trust between the KIO and the Myanmar government, both preferred a third-party location. China offered to resolve this difference by providing the venue — the Jingcheng hotel in Ruili. In addition, China also explicitly guaranteed the security of all participants, sending armed police to guard the perimeter.<sup>56</sup> On the substance of the talks, China played a role in coordinating and mediating under the guidelines of "persuading for peace and promoting dialogues" (劝和促谈).

The case is unique in that, for the first time in decades, China played an open and public role in the internal conflict between the central government and a local rebel group of another sovereign nation by sending senior officials to attend and "mediate" the talks. The Chinese government representative, Director General of the Asia Department from the Ministry of Foreign Affairs Luo Zhaohui, attended the peace talks Feb. 4 as a witness.<sup>57</sup> Five weeks later, Special Envoy Wang Yingfan hosted the next round of dialogue March 11.<sup>58</sup> Subsequently, Chinese embassy representatives and Wang attended the peace talks hosted in the Kachin state in May, October and November 2013.



### C. “Internationalization of the Kachin issue”: China’s Grave Concern in 2013

In 2013, China’s most serious concern regarding the Kachin conflict was the potential for its “internationalization.” This has also been perhaps the most important factor in China’s decision to intervene in the Kachin peace talks. China rejects the involvement of other foreign powers, particularly the United States, in an area adjacent to the Chinese border that could affect Chinese national security. The fear of American presence, rather than concern for the ethnic conflict itself, anchored China’s desire to monopolize the peace talks.

Since the beginning, the Kachin had hoped for the involvement of multiple international participants in the negotiation. In the KIO’s perspective, a key reason for the failure of the past attempts for peace and reconciliation was that those agreements did not include binding mechanisms and international guarantors.<sup>59</sup> To avoid the same deficiency, the KIA has argued that the current peace talks should be attended by credible international parties as monitors/mediators/guarantors. Such “credible international parties” would include:

- China for “its vested interests in the border stability, historical ties with the border ethnic groups and influence on the Myanmar government and Tatmadaw.”<sup>60</sup>
- The United Nations for “its international political and humanitarian authority” and “its legitimacy in conflict resolution.”<sup>61</sup>
- The United Kingdom because “as the former colonial ruler, the UK has the best historical knowledge of the relationship between the Burman and the Kachin as well as the Panglong Agreement before the independence of Burma.”<sup>62</sup>
- The United States, because “as the only super power and the exemplary democracy, it has the needed physical strength, moral authority, and political and economic influence in this issue.”<sup>63</sup>

From the Myanmar government’s point of view, international observers are “acceptable” as long as they “remain impartial and do not interfere with Myanmar’s internal affairs.”<sup>64</sup> Some government officials even privately welcome the participation of international observers so that the international community can make a fair and objective assessment of the peace talks rather than being influenced by the rhetoric of ethnic groups.<sup>65</sup> Under these understandings, invitations to participate in the Kachin peace talks were sent to the four parties in late 2012 and early 2013. The original agreement between the two sides from the March 2013 dialogue also included an article to invite international third parties to attend the next round of negotiation.<sup>66</sup>

That proposal significantly disturbed China, which saw the invitation as an insidious attempt to “internationalize” the Kachin issue against Chinese national interests. For Beijing, regardless of its severity, a local armed conflict is only an internal issue for Myanmar. When the conflict affects China, it becomes a bilateral issue between China and Myanmar, but could be contained to minimize its detrimental disruption. China supports peace in the Kachin area, but in these circumstances would not play a role that would increase its own burden.

