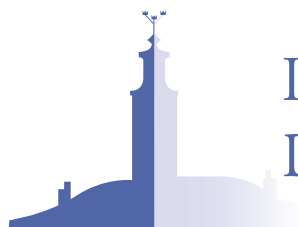


Rivalry and Cooperation: A New “Great Game” in Myanmar

Dai Yonghong

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Introduction

Myanmar occupies a strategic location facing the Indian Ocean as well as being the only land transportation hub connecting East Asia, Southeast Asia, and South Asia. Myanmar's location—of geopolitical importance—makes it the focus of interest for the world's major powers, among them China, the United States, India, Japan, and the European Union. Indeed, as Andrew Selth observed over a decade ago, "at critical times, Burma has been a cockpit for rivalry between the superpowers and, in the fluid strategic environment of the early 21st century, its important position is once again attracting attention from analysts and officials."¹

In recent years, scholars both in China and abroad have highlighted the conflict of interest in Myanmar between the aforementioned powers. Amidst Myanmar's reform process and opening up since 2011, these countries are seeking to bolster relations with Myanmar so as to promote their own strategic interests. Indeed, in the last few years international politics has witnessed an increasingly changing picture amid the United States' Asia-Pacific rebalancing, India's accelerating "Look East" policy, Japan's active rebalancing in Southeast Asia, the European Union's increasing projection of influence into Southeast and South Asia, as well as Myanmar's seeking of greater autonomy in which it aims to balance its foreign relations.

Strategically, the U.S.'s "pragmatic engagement" policy in Myanmar is to primarily use Myanmar as a means to implement a "double containment" strategy of China and India; while economic interests are lower on the agenda. As the second-largest neighbor to Myanmar, India has woken up to reassess its geographical and historical cultural linkages with Myanmar in order to utilize Myanmar for political stability and economic development in its northeastern states and in implementation of its "Look East" policy. As a major American ally in Asia, Japan wants to unite other major powers to balance China through Myanmar, cutting off China's major energy route leading to the Indian Ocean while competing through its financial and technological advantages for a greater market share and energy supply in

¹ Andrew Selth, "Burma: A Strategic Perspective," Working Paper #13, Strategic and Defense Studies Center, Australian University, May 2001, p.5.

Myanmar. The EU's recent policy adjustments in Myanmar are not only so as to promote Myanmar's democratization process and economic reform, but also as part of its increasing engagement with ASEAN and Asia more generally.

All of this has significantly affected the pattern of regional and global security and development trends and will inevitably cause competition between the major powers. Myanmar, for its part, will take full advantage to balance its foreign relations with China, the United States, India, Japan, and the European Union in order to seek its own best interests.

This situation presents considerable challenges for China as the largest and most powerful neighbor of Myanmar. In China's diplomacy vis-à-vis what can be termed as its "near abroad," Myanmar occupies an important strategic position, and China is loath to relinquish its preeminent position in Myanmar's foreign relations. But while Myanmar constitutes a theater of competition, lesser studied is the potential for cooperation among the different powers. Indeed, the major powers have extensive common interests in Myanmar including maintaining political stability, economic development, and fostering social progress. It is from this perspective that this paper, by analyzing the current security, political, and economic interests in Myanmar of the major powers and Myanmar's own strategic interests, attempts to elucidate the challenges and opportunities facing China, arguing that bilateral and multilateral cooperation over issues of common interest in Myanmar will bring more gains than zero-sum competition.

Major Powers' Strategic Interests in Myanmar

Among the world's major powers, China, the United States, India, Japan, and the European Union have the capacity to exert the greatest influence in Myanmar. These countries' divided strategic interests in Myanmar have largely determined their policy orientation in Myanmar. As neighboring countries, China's and India's geo-strategic interests in Myanmar are more defensive,² while as "external" major powers, the United States, Japan, and the EU could be argued to be more "offensive" in their strategic interests. This section accordingly analyzes the strategic interests of the various powers in regard to Myanmar.

China's Strategic Interests in Myanmar

China's primary strategy in Myanmar is to adhere to a win-win principle of peaceful cooperation between sovereign countries, provide support for domestic reformist steps, placing emphasis on political stability in Myanmar, and to pursue core strategic and economic goals, which envisage Myanmar as a strategic outlet for China to the Indian Ocean, thus freeing it from the "strategic passiveness" of a one-ocean policy.³

First, in terms of security, Myanmar is China's security barrier and strategic buffer. Myanmar's geographical location means that it could be used by external forces to pose a threat to China. For example, in modern history both Britain and Japan have used Myanmar as a base of aggression or threat to southwest China. Faced with Western embargos and sanctions, Myanmar was also a strategic channel that could be used to circumvent the siege of outside forces. During World War II, China used the transport corridor

² Lixin Geng, "Sino-Myanmar Relations: Analysis and Prospects," *The Culture Mandala*, Vol.7, No. 2, 2006, The Center for East-West Cultural and Economic Studies, The Faculty of Humanities and Social Sciences, Bond University, Queensland, Australia (2006), accessed October 1, 2014, <http://www.international-relations.com/CM7-2WB/Sino-Myanmar.htm>.

³ "China-Myanmar Relations: The Dilemmas of Mutual Dependence," Conference Report, November 14, 2011, Georgetown University, edited and published by *Journal of Current Southeast Asian Affairs* 1/2012: 133-139, German Institute of Global and Areas Studies, pp.133-134.

through Myanmar to ease the Japanese blockade of southwest China. The United States and Japan intend to use Myanmar as a wedge driven between China and India in order to provoke struggle between the two for their own benefit. The United States has also stepped up its efforts to build a “C-shaped ring of encirclement” against China. Therefore, China intends to maintain good and sustainable bilateral relations with Myanmar, which can ensure stability and security in China’s southwest frontier as well as a smooth passage to the Indian Ocean, critical for the successful implementation of the “BCIM Economic Corridor” initiative⁴ and its “two-ocean strategy.” As was argued as early as 2004, “China, through economic and military expansion, is establishing a position that strengthens it vis-à-vis both India and Southeast Asia, and improves its access to the Indian Ocean channel.”⁵ Accordingly, China is interested in utilizing Myanmar as a future springboard to the Indian Ocean.⁶ As such, China’s predominant security concern is to keep Myanmar from becoming part of the “encirclement of China” policy of the U.S.⁷

Second, politically Myanmar is an important ally of China in the international arena. The political development patterns adopted by China and Myanmar are different from those generally recognized by Western mainstream society. Criticism of “human rights,” “freedom,” “democracy,” among other issues that some Western countries frequently criticize China and Myanmar on, can bring both countries together in terms of support. A further issue of common concern is that of the many ethnic minorities who reside across the China-Myanmar border. Maintaining border stability and harmony is thus of great significance for both countries. After the “Kokang Incident” in 2009, tens of thousands of Myanmar refugees fled into China with many shells being fired into Chinese territory, which not only caused loss of life and property along the Chinese border, but also greatly

⁴ The Bangladesh-China-India-Myanmar Economic Corridor is an initiative that seeks to promote sub-regional economic cooperation within the BCIM countries. The multi-modal corridor will be the first “expressway” between India and China and will pass through Myanmar and Bangladesh.

⁵ Wayne Bert, “Burma, China and the U.S.A.,” *Pacific Affairs*, Vol. 77, No. 2, Summer 2004: 263.

⁶ Niklas Swanström, “Sino-Myanmar relations: Security and Beyond,” Asia Paper (Stockholm: Institute for Security and Development Policy, 2012), p. 15.

⁷ Loreen Tsin, “China and Myanmar: Beijing’s Conflicting Role in the Kachin Peace Process,” *China Monitor*, Mercator Institute for China Studies, No. 9, June 2014, p. 2.

endangered the security and stability of China's southwestern frontier. Myanmar is also a region prone to cross-border crime. As an epicenter for drug production and trafficking, this has a serious impact on both social stability and economic development of China's southwest region.⁸ This necessitates that central and local governments cooperate effectively to counter the phenomenon.

Third, in terms of economy, Myanmar is important for the prosperity of China's southwest frontier, as a conduit to secure its energy security interests, and as an important supplier of natural resources. The prosperous hinterland of southwest China needs a stable surrounding environment: a poor, backward Myanmar wracked by ethnic conflict is unfavorable for its economic development. As some political analysts point out, "China wants what Myanmar has – Indian Ocean access and abundant natural resources to support its rise."⁹ China's maritime deliveries of energy from the Persian Gulf to the South China Sea are insufficient, being further undermined by insecurity and the fact that about 80 percent of China's oil imports transit through the "choke-point" of the Malacca Strait. To resolve this dilemma, it has become a strategic choice for China to build a direct channel from southwest China to the Indian Ocean via Myanmar. Consequently, in June 2013, the Sino-Myanmar oil and gas pipeline was successfully completed with gas starting to flow to China in October 2013. Furthermore, Myanmar's rich natural resources (including timber, agricultural and aquatic products, and fruits) and large market size constitute an important and indispensable boost for Chinese economic development as well as being an important destination for Chinese exports and industrial transfer.

The United States' Strategic Interests in Myanmar

The United States' primary strategic interest in China is to implement a "double containment" strategy of both China and India. Indeed, judging from the current economic and trade relations between the United States and Myanmar, the economic interest is not the core interest motivating it to

⁸ Chen Lijun, "SWOT Framework Analysis on Current India-Burma Relations," *South Asian Studies Quarterly*, No. 4, 2012: 14.

⁹ "Unrest in Kachin: China's Mixed Blessing," *Asia Sentinel*, March 6, 2013, accessed September 23, 2014, <http://www.asiasentinel.com/politics/unrest-in-kachin-chinas-mixed-blessing/>.

approach or engage pragmatically with Myanmar. Indeed, in responding to Myanmar's complaints that it has not seen much money pouring in, a U.S. official responded, "Though it is understandable that the government is anxious to produce demonstrable economic results, actual progress in trade and investment relations between the two countries will develop slowly."¹⁰ As a matter of fact, "the American interest in Myanmar has a strong China component attached to it."¹¹ Accordingly, the real strategic goal is to use Myanmar to contain China from the east and curb India from the west so as to maintain a dominant position in the Indian Ocean. As an "Outer Crescent" superpower, the United States intends to contain any major power that controls the "fringes."

The Obama administration has relaxed sanctions on Myanmar, increased political contacts, and acquiesced to and even encouraged India's closer ties with Myanmar. The purpose is to provide Myanmar with more strategic options without excessive tendency on China so as to maintain the "balance of power" in the Asia-Pacific region. Moreover, Myanmar also serves the function as a springboard to develop closer relations and cooperation with ASEAN so as to contain China. In the context of China's rise as a great power and its deepening ties with Southeast Asia, "The US has sought to counter and offset China's charm offensive in Southeast Asia, as well as confront China's rising assertiveness in the region on issues such as the South China Sea."¹²

Another goal of the United States is to promote its values of freedom and democracy in Myanmar. While decades-long sanctions have isolated Myanmar, the reform process (with Aung San Suu Kyi playing an increasing role) gives the United States an opportunity to pull Myanmar into the "arc of freedom and democracy and prosperity." This ties in together with its strategic goal of containing China by promoting democratic regimes on its borders, which serve the purpose of both isolating China and trying to promote its democratization.

¹⁰ Pek Koon Heng, "Myanmar in ASEAN: Opportunities and Challenges Ahead for the 2014 ASEAN Chair," Asean Studies Center Report, American University, December 14, 2013, p. 4.

¹¹ Chandran D. Suba, "US, China and An Eastern Great Game?," in *Myanmar in Transition: Ethnic Conflicts, External Interests and Political Changes* (New Delhi: Institute of Peace and Conflict Studies), p. 22.

¹² Yun Sun, "Myanmar in US-China Relations," Great Powers And The Changing Myanmar Issue Brief No.3, Stimson Center, June 2014, p. 5.

While hitherto a secondary priority, the United States also wants to open up the Myanmar market in order to obtain a larger share of Myanmar's resources and energy. American big business consortia have complained about the government's stiff policy toward Myanmar which has prevented them from reaping profits in the country. For the past three decades, China has dominated foreign trade and investment in Myanmar, and, in recent years, India and Japan have also strengthened their economic presence in Myanmar. Facing such a situation, the United States aims to enhance its presence in Myanmar by increasing aid, trade, and investment.

India's Strategic Interests in Myanmar

Myanmar represents India's "East Gate." As India's renowned strategist and diplomat K. M. Panikkar pointed out nearly 70 years ago in his book entitled *The Future of India and Southeast Asia*, "To defend Burma is to defend India."¹³ India shares with Myanmar a border of 1400 km with four states in northeast India bordering Myanmar. India's basic security consideration in Myanmar is to prevent any potential rival from dominating Myanmar which could then pose a threat to India. For example, during World War II, Japan's invasion of Myanmar constituted a threat to then British-ruled India. In the more modern era, India has been concerned about being "strategically encircled" by China. China's peaceful liberation of Tibet, its allying with Pakistan in the 1950s, its increasingly closer ties with Myanmar since 1988, and particularly its more recent "string of pearls strategy"¹⁴—all of this signals to India the danger of China's intent to encircle it. India was in fact one of the first countries to identify China's influence in Myanmar and has become increasingly worried. In contrast to the United States and the EU, India quickly realized that without proper engagement of Myanmar, China's influence would continue to grow unchecked.¹⁵ The objective

¹³ K.M.Panikkar, *The Future of India and Southeast Asia* (Bombay: Allied Publishers, 1945), p. 43.