However, the real potential for the US and UK to participate in the peace talks in the same way as China that arose from the March dialogue fundamentally changed China’s assessment how the Kachin conflict might impact China. In China’s perception, American participation would give the US equal authority to influence the situation in the Kachin state, and even more broadly in Myanmar, defeating China’s monopoly of direct involvement and influence. Beijing sees itself losing much influence over the Myanmar

**China rejects the involvement of other foreign powers, particularly the United States, in an area adjacent to the Chinese border that could affect Chinese national security. The fear of American presence, rather than concern for the ethnic conflict itself, anchored China’s desire to monopolize the peace talks.**

Beijing prioritizes friendly relations with the Myanmar government and wishes to restore peace and stability in the conflict areas.

central government to Washington and sees the border area as China's sphere of influence. Any potential to introduce and enhance U.S. presence in the Kachin issue is essentially viewed as an offensive to further undermine China's role in Myanmar. As a region that borders China's southwest frontier, the Kachin state is seen as critical for China's immediate border security, hence core national interests. As put by a Chinese analyst: "For Washington to seek to play any role in a region right on Chinese border is a grave aggravation of the US encirclement of China to meddle with affairs with direct impact over Chinese national security."<sup>67</sup> For them, the visit by US ambassador Derek Mitchell to the Kachin state in December 2012 confirmed such suspicion.<sup>68</sup>

China made great efforts to pre-empt the intervention by international third parties. Most strikingly, at the March 11 peace talk in Ruili, the Chinese Special Envoy Ambassador Wang Yingfan directly opposed inclusion of the article on inviting international third parties in the final statement. Disappointed government representatives allegedly challenged him, calling the veto China's "interference in Myanmar's internal affairs," but eventually yielded to Chinese demands by removing the article.<sup>69</sup> The unilateral imposition severely damaged China's reputation and credibility. As a result, both the KIA and the government refused to host any further dialogues in China and invited the UN Special Envoy to attend the May dialogue in Myitkyina without informing China.<sup>70</sup> Ambassador Wang Yingfan was not invited to attend the May dialogue and the Chinese embassy dispatched its political counselor instead.<sup>71</sup> Some Chinese officials acknowledged that China overplayed its hand in the March talks but insisted it was worthwhile so as to "deter the internationalization of the Kachin issue."<sup>72</sup> As a compromise, China stepped back to accept UN participation in the Kachin dialogue. Since then China and the UN have been the only two observers of the talks, albeit with a strictly limited role of observing.

The thinking inside China about the Kachin issue is hardly monolithic. Beijing prioritizes friendly relations with the Myanmar government and wishes to restore peace and stability in the conflict areas. This view is largely shared by the Chinese military, which has had strong ties with the Tatmadaw. However, interest groups in China, especially those on the local level, cling to shady business ties and profits from the ethnic conflicts. Strategic thinkers at the top have moved beyond the limited political and economic benefits Myanmar itself offers; instead, they emphasize Myanmar's strategic utility as China's corridor into South Asia and the Indian Ocean.

In the foreseeable future, China will continue to participate in the peace talks between the KIO and the government and object to any third country involvement. It wishes to see a negotiated agreement, but does not necessarily believe an agreement will solve the problems and foresees more issues arising during the implementation process. Many Myanmar analysts in China argue that a genuine federalism might be the only sustainable solution, but since it is rejected by certain key political forces in Myanmar, a solution to the Kachin issue will be neither easy nor speedy.

#### IV. The Role of the United States

When the Kachin conflict first broke out in June 2011, the improvement of US-Myanmar relations had been progressing but without a major breakthrough. Starting with the August meeting between Aung San Suu Kyi and President Thein Sein, Myanmar rapidly adopted reform policies to democratize. Consequently, as US-Myanmar relations have developed, the American priority has been focused on the political reform of the Thein Sein government and cultivating democratic institutions, as well as capacity building.

Compared to the political dynamics within and among the four Burman-majority political forces (the government, the military, the parliament and the democratic oppositions), ethnic issues were important, but hardly a top priority.<sup>73</sup>

However, the Kachin conflict is important for the US. This is not only because the national reconciliation is a key component for the success of Myanmar's democracy, but also because the ongoing conflict has generated tremendous criticism and pressure from the media, activists and NGOs over US engagement policy toward Myanmar. This affects the overall assessment of the Burma policy of the Obama administration. The US has raised its concern about the conflict and violence publicly, calling for dialogue and a cessation of the conflict.<sup>74</sup> On the ground, the US Embassy in Rangoon follows the conflict and negotiations closely and meets privately with representatives from both sides to understand the situation and provide advice.<sup>75</sup>

The US has a vested interest in the success of the peace process and the national reconciliation of Myanmar, but it faces multiple difficulties in playing an active role. Although the Myanmar government wishes for the US to participate in the Kachin peace process as an observer, it draws a line between "observation" and active "interference." In other words, the Myanmar government wants the US to assist and observe the process, but not to dictate or meddle.