¹⁴ The string of pearls strategy concerns China's perceived intentions in the Indian Ocean region. It refers to China's military and commercial facilities and relationships along its sea lines of communication, extending from the Chinese mainland to the Red Sea coast. While the term is not employed in official Chinese government sources, it is often used in the Indian media.

¹⁵ Niklas Swanström, "Sino-Myanmar relations: Security and Beyond," p. 22.

of forging a closer relationship with Myanmar is thus in line with the U.S. and Japan's strategic interest of containing China.¹⁶

Since the implementation of the democratization process in Myanmar, then Indian Prime Minister Manmohan Singh, Foreign Minister Salman Khurshid, Secretary of Defense and the Air Force Chief of Staff A. K. Anthony, and other military and political officials, have paid visits to Myanmar, highlighting Myanmar's strategic position in India's "Look East" policy. In March 2013, the Myanmar Navy flotilla paid a port call to Vishakhapatnam on the east coast of India, and the Myanmar Navy has also participated in the biennial MILAN exercises hosted by the Indian Navy at Port Blair in the Andaman and Nicobar Islands in the Bay of Bengal.¹⁷ India is also providing Myanmar with equipment including offshore patrol vessels, radars, submarines, and so on. The above illustrates that the defense ties between India and Myanmar are deepening.

A primary security concern for India is border stability. Myanmar's border with India serves as a sanctuary for a host of secessionist movements based in India's northeast states.¹⁸ Internal security in the region has been threatened by the proliferation of light weapons, drug trafficking, and regional separatist extremists. A large number of the latter have taken refuge in Myanmar and used its territory as a training base. India thus urgently needs to cooperate with Myanmar to counter both cross-border criminality and insurgents.¹⁹

Economically, too, Myanmar is an important partner for India. Myanmar's strategic location offers India the opportunity to enter Southeast Asia and the Asia-Pacific to obtain valuable capital, technology, and to access markets. For the past two decades, India has been actively strengthening economic and trade cooperation with Myanmar. Myanmar's underdeveloped industry and agriculture, rich energy and resources, and large market potential are driving forces for Indian engagement in the country. Myanmar-India bilateral trade has been increasing steadily in recent years with

¹⁶ Chen Lijun, "Sino-Indian Relations: Status quo, Problems and Suggestions," South Asia Report 2012-2013, p. 182.

¹⁷ Vijay Sakhuja, "Expanding Naval Ties with India," in *Myanmar in Transition: Ethnic Conflicts, External Interests and Political Changes*, p. 24.

¹⁸ "China-Myanmar Relations: The Dilemmas of Mutual Dependence," p.137.

¹⁹ Li Yibo, "Indo - Burmese Relations: From Estrangement to Cooperation," *Southeast Asian Studies*, No .1, 2006: 42.

India constituting Myanmar's fourth-largest trading partner. According to U Kyaw Swe Tint, Consul General of the Republic of the Union of Myanmar, the trade is likely to grow to \$3 billion in 2014-15.²⁰

Historically, India has used religion as a card in forging closer cultural and religious ties between India and Myanmar. Buddhism and Hinduism are depicted by the Indian leadership as "branches of the same tree."²¹ Furthermore, as India is the birthplace of Buddhism, it has a large number of Buddhist temples which could stimulate the tourism industry, receiving visitors from Myanmar and thereby also enhancing India's soft power.

Japan's Strategic Interests in Myanmar

Japan's primary security interest in Myanmar is to unite other major powers to balance China through Myanmar, cutting off China's major energy route leading to the Indian Ocean. As mentioned earlier, maintaining a dominant position in the Indian Ocean is the established strategic goal of the United States with Myanmar as a focal point. Therefore, as a major American ally in Asia, Japan's Abe government seeks to reproduce strategically the situation during the Second World War in which Japan used Burma "to surround China, cut off the materials channel of international aid to China."²² Japan has started to promote military cooperation and exchanges with Myanmar. For example, vessels from Japan's Maritime Self-Defense Force called on Yangon for the first time in September 2013, while November saw the first defense dialogue between the two countries in Naypyidaw.²³

Japan further intends to use Myanmar to implement a "value-oriented diplomacy"²⁴ to regain Japan's say on the Myanmar issue in international politics and to counteract China's influence in Myanmar. Accordingly, the Abe government vigorously promotes values diplomacy: that is, not only

²⁰ "India, Myanmar bilateral trade likely to double," *Xinhua News*, accessed December 3, 2014, http://news.xinhuanet.com/english/business/2012-10/10/c_131897545.htm.

²¹ Bruce Matthews, "Myanmar 2000, Beyond the Reach of International Relief," *Southeast Asian Affairs* (Singapore: Institute of Southeast Asian Studies, 2001): 235.

²² Dai Xu, "Japan does one thing on the Diaoyu Islands under the cover of another in Myanmar," *Global Times*, January 16, 2013.

²³ East Asian Strategic Review 2014, The National Institute for Defense Studies, Japan, p. 169, <http://www.nids.go.jp/english/publication/east-asian/e2014.html>.

²⁴ Values-oriented diplomacy is a foreign policy course initiated by Japanese Prime Minister Shinzo Abe since 2006 which seeks to promote values of freedom, democracy, human rights, rule of law, and market economy to strengthen foreign policy cooperation.

cooperating with countries with the same “values” but also changing the “values” of those countries with systems different to that of Japan by way of financial assistance. Therefore, Japan wants Myanmar to form “the touchstone of Japanese drive towards political power,”²⁵ namely, Japan wants to promote Myanmar’s “democratization” process so as to establish “a dominant position in Southeast Asia for Japan and to lay the foundation for realizing the goal of a great political country”²⁶ through large-scale economic assistance and policy exchange and dialogue.

Third, Japan has economic interests in Myanmar where it is a competitor for resources and energy with China. Moreover, it has important economic and technological advantages at its disposal which enable it to “outpunch” China in some respects. In addition, Myanmar has the potential to serve as Japan’s gateway to India.²⁷ As some political strategists have stated there is “an informal division of labor between the US and Japan, where the US prioritizes delivering political rewards for Myanmar’s reform while Japan focuses on the economic front by offering aid and investment.”²⁸ To achieve these goals, Japanese government officials and businessmen frequently visit Myanmar. In January 2013, Japanese Deputy Prime Minister Taro Aso visited Myanmar, declaring that Japan would write off Myanmar’s 500 billion yen debt, and promising to provide a 50 billion yen loan to restore economic aid which had been interrupted for 20 years.²⁹ At the same time, various Japanese consortia made rapid inroads into the Myanmar economy utilizing their strong technical and financial strength and benefiting from strong state support at no profit, or even at a loss, in order to compete with Chinese enterprises for markets. This has included, for instance, helping Myanmar build Thi Lawa port Special Economic Zone in 2015, providing assistance to Myanmar in the fields of shipping, rail, road, and air traffic to carry out geological prospecting and exploration of rare earth metals, tungsten, molybdenum, among others, as well as investing in Myanmar offshore oil development. The aim is an attempt to counterbalance China’s influence

²⁵ Lin Xixing, “Japan’s Aids to Myanmar do not have a clue,” *Sinablog*, accessed September 16, 2014. http://blog.sina.com.cn/s/blog_63ec24f50102epop.html.

²⁶ *Ibid.*

²⁷ “China-Myanmar Relations: The Dilemmas of Mutual Dependence,” p. 137.

²⁸ Yun Sun, “Myanmar in US-China Relations,” p. 5.

²⁹ “Japan Writes off debts and signs investment MOUs,” Trade Bridge Consultants, accessed September 18, 2014, <http://tradebridgeconsultants.com/news/government/japan-writes-off-debt-signs-investment-mous/>

in Myanmar,³⁰ gaining more control over the Myanmar economy, and thus achieving the strategic purpose of cutting off the major energy route leading from the Indian Ocean to China. Even if the latter remains Japan's intention, its ability and means to do so is more questionable.

The European Union's Strategic Interests in Myanmar

As a country bridging countries and regions, Myanmar obviously occupies a key strategic position. As such, the EU and its member states' interests are not only to support the progress of democracy and economic development in Myanmar, but also to promote positive interaction between the EU and ASEAN³¹ as well as developing a more comprehensive "Asia strategy."³²

With the democratization process underway in Myanmar since 2010, the European Union has adopted a comprehensive political "re-engagement" policy toward Burma by announcing a "pause" of sanctions against the Burmese government in April 2012, followed by the announcement in April 2013 that the EU had decided to lift all economic sanctions against Burma while still maintaining the arms embargo. Having established an EU office in Myanmar and normalized bilateral relations with the aim of developing a long-term partnership, the EU aims to establish a dialogue mechanism with Myanmar involving various fields as well as urging Myanmar to undertake political, economic, and social transformation. The EU-Myanmar Task Force was established in March 2013 when Myanmar President U Thein Sein paid a milestone visit to Brussels. The Task Force agreed to launch an EU-Myanmar human rights dialogue and establish an EU-Myanmar Business Council to advise the government on ways to facilitate business links. On May 13, 2014, the European Union endorsed the establishment of a human rights dialogue with Myanmar. In the dialogue, the two sides will discuss bilateral cooperation and issues of mutual interest related to human rights, democratic principles, and the rule of law.³³

³⁰ William Boot, "West 'cannot afford' major economic aid to Burma, says China commentary," *The Irrawaddy*, December 17, 2013, <http://www.irrawaddy.org/burma/west-afford-major-economic-aid-burma-says-china-commentary.html>.

³¹ Song Qingrun, "EU, Myanmar in tango of tangled interests," *Global Times*, July 25, 2013, <http://www.globaltimes.cn/content/799189.shtml>.

³² "The EU's Limited Adjustment of Policies Towards Myanmar," *China Daily*, April 29, 2012, http://www.chinadaily.com.cn/hqgj/bmoz/2012-04-29/content_5798189.html.

³³ "EU establishes human rights dialogue with Myanmar," *China.org.cn*, May 13, 2014,

In the context of ongoing political and economic reforms in Myanmar, some EU countries such as Britain and France are seeking to establish a strategic security relationship with Myanmar to explore potential exports of defense equipments used for purposes of humanitarian protection, including non-lethal military equipment. Britain in particular is working to develop a strategic partnership with Myanmar, including a project to provide training for the Myanmar Army which was started in early 2014. Furthermore, it is also considering providing assistance in maritime safety, disaster relief, humanitarian relief, and aviation safety.³⁴

Economic ties between the EU and Myanmar have been growing since the EU's decision to permanently suspend all economic sanctions against Myanmar. This has opened the door for the EU to expand trade and investment in Myanmar. In June 2013, the EU decided to reinstate GSP tariff preferences to Myanmar. In November of the same year, the EU and Myanmar signed a number of cooperation documents and jointly organized SME policy decision forums and commodity policy forums on tourism, agriculture, and investment cooperation. The EU further pledged to provide \$120 million in annual aid to support Myanmar's rural development, education, and the domestic peace process.³⁵ EU trade with Myanmar increased from 402 million Euros in 2012 to 569 million Euros in 2013, an increase of 41.5 percent.³⁶ According to Myanmar official statistics, the EU investment in Myanmar was only \$220 million in 2012, but as of February 2013, this had increased to \$3.8 billion from EU member states including Britain, France, the Netherlands, Austria, Germany, and Denmark.³⁷

http://www.china.org.cn/world/Off_the_Wire/2014-05/13/content_32365442.htm

³⁴ Nehginpao Kipgen, "UK, France Must Pressure Myanmar," *The World Post*, July 17, 2013, http://www.huffingtonpost.com/nehginpao-kipgen/uk-france-must-pressure-myanmar_b_3606618.html.

³⁵ "The EU will provide \$ 120 million annual economic assistance to Myanmar" (in Chinese), *Sina News*, November 14, 2013, <http://news.sina.com.cn/w/2013-11-14/213028712405.shtml>.

³⁶ "Myanmar and EU trade grew 41.5 percent" (in Chinese), Ministry of Commerce of the PRC, accessed September 23, 2014, <http://www.mofcom.gov.cn/article/i/jyj/j/201403/20140300528881.shtml>.

³⁷ *Ibid.*

Myanmar's Balancing Act

Having analyzed the interests in Myanmar of the major powers—principally the United States, China, Japan, India, and the EU—it is important to assert that Myanmar is not merely a pawn caught in a game between powers, but also obviously has its own interests and considerations, not least in seeking to balance the competing interests of external powers. This section accordingly examines Myanmar's own interests and strategy.

First, in terms of security, Myanmar intends to maximize its self-reliance. This is consistent with its policy since independence which seeks to adopt “a strategic preference for non-alliance status or at least strategic balancing.”³⁸ Myanmar has neither become “a satellite state of China with Pauk Paw,”³⁹ nor will it become an ally of the United States, India, Japan, and the EU. As the scholar Sun Yun said, “the best strategy for Myanmar always stands on seeking a balanced diplomacy among strong powers to increase its profits and leverage due to its given territorial reality.”⁴⁰ Therefore, Myanmar aims to have good relations with all countries, while at the same time preventing any one power from gaining an overwhelming advantage, and thus dominating Myanmar's domestic and foreign policy. Since 2010, Myanmar state leaders have frequently visited China, the United States, India, and the EU, demonstrating a flexible diplomacy. In so doing, the Myanmar government is deliberately trying to balance different external actors against one another in order to minimize external pressures and maximize concessions.⁴¹

While relations with the U.S. and India have traditionally been cooler (sanctions and calls for reforms on the U.S. side, and suspicions of India's strategic ambitions⁴² through its establishment of the Indian Ocean Fleet

³⁸ John Lee, “Myanmar Pivots Awkwardly Away from China,” *ISEAS Perspective* 64, The Institute of Southeast Asian Studies, Singapore, 2013, p. 11, http://www.iseas.edu.sg/documents/publication/iseas_perspective_2013_64_myanmar_pivots_awkwardly_away_from_china.pdf.