Internally, the Kachin conflict touches upon the sensitive issue of the Tatmadaw's role and future. Since the beginning of the conflict, there has been rising suspicion about President Thein Sein's ability to control the Tatmadaw.<sup>76</sup> Sources within the government and the KIO strongly indicate that retired Senior General Than Shwe is still the mastermind behind the Tatmadaw's decision-making, including on the Kachin conflict.<sup>77</sup> Among all the other incentives, the Tatmadaw has viewed the fighting as its tool for safeguarding the Union's unity and security and guarding against ethnic separatism. Therefore, for the US to push the Myanmar government on the conflict could strain its delicate relationship with the Tatmadaw and arouse criticisms and reactions that would create a backlash against the broader reform process.

Other developments also attest to the limitation of US influence on the Kachin issue. On Jan. 24, 2013, the US Embassy in Rangoon issued a statement that it was "deeply concerned by ongoing violence in Burma's Kachin State" and noted that, despite a government announcement of a unilateral ceasefire on Jan. 19, "media and NGO reports indicate that the Burmese Army continues a military offensive" against Kachin rebels near Laiza.<sup>78</sup> The statement was fiercely rebuked and criticized by the Myanmar Foreign Affairs Ministry in a rare public show of disagreement and displeasure with the United States. A statement by the Ministry in the state-run newspaper *The New Light of Myanmar* on Jan. 26 said Myanmar "strongly objects and rejects" the embassy's conclusion. It pointed a finger at the KIA for fomenting the violence and launching unrelenting attacks, which forced the military to react.<sup>79</sup> Some Burmese observers in Yangon pointed out that the ministry's statement was the result of the Tatmadaw's pushback.<sup>80</sup> But on the other hand, it also reflected the difficulty for the US to assert a demanding position on the Kachin conflict because both sides are responsible for the ongoing violence.

Externally, China has been a main obstacle standing in the way of US efforts to play an active role in the Kachin conflict. Any attempts by the US government to facilitate or mediate in the cease-fire are invariably perceived by China as aimed at undermining China's traditional influence in the region. China's dissatisfaction with the US Myanmar policy is apparent. Senior Chinese diplomats familiar with Myanmar have privately commented

**The US has a vested interest in the success of the peace process and the national reconciliation of Myanmar, but it faces multiple difficulties in playing an active role.**

**The US has made significant efforts to work with China on the issue of Myanmar, especially on the Kachin conflict.**

in Washington that the US and Myanmar damaged China's interests despite China's assistance on US-Myanmar relations during the junta years. For the US to further extend its reach and influence into the Kachin region on the Chinese border will be seen as a major strategic offensive by Washington.<sup>81</sup> From Washington's perspective, China is not and should not be the fundamental consideration of its Myanmar policy. However, given the importance of US-China relations and the two countries' proclaimed commitment to build the so-called new model of major power relations, to further antagonize China on Myanmar over the Kachin issue most likely would have a major negative impact on bilateral relations.