³⁹ *Ibid.*

⁴⁰ Hnin Yi, “Myanmar's Policy toward the Rising China since 1989,” RCAPS Working Paper Series “Dojo,” Ritsumeikan Asia Pacific University, 2013, p.5.

⁴¹ Niklas Swanström, “Sino-Myanmar relations: Security and Beyond,” p. 7.

⁴² Renaud Egreteau, “India's Ambitions in Burma: More Frustration Than Success?,” *Asian Survey*, Vol. 48, No. 6, November/December 2008: 937.

mean that China remains the closer partner), Myanmar seeks to normalize relations and increase cooperation with both powers. The U.S. is seen as a superpower which cannot be ignored and which can help Myanmar reenter the international community, while having India as a close neighbor requires close cooperation over mutual security and economic interests.

Myanmar is pursuing economic interests in its relations with other powers in order to achieve rapid economic modernization and development. Accordingly, Myanmar welcomes Chinese companies to invest in Myanmar in the construction of China-Myanmar energy channels and the "BCIM economic corridor." As Myanmar President U Thein Sein said: "Myanmar is committed to the development and stability of the country's reform and opening up, and hopes that China would continue to support Myanmar's economic construction."⁴³ And even an Aung San Suu Kyi-chaired parliamentary committee recommended the continuation of projects on the grounds that the "sanctity" of signed contracts should be maintained and that Chinese investment is needed for Myanmar's development.⁴⁴ As for Myanmar-U.S. relations, President U Thein Sein said during his visit to the United States in May 2013, "Myanmar is committed to promot[ing] political and economic reform as well as national unity [and] call[s] on US companies to invest in Myanmar."⁴⁵ It would accordingly be generally favorable for Myanmar's economic development and modernization if it opened up to U.S. companies and allowed capital flows. In May 2014, meanwhile, after the new Modi government came to power in India, the economic component of its "Look East" policy has become increasingly prominent. How to benefit from this policy is an important consideration for Myanmar. Modi was able to win the general election largely due to his emphasis on economic development in Gujarat. Consequently, Myanmar has high expectations for the economic policy of the Modi government, counting on India playing a leading role in Myanmar's economy.

⁴³ "Chinese President Xi Jinping Meets with Myanmar President U Thein Sein," *Xinhua News*.

⁴⁴ Amb. Ranjit Gupta, "Transition in Myanmar: Regional Implications & Future Directions," in *Myanmar in Transition: Ethnic Conflicts, External Interests and Political Changes*, p. 7.

⁴⁵ "Obama begins historical visit to Myanmar, meets with U Thein Sein," *Xinhua News*, November 19, 2011. http://news.xinhuanet.com/english/world/2012-11/19/c_131984208.htm.

In spite of Myanmar's "non-alignment," China has always had a special place in Myanmar's foreign policy.⁴⁶ Although China and Myanmar have experienced conflicts and wars with each other in history, Sino-Myanmar relations have always been on a roughly equal basis since the establishment of foreign relations in 1950. Myanmar President U Thein Sein stated during his visit to China in April 2013,

Myanmar is ready to maintain exchanges with China's new leadership, push for mutually beneficial cooperation, and faithfully implement relevant projects, so as to produce new progress in their comprehensive strategic partnership. In promoting peace talks in its north, Myanmar hopes to have China's continuing support so that peace and development can be achieved along the border.⁴⁷

Myanmar needs China's support in the international arena; this is especially true when subjected to embargos and sanctions. On June 28, 2014, U Thein Sein visited China again and affirmed in his meeting with Chinese President Xi Jinping that China is Myanmar's good neighbor, good friend, and good partner; that Myanmar and China established diplomatic relations 64 years ago; that the bilateral traditional "Pauk Paw" friendship had deepened thanks to China's long-term support and assistance; and that Myanmar will continue to support China in issues relevant to the core interests and major concerns of the Chinese side.⁴⁸

Amidst changing trends in security, politics, and economy since 2011, Myanmar has realized that there are many challenges threatening the country's rehabilitation into the mainstream of international politics.⁴⁹ Among others, the most pressing challenges include "widespread poverty and underdevelopment; a lack of administrative and institutional capacity; a governing

⁴⁶ Jürgen Haacke, "Myanmar: Now a Site for Sino-US Geopolitical Competition?" accessed October 7, 2014, <http://www.lse.ac.uk/ideas/publications/reports/pdf/sr015/sr015-seasia-haacke-.pdf>.

⁴⁷ "Chinese President Xi Jinping Meets with Myanmar President U Thein Sein," *Xinhua News*, April 6, 2013, http://news.xinhuanet.com/politics/2013-04/05/c_124543193_3.htm.

⁴⁸ "China, Myanmar vow to well implement cooperation agreements," *Xinhua News*, June 28, 2014, http://news.xinhuanet.com/english/china/2014-06/28/c_133445554.htm

⁴⁹ Peter Chalk, "On the path of change: Political, economic and social challenges for Myanmar," Special Report, Australian Strategic Policy Institute, December 2013, p. 1.

system that continues to lack true accountability and transparency; ethno-nationalist insurgent movements that have yet to fully make peace with the state; [and] a dangerous escalation of religious violence between Muslims and Buddhists.”⁵⁰ Whether Myanmar’s hedging or balancing strategy can be effective depends on many factors at home and abroad. Judging from the current internal and external situation that Myanmar is facing, it is unlikely that Myanmar will turn more to one power or return to a more isolationist policy.

⁵⁰ *Ibid.*

Challenges to and Opportunities for China

As has been explored so far in this paper, the United States, India, Japan, and the European Union are significant players in what can be termed the “Myanmar game.” As such, they have a large impact on China’s national interests regarding Myanmar, which harbors both challenges and opportunities. This necessitates that China has a deeper understanding of what these entail. Undoubtedly, the major powers desire to strengthen their own strategic positions in Myanmar. Furthermore, Myanmar intends to take advantage of the U.S., India, Japan, and the EU to balance China’s influence, albeit taking care not to jeopardize relations with China. It is in this situation of both competition and cooperation that China’s interests in Myanmar will play out.

Namely, China is concerned about the interference by other powers in the internal affairs of Myanmar. Events such as the Saffron Revolution in 2007, the Kokang Incident in 2009, and the halting of the Myitsone dam construction in 2011 are seen in China as having been manipulated by Western NGOs, the media, and governments to promote regime change in Myanmar and to undermine Chinese interests in the country.

Furthermore, China’s position as the preeminent external power in Myanmar is under challenge with its strategic interests having been constrained in recent years. India wants to ensure safety of the “East Gate” in order to prevent any threat to India from China via Myanmar and views China’s energy trade route with Myanmar as entering its backyard of the Indian Ocean, raising suspicions in New Delhi of China’s “string of pearls plan.” The United States is also worried that China’s increasing presence in the Indian Ocean will erode its own interests. The United States and Japan are moreover concerned by China’s intentions with the “BCIM Economic Corridor” plan, fearing increasing regional economic integration with China at the center.

The United States, India, and Japan are thus trying to constrain China’s influence and are ambitious to deter China’s energy routes. It is accordingly extremely important for China to enhance security of energy routes in order to avoid this situation. With the successful construction of the Sino-

Myanmar and Sino-Pakistan energy routes in sight, China has significantly enlarged its space of maneuver vis-à-vis the other powers.

In addition, China also faces a challenge that Myanmar has adopted a hedging strategy. This has significantly increased the complexity of bilateral relations with Myanmar to a certain extent, placing higher requirements on China-Myanmar diplomacy.

While China faces challenges as outlined above, it can also exploit opportunities as will be detailed below. The first is that the other major powers are not unified in their strategies with there being to some extent a lack of mutual trust among them. For example, while the United States wants to see India contain China, in the long run its ambitions are to maintain the balance of power in Eurasia and also to ensure that India does not dominate the northern Indian Ocean. The United States is also reluctant to see India's increasing strategic presence in Myanmar. Former Indian Prime Minister Jawaharlal Nehru said: "Considering India's civilization heritage it can either be a major player or perish. Between these two extremes; there was no fringe role for India."⁵¹ India's strategy is to target the Indian Ocean, turn "the Indian Ocean" into "India's Ocean," and control the international energy and trade routes "from the Persian Gulf to the Malacca Strait" so as to become a maritime power.⁵² It is the United States which will become the biggest loser if India desires to become a great sea power.⁵³ In fact, it could be argued that the United States' current strategy is to contain China; but once India's strength surpasses China, the United States will seek to use China to contain India.⁵⁴ For its part, India has desired to dominate the northern Indian Ocean by building naval bases in the Andaman-Nicobar islands and is suspicious of U.S. intentions in regard to Myanmar.

As stated earlier in this paper, the purpose of the U.S. improving relations with Myanmar is to contain China rather than selfless concern for Myanmar. If Myanmar fails to pay "lip service,"⁵⁵ Myanmar will definitely

⁵¹ Jawaharlal Nehru, *The Discovery of India* (Beijing: World Affairs Press, 1958), p. 57.

⁵² David Scott, "India's Grand Strategy for the Indian Ocean: Mahanian Vision," *Asia-Pacific Review*, Vol.13, No.2., 2006: 97.

⁵³ Zhang Wenmu, "An Analysis of the Chinese national interest and security from the perspective of the world geopolitics," *Shangdong People's Press*, 2013, p. 25.

⁵⁴ Peng Nian, "Trilateral Relations Between China, US and India: 'zero-sum' game?" *Lianhe Zaobao*, Singapore, 2012.

⁵⁵ Pek Koon Heng, "Myanmar in ASEAN: Opportunities and Challenges Ahead for the 2014 ASEAN Chair," Asean Studies Center Report, American University, December 14,

suffer a huge loss of interest from the U.S. The U.S. Asia-Pacific "rebalancing" policy focuses more on politics rather than the economy. Although the U.S. has lifted most of the sanctions against Myanmar, urging Myanmar to speed up political reform and improve human rights conditions, the new policy "does not mean that the United States supports a complete lifting of economic and financial sanctions against the Myanmar government, our dialogue with Myanmar only complement but not totally replace the sanctions system."⁵⁶ Former U.S. Secretary of State Hillary Clinton also pointed out that sanctions remain an important part of the United States' policy toward Myanmar, and the engagement policy has become a tool to achieve the goal of democracy in Myanmar.⁵⁷ As such, the above illustrates the limits of U.S.-Myanmar relations.

Furthermore, the India-Myanmar relationship is essentially insufficient to constitute a serious threat to China. As the British scholar Dr. Marie Lall noted, the basic goal of Myanmar's developing relations with India is to balance the power of China in Myanmar, but that India has been too slow to develop further the relationship with Myanmar and generally has a lack of vision.⁵⁸ In fact, the promotion of bilateral or multilateral relations with India at the expense of China's interests in Myanmar will be greatly restricted, as the geo-political and economic factors that determine Myanmar's policy towards China will not change radically. Even if the China-Myanmar relationship twists and turns, it will not deteriorate to the state of hostility.

In sum, although the period of China's preeminent foreign relations with Myanmar is over, the diverse interests of other powers combined with those of Myanmar will not shake China's leading strategic position in Myanmar's diplomacy.⁵⁹

2013, p. 17.

⁵⁶ Kurt M. Campbell, "U.S. Policy Towards Burma," Statement Before the House Committee on Foreign Affairs, Washington D.C., accessed October 21, 2009, <http://www.state.gov/p/eap/rls/m/2009/10/130769.htm>.

⁵⁷ Andrew Marshall, "The Soldier and the State," *Time*, October 19, 2009, p. 19.

⁵⁸ Marie Lall, "India-Myanmar Relations-Geopolitics and Energy in Light of the New Balance of Power in Asia," Working Paper of the Institute of South Asia Studies, National University of Singapore, No.29, January 2009, p. 29.

⁵⁹ Li Chenyang, "Sino-Myanmar relations after the election in 2010: Challenges and Prospects," *Peace and Development*, No. 2, 2012, p. 36.

In spite of their differences, there is also an increasing expansion of common interests between the major powers. This provides opportunities for them to develop multilateral cooperation in Myanmar. Strategically, increasing multilateral cooperation between the major powers in Myanmar would be conducive to the construction of a new pattern of relationships between great powers including China, the United States, India, Japan, and the EU and is of great significance for regional and global strategic stability. Especially in the context of the U.S.'s promotion of its Asia-Pacific rebalancing strategy, China's implementation of its westward and southward development strategy as well as "two oceans" strategy, and India's acceleration of the Look East strategy, increasing multilateral cooperation over Myanmar could ease tensions and promote more cooperation among the major powers in various fields.