The US has made significant efforts to work with China on the issue of Myanmar, especially on the Kachin conflict. The hope is to identify the common interests of the US and China in the peace and prosperity of Myanmar and seek ways to cooperate toward the same goal. Then-US Special Representative and Policy Coordinator for Burma, Derek Mitchell visited Beijing as early as December 2011 to clarify US policy and seek cooperation.<sup>82</sup> A year later, his successor Patrick Murphy visited Beijing again to discuss American policy and coordinate efforts.<sup>83</sup> The U.S. Embassy in Rangoon had also reached out to the Chinese Embassy in the hope to meet regularly to discuss developments on the ground.<sup>84</sup> Unfortunately, none of these efforts led to any warm feedback or action from China. In a recent private policy seminar hosted between Chinese and American experts on cooperation in Myanmar, especially on the Kachin issue, most Chinese analysts acknowledged the two sides' shared goal is peace but rejected the idea of cooperation. Some argued that such cooperation is not in China's interests because it would enhance US influence in China's "sphere of influence," while others saw such cooperation as a "quid pro quo" and suggested that the US needs to help China to resume the suspended Myitsone Dam to gain China's reciprocity.<sup>85</sup>

## V. Looking ahead

In the near future, the Myanmar government's nationwide cease-fire accord/conference, if it is to happen, will most likely take place without the KIO's participation. A genuine, sustainable solution to the Kachin conflict will only come from a comprehensive political arrangement with mutually acceptable power/profit-sharing, rather than a simple cease-fire agreement. Negotiating a solution will require more time and patience than the domestic activists and the international community would like to offer, and implementation of any solution will be full of challenges that further test the resilience of the nation and the democratic process.

China sees the Kachin conflict as a power play. Its fear of the so-called "internationalization of the Kachin issue" is a classic example of the zero-sum perception prevalent in China's Myanmar policy community. China does not wish to deeply involve itself in the Kachin peace talks so long as the conflict does not affect China. The escalation of tension and the potential US involvement motivated China's intervention. Unfortunately, various actors in China do not always see Myanmar's best interests as aligned with those of China. In comparison, although the US also only has played a limited role in the conflict resolution in the Kachin state, this has been due to the internal and external constraints rather than the lack of interests or political will. US-China cooperation on the Kachin conflict is unlikely in the near future.