Politically, the current reforms will promote political stability, social justice, and transparency in Myanmar, while the establishment of a normal state system and the rule of law can favorably facilitate Myanmar's return to the international community. Therefore, it is the common responsibility for the major powers to cooperate and help Myanmar with this process. Economically, in the long run, Myanmar's reform and opening up could release great economic vitality and bring about substantial investment opportunities. With abundant resources, a large market size, and at a geographical crossroads of geopolitical importance, Myanmar has huge appeal to the major powers. As an old Chinese saying goes, "cooperation benefits both, fighting injures both."

Strategic Partnership and Cooperation: A New Strategy for China?

Having outlined the opportunities and challenges for China, it is important to understand the limitations of confrontation between China and the other major powers over Myanmar. Indeed, China's relations with the other powers are too important to be jeopardized over Myanmar. Today China and the United States are interdependent economically and strategically, and the U.S. will not run the risk of conflict with China over Myanmar at any cost. As Mike Billington points out, "Wiser minds in Washington, including within the State Department, may in fact recognize the urgency of U.S. cooperation with the Asian powers to engage Myanmar positively, as the Asians are already doing, through regional development projects, and cooperation in drug-enforcement and counter-terror operations."⁶⁰ China is, furthermore, India's largest trading partner. While India's strength still substantially lags behind China, India will take a pragmatic cooperative attitude towards China. The EU is more likely to use Myanmar as a springboard to strengthen relations with ASEAN countries in order to boost its greater Asia strategy. This does not represent a threat to China.

What does this then mean for China's policy towards Myanmar and the other actors? China should firstly consolidate a comprehensive strategic partnership with Myanmar and promote cooperation in political, economic, cultural, and other fields. And at the same time, China should also make efforts to promote bilateral and multilateral cooperation with other major powers.

To Implement and Strengthen the Comprehensive Strategic Partnership Between China and Myanmar

A stable and good bilateral relationship with Myanmar is key for China's strategy in the region as well as the implementation of its "two ocean" strategy. In May 2011, China and Myanmar signed a "Comprehensive Strategic

⁶⁰ Mike Billington, "Four Powers' Policy Needed for Myanmar," *Executive Intelligence Review*, October 19, 2007, http://www.larouche.com/eiw/public/2007/eirv34n41-20071019/36-38_741.pdf.

Cooperative Agreement,” affirming the close relations between the two countries. Given the current political realities of China-Myanmar relations, it is generally believed that a mechanism platform should be built to create an upgraded version of the strategic partnership between China and Myanmar. This is in order to implement and strengthen the strategic partnership between the two countries.

First, it is necessary to strengthen political contacts and promote institutional building. It is advisable that the top leaders of China and Myanmar hold annual meetings; intimate and frequent political contacts can not only create a good atmosphere of friendly cooperation, but also help both sides to reach consensus on their differences at the top level. In contrast to the frequency of high-level contact between the United States and its allies, Chinese state leaders' visits to Myanmar have been too limited. For the last five years, only two Chinese top officials have visited Myanmar: namely, Chinese Premier Wen Jiabao visited Myanmar in 2009, the then Vice President Xi Jinping visited Myanmar in 2010, while Myanmar President U Thein Sein visited China three times in 2012, 2013, and 2014, respectively. President U Thein Sein meanwhile has paid three visits to China. While these visits show a healthy level of relations, intimacy and trust between the countries should be strengthened further. This is especially so at a time when the Asia-Pacific strategic situation is in flux. It would be conducive to the stable development of bilateral relations to build a platform for dialogue and exchange of visits and so form a comprehensive communication mechanism. On international issues, especially concerning ASEAN and South Asia, China and Myanmar should maintain a regular exchange of views, and also work together to address the “human rights” and “political” accusations from other major powers.

Second, China should strengthen economic diplomacy and enhance strategic ties with Myanmar. Myanmar's underdeveloped agriculture and industry combined with China's enormous market and advanced technology harbors great potential for Sino-Myanmar cooperation. Agricultural cooperation with Myanmar can not only benefit the population of Myanmar and agricultural development, but also promote economic development. China should also reexamine its strategy concerning its investment projects in Myanmar, such as the Myitsone dam, Leipzig Tong copper

mine,⁶¹ and the China-Myanmar Kyaukpyu-Kunming railway project, all of which have been halted. Chinese enterprises need to find a new balance between economic interests and political risks, and learn how to coordinate the interests of all stakeholders involved. Great efforts should be made to substantially strengthen direct investment in the private sector and promote public relations with civil society, expanding the range of stakeholders with a more open political and business mentality. The principles of equal and mutual beneficial cooperation and a win-win strategy require necessitate full respect for the sovereignty of Myanmar from the Chinese government, businesses, and individuals at all levels. Thus, China should handle properly the relationship between resource development, environmental protection, and respecting local needs.

Third, the mutual establishment of research centers can strengthen "second track" diplomacy and promote the construction of a cultural exchange mechanism. China can, for instance, fund and set up a China Study Center in Myanmar and Myanmar Research Center in China to help promote friendly bilateral relations between China and Myanmar on a cultural level. At the same time, the opening up of relevant media outlets will further promote public understanding of the two countries. A "China-Myanmar Relations Summit Meeting" can be held at least annually, providing a platform for individuals from government, military forces, and academic institutions to discuss topics of common interest, which is extremely important to resolve conflicts and promote cooperation. In addition, a further suggestion is that China could annually invite a thousand Burmese officials, scholars, students, and state leaders to visit China to learn as much as possible about the Chinese inland provinces, which would be useful for Myanmar so as to gain a better rounded understanding of China.

Fourth, Yunnan, a province with a nearly 2000 kilometer-long border with Myanmar, should play a strategic role as bridgehead to promote geo-economic cooperation. Yunnan occupies an extremely important position as the Chinese hinterland strategic center connecting Myanmar and the Indian Ocean. In terms of hard power building, it can lay a solid foundation for interconnection and intercommunication by improving channels for energy and trade, as well as accelerating the construction of roads, railways, pipelines, and other infrastructure. In terms of soft power building, Yunnan

⁶¹ Editor's note: It is also known as the Letpadaung copper mine.

can highlight the role of ties of kinship between Yunnan and minorities in northern Myanmar by strengthening economic and cultural exchanges. A role can also be played in dissuading the minorities in Myanmar from the use of armed struggle. Whilst being sensitive to the Myanmar central government, the strengthening of the relationship between Yunnan and Myanmar's northern states could favorably resolve conflicts between the central government and local states, and could also obtain the "strategic chips" to enable Myanmar to put more emphasis on relations with China. China should make sure it can work with both the Myanmar national government and Kachin regional leaders to pursue and safeguard China's strategic and economic interests.⁶² Furthermore, it is important for China to enhance its ties with ethnic minority leaders when carrying out economic activities and to win their support.