## Endnotes

1. The Kachin people are an ethnic minority group largely living in Myanmar's Kachin state and neighboring areas in China and India. Most Kachin are Christians.
2. "The Kachin Crisis: Peace Must Prevail," Transnational Institute, Burma Policy Briefing No.10, Mar. 2013, p3.
3. The Myanmar National Democratic Alliance Army (MNDAA) was targeted by the government military in the Kokang conflict in 2009. As a result, part of the force went into exile and the rest was transformed into the Border Guard Force under the government's authority. "Kokang wants to join ceasefire talks," Shang Herald, Feb. 29, 2012.
4. For example, under U Nu, the Burmese government pushed for Buddhism to become the state religion in the Kachin state. More recently, the Kachin has dispatched delegations to visit the U.S. and other countries to appeal for support from religious groups and governments. These religion-based agendas on both sides exacerbated the lack of trust.
5. "Kachins want Panglong Agreement brought into talks," Mizzima News, May 27, 2013.
6. Hannah Beech, "Burma's Kachin war: renewed ethnic strife threatens regional stability," Time, Jan. 28, 2013.
7. "Political History: A brief account of the Kachin," Kachin National Organization.
8. Saw Yan Naing, "KIA on high alert after overnight fighting," The Irrawaddy Magazine, Jun. 10, 2011.
9. "Burma: Army committing abuses in Kachin state," Human Rights Watch, Oct. 18, 2011.
10. "The Kachin's dilemma: Become a Border Guard Force or return to Warfare," EBO Analysis Paper No.2/2010.
11. Michael Martin, "Burma's political prisoners and U.S. sanctions," Congressional Research Service, Dec. 2, 2013, p14.  
Interview with a mediator between KIA and the military government, Dec. 2013.
12. Hillary Whiteman, "Why Kachin conflicts threatens Myanmar peace," CNN, Jan.24, 2013.
13. "Myanmar civil war affects Dapein hydropower station," [缅甸战火殃及太平洋水电站], China Energy [中国能源报], June 20, 2011.
14. Yun Sun, "The Kachin conflict: Are Chinese dams to blame?" CSIS PacNet, Jul. 8, 2011.
15. "The Kachin Crisis: Peace Must Prevail," Transnational Institute, Burma Policy Briefing No.10, Mar. 2013, p6.
16. Zen Myat Lahpai, "Burma army strike hits Laiza, three civilians killed," The Irrawaddy, Jan.14, 2013.
17. "More than 1,000 casualties in the Kachin campaign: Army report," Shan Herald Agency for News, Aug. 28, 2013.
18. "KIA headquarter officers interviewed by Southern Weekly," [克钦独立军司令部官员在前线接受南方周末及作者采访], Southern Weekly [南方周末], Jan.17, 2013.
19. Gwen Robinson, "Kachin conflict puts Myanmar reform to test," Financial Times, May 13, 2013.
20. "The Kachin Crisis: Peace Must Prevail," Transnational Institute, Burma Policy Briefing No.10, Mar. 2013, p20.
21. David Schearf, "Despite ceasefire, fighting continues in Burma's Kachin state," Voice of America, Jan. 21, 2013.
22. Interview with KIA leaders, Kachin State, Oct.2013.
23. "A Tentative Peace in Myanmar's Kachin Conflict," International Crisis Group Asia Briefing N 140, Jun. 12, 2013. p8.
24. Seamus Martov, "What does the future hold for Aung Thaung & sons?" The Irrawaddy, May 11, 2012.
25. Interviews, the Kachin state and Yangon, Oct. 2013.
26. "A Tentative Peace in Myanmar's Kachin Conflict," International Crisis Group Asia Briefing N 140, Jun. 12, 2013, p10.
27. Interviews, the Kachin State and Yangon, Oct. 2013.
28. "Myanmar government, ethnic rebels postpone peace talks," Kyodo News International, Nov. 5, 2013.
29. "Myanmar government eyes political talks with rebel groups in April," Radio Free Asia, Nov. 25, 2013.
30. Interviews with analysts close to the government negotiation team, Yangon, Oct. 2013.
31. In late May, the preliminary agreement between the KIO and the government promised to "undertake efforts to achieve de-escalation and cessation of hostilities" and to "continue discussions on military matters related to the repositioning of troops." Then the seven-point agreement signed Oct. 10 took another step further to call for the establishment of a joint monitoring team to monitor troops on the frontlines, as well as for a plan for the voluntary return and resettlement of internally displaced persons, along with the reopening of roads that have been closed due to fighting. Both agreements pledged reduced fighting, but fell short of a formal ceasefire.
32. Andrew Marshall and Min Zayar, "Myanmar's old guard clings to \$8 billion jade empire," The Globe and Mail, Oct. 4, 2013.
33. The agreement in 2006 stipulates that all log exports deemed legal by Myanmar have to be shipped out from Yangon port under the auspices of the state-run Myanmar Timber Enterprise. Therefore, although all the traders claimed their logs are legal and had legal customs documents, the logs transported from the Kachin state to Yunnan by land cannot possibly be legal.



- “Appetite for destruction: China’s trade in illegal timber,” Environment Investigation Agency, Nov.2012, p12.
34. Interviews with local timber traders, Ruili, Oct. 2013.
  35. Brian McCartan, “China, Myanmar border on a conflict,” Asia Times, Sep. 10, 2009.
  36. The maintenance of border stability was emphasized by the following: then-Vice President Xi Jinping’s visit of Myanmar in December 2009; then-Premier Wen Jiabap’s visit to Myanmar in June 2010; President U Thein Sein’s visit to Beijing in May 2011; Speaker of the Lower House, U Shwe Mann’s visit to Beijing in May 2012; PLA Chief-of-staff Qi Jianguo’s meeting with President U Thein Sein in January 2013; President Xi Jinping’s meeting with Tatmadaw commander-in-chief Min Aung Hlaing in Beijing in October 2013; Premier Li Keqiang’s meeting with President U Thein Sein in Brunei in October 2013, etc.
  37. “Jingp people in Yunnan gather at the border, claiming to enter Myanmar and help the Kachin if there is no ceasefire,” [云南景颇族人集结边境 称若不停火就赴缅甸帮克钦族], New Beijing Daily[新京报], Jan. 13, 2013.
  38. Yun Sun, “Has China lost Myanmar?” Foreign Policy, Jan. 15, 2013.
  39. Interviews with Chinese analysts, Yunnan and Beijing, Jun. and Nov. 2013.
  40. Yun Sun, “China’s Strategic Misjudgment on Myanmar,” Journal of Current Southeast Asian Affairs, 1/2012.
  41. Interview, Yangon, Jul. 2012.
  42. “Yunnan Grid: Dapein hydropower resumes power transmission,” [云南电网：缅甸太平江一级电站恢复送电], China Southern Power Grid [南方电网报], May 11, 2013.
  43. Interviews with Chinese analysts, Yunnan and Beijing, Jul. 2011, Aug. 2012.
  44. Press Conference, Ministry of Foreign Affairs, Jun. 16, 2011.
  45. “KIA appeals to China for mediation,” [克钦独立军致信中国要求调停], Dongfangwang, Jun. 17, 2011.
  46. “Go to China: 100,000 Kachin refugees on Sino-Myanmar border,” [到中国去：中缅边境线上的十万难民], Southern Weekly, [南方周末], Jan.17, 2013.
  47. “KIA announced the start of civil war,” [缅甸克钦独立军宣布开打内战], Dongfang Daily[东方早报], Jun. 15, 2011.
  48. Yun Sun, “China’s intervention in the Myanmar-Kachin peace talks,” Asia Pacific Bulletin, Feb. 20, 2013.
  49. “China sends troops to border with conflict-torn Myanmar: media”, Reuters, Jan. 11, 2013.
  50. Interview with Chinese businesses, Beijing, Mar.2013.
  51. Conversation with China Power Investment, Kunming, Oct. 2013.
  52. “Myanmar vows to maintain peace on Chinese border,” China Daily, Jan. 21, 2013.
  53. “China, Myanmar hold strategic security consultation,” Global Times, Jan. 21, 2013.
  54. “China confirms appointment of first special envoy on Asian affairs”, Xinhua news, Mar. 11, 2013.
  55. “Chinese Special Envoy on Asian Affairs, Wang Yingfan visits Myanmar,” [中国外交部亚洲事务特使王英凡访问缅甸], Chinese Embassy in Myanmar, Mar. 18, 2013.
  56. Interview with participants of the peace talk, Ruili, June and Oct. 2013.
  57. “Both sides of the conflict in Myanmar agree to more talks before the end of the month”, [缅甸冲突双方同意月底再谈], Dongfang Daily[东方早报], Feb. 6, 2013.
  58. “Peace talk held between the Myanmar government and the Kachin organization, China played a constructive role,” [缅甸政府与克钦独立组织举行和谈 中方发挥建设性作用], China Radio International, Mar. 12, 2013.
  59. Interview with a senior KIA leader, Kachin State, Oct. 2013.
  60. Interview with a senior KIA leader, Kachin State, Oct. 2013.
  61. The KIA had appealed for UN intervention through observer teams and intermediary teams to the conflict zones as early as May 2012. “Kachin appeal for UN observer,” Radio Free Asia, May 17, 2012.
  62. Interview with a senior KIA leader, Kachin State, Oct. 2013.
  63. Ibid.
  64. Interview with government negotiators, Yangon, Jun. and Oct. 2013.
  65. Conversation with Myanmar government analysts, Washington DC, Sep. 2013.
  66. Interview with participants in the March dialogue, Kachin State and Yangon, Oct. 2013.
  67. Conversation with Chinese analysts, Hong Kong, Jun. 2013.
  68. Conversation with Chinese analysts, Kunming, Jun. 2013.
  69. Interviews with participants of the March dialogue, Yangon, Jun. and Oct. 2013.
  70. Ibid.