To Promote Bilateral between China and the Major Powers

China should seek to strengthen bilateral cooperation with other powers in regard to Myanmar. How this could potentially be achieved with each country is considered below.

Sino-Indian Cooperation

As China and India are hoping to create a peaceful and friendly environment to "complete their respective peaceful rises by the mid-twenty-first century,"⁶³ closer Sino-Indian bilateral cooperation is necessary. India has long been worried about secessionism among its northeastern states. But in the long run, the construction of the "BCIM Economic Corridor" can significantly promote economic development in northeastern India, a factor which should dampen secessionist demands and encourage India to further accelerate the realization of the corridor. As Myanmar is a country with great energy development potential, and China and India have increasing demands for energy, the two countries' energy companies could bid to reduce the "premium," not only avoid giving the United States a pretext for "accusation," but also to alleviate Myanmar's concerns about foreign

⁶² Loreen Tsin, "China and Myanmar: Beijing's Conflicting Role in the Kachin Peace Process," *China Monitor*, Mercator Institute for China Studies, No.9, June 2014, p. 5.

⁶³ David Scott, "The Great Power 'Great Game' between India and China: 'The Logic of Geography' in Geopolitics," 13:1-26, Taylor & Francis Group, LLC, London, UK, p. 21.

control of its energy. China and Myanmar energy channels can also lead to the construction of a branch to India.

As Myanmar's closest and largest neighbors, it behooves China and India to further encourage Myanmar's reform and opening up to the international community, especially its participation in important regional and international conferences. The Myanmar issue can become an important element of Sino-India relations as a point of common interest. Furthermore, with India being the birthplace of Buddhism, and China and Myanmar the two largest Buddhist countries, the potential exists for boosting international tourism connecting India, Myanmar, and China.

Sino-U.S. Cooperation

The United States is accelerating the implementation of its Asia-Pacific rebalancing strategy with Myanmar coming increasingly into focus as part of this strategy. As such the issue of Myanmar can be incorporated into the framework of building a new pattern of major power relations between China and the United States, and, in fact, could be seen as a weathervane for China-U.S. relations.

There should be greater communication on Myanmar issues within the China-U.S. Strategic and Economic Dialogue. Contrary to what may be believed, China has actually no objection to the United States' efforts to encourage more reforms and improvements of the human rights situation in Myanmar; the only difference is in the speed and intensity of reforms. China should actively support Myanmar's reform and opening up and increase its contacts with Aung San Suu Kyi. Economically, in exploiting the rich oil, gas, and mineral resources in Myanmar, China may invite the United States to engage in joint investments.

A positive development in Sino-U.S. relations concerning Myanmar came on January 22, 2014, following the 5th U.S.-China Asia-Pacific Consultations in Beijing. A joint statement was issued that "U.S. and Chinese experts will meet to coordinate with Myanmar counterparts on an appropriate project(s), such as in the field of health, to work together for Myanmar's stability and development."⁶⁴ In sum, as Myanmar's largest neighbor with the greatest influence, China can make the greatest contribution

⁶⁴ US State Office of the Spokesperson, Media Note, "List of US-China Cooperative Projects," January 22, 2014, <http://www.state.gov/r/pa/prs/ps/2014/01/220530.htm#>.

to Myanmar's return to the international community by working together with the United States.

China-EU Cooperation

The EU has been interested in strengthening economic cooperation with China in order to counterbalance the United States. Especially after the economic crisis, the European economy has become increasingly dependent on China. China, for its part, has deliberately exploited the political and economic conflicts between the EU and the United States to balance the relationship with the EU and the United States. Politically, China does not have conflictual relations with the EU: the latter by and large does not interfere in China's internal affairs, instead deliberately maintaining good diplomatic relations with China. While militarily, China and the EU have more military cooperation because of the absence of borders and geopolitical military conflicts. There is also increasing debate within the the EU about lifting its arms embargo on China, a move which the U.S. remains opposed to. This goes to demonstrate that China-EU relations have good potential to develop further. In terms of Myanmar, as the EU's focus is to promote the political and economic reform process, China can cooperate with the EU to accelerate these reforms; a prosperous and stable Myanmar will also benefit the economic development and stability of southwest China.

Sino-Japanese Relations

In recent years, and notwithstanding the meeting between the two leaders on the sidelines of the APEC Summit in November 2014, Sino-Japanese relations have worsened considerably. This has not been aided by the Abe government's attitudes regarding historical issues and disputes over the Diaoyu Islands between the two countries. Accordingly, competition between China and Japan over Myanmar is much greater than cooperation. Furthermore, Japan's security and political interests in Myanmar are to actively cooperate with the United States as part of its containment strategy.

Notwithstanding, China and Japan maintain friendly relations with Myanmar. Both countries provide official assistance to Myanmar and have been firm advocates of helping Myanmar to move beyond the effects of decades of isolation. Accordingly, there is potential for cooperation between the two countries in Myanmar's economic development. This will necessitate

reaching consensus on cooperation in strengthening communication, information exchange, and seeking to establish coordination mechanisms. All of which should serve to prevent excessive competition between Japanese and Chinese enterprises, as well as improve operational efficiency of investments in Myanmar.

To Strengthen Multilateral Cooperation

The major powers should make best use of existing bilateral dialogues and mechanisms of cooperation. However, these can also be broadened to create a multilateral institutional platform of cooperation to strengthen communication and coordination of policies. In fact, China should adopt a more effective way to convey its strategic intentions by providing more public goods involving regional and international cooperation mechanisms.⁶⁵

So far China has established bilateral strategic dialogue mechanisms with the U.S., India, and the EU, respectively. Nevertheless, it would be far better for China to establish a multilateral dialogue mechanism with Myanmar's participation in it. A "Myanmar Forum" could be held alternately in the four countries annually, inviting other countries to participate, holding consultations on issues of common concern on Myanmar, and coordinating with military, government, and business sectors.

Although there are some uncertainties or variables concerning the Myanmar government's efforts to reform and improvement of Myanmar's relations with the United States, China will definitely welcome and support these efforts as long as they can contribute to the stability and development of Myanmar's economy and society. Myanmar's continuous efforts to deepen reforms do not constitute a threat to China at all. Supporting Myanmar's reforms is thus a factor that should promote the quartet relationship between China, the U.S., India, and the EU. Mediation of the relationship between central and local governments is conducive to the stability and openness in Myanmar, which also can be a basis for potential cooperation between the four countries. Combating drug trafficking in the area of the Golden Triangle also represents an area for mutual cooperation between the powers. While the military buildup in Myanmar is very sensitive, it has

⁶⁵ Zhang Chi, "Historical Changes in Relations Between China and Neighboring Countries," *Asia Paper* (Stockholm: Institute for Security and Development Policy, 2013), p. 41.

huge market potential. Given the fact that the four major powers possess high-level technology and equipment, competing with each other in this regard