71. Interviews with participants of the May dialogue, Yangon, Jun. and Oct. 2013.
72. Ibid.
73. Conversations with Myanmar analysts, Washington DC, 2012.
74. Victoria Nuland, "Daily Press Briefing," Department of State, Jan. 2, 2013.
75. Interview with senior KIA leaders, the Kachin state, Oct. 2013.
76. "Kachin ceasefire ignored," Radio Free Asia, Jan. 19, 2013.
- Than Htike Oo, "Thein Sein cannot control Army, Shan rebel say," The Irrawaddy, Jul.3, 2013.
77. Interviews, Ruili, Kunming, Kachin state, Yangon, Oct. 2013.
78. "Statement by Embassy Rangoon Spokesperson: Ongoing conflict in Burma's Kachin state," U.S. Department of State, Embassy Rangoon, Jan. 24, 2013.
79. Paul Vrieze, "Burma hits back at US criticism of Kachin conflict," The Irrawaddy, Jan. 28, 2013.
80. Interviews, Yangon, Oct. 2013.
81. Interviews with Chinese analysts, Kunming, Jun. and Oct. 2013.
82. Derek Mitchell, "Remarks at the press roundtable at U.S. Embassy Beijing, China," Department of State, Dec. 13, 2013.
83. "Special Representative and Policy Coordinator for Burma Patrick Murphy Travels to Europe and Asia" Office of the Spokesperson, Department of State, Dec. 5, 2012.
84. Conversation with US diplomats, Yangon, June 2013.
85. Discussions at the private policy seminar, Oct. 2013.

## The Stimson Center

Founded in 1989, the Stimson Center is a nonprofit and nonpartisan think tank that seeks pragmatic solutions for some of the most important peace and security challenges around the world. Stimson's analysts, who travel the globe for their research, make the Center a trusted source of expert knowledge, fresh perspectives, policy prescriptions and creative ideas.

By engaging policymakers, policy implementers, nongovernmental institutions as well as other experts, Stimson is able to craft recommendations that cut across political party lines and are actionable and effective. The Center has been honored as one of the top think tanks in the world and received the prestigious MacArthur Award for Creative and Effective Institutions in 2013.

For more information on Stimson, please visit [www.stimson.org](http://www.stimson.org).

### STIMSON'S EAST ASIA AND SOUTHEAST ASIA PROGRAMS

This issue brief on China and Myanmar covers topics studied by Stimson's East Asia and Southeast Asia programs. The programs seek to illuminate and fashion pragmatic solutions to many of the complex security challenges confronting both regions.

Stimson's East Asia program, led by Alan Romberg, focuses on security in the region. It works on China and US-China relations with particular emphasis on cross-strait relations, as well as on China's overall foreign and security policies. The program also spotlights the US-Japan alliance and Japan's evolving security policies and practices. In addition, Stimson scholars work on Korean Peninsula issues, from exploring North Korean nuclear issues, to inter-Korean relations, North and South Korea's regional relations and the US-South Korean alliance.

The Southeast Asia Program, led by Richard Cronin, focuses on regional issues from the perspective of political economy, including regional economic integration; maritime disputes in the South China Sea; the Association of Southeast Asian Nations (ASEAN); US-ASEAN relations and other related US policy issues. Currently the program seeks to identify and promote practical approaches to reducing the transboundary impacts of hydropower dams in the Mekong Basin on regional relations and security.

### ABOUT THE AUTHOR

Yun Sun is a fellow with the East Asia program at Stimson. She was previously a visiting fellow at the Brookings Institution, a China analyst for International Crisis Group based in Beijing from 2008 to 2011, and earlier worked on US-Asia relations at the Maureen and Mike Mansfield Foundation and the Asia Society in Washington. Her expertise is in Chinese foreign policy, US-China relations, and China's relations with neighboring countries and authoritarian regimes. She earned her master's degree in international policy and practice from George Washington University, an MA in Asia Pacific studies, and a BA in international relations from the Foreign Affairs College in Beijing.

---

# STIMSON

STIMSON CENTER 1111 19th St NW, Washington, DC 20036 (202) 223-5956

Copyright © Stimson 2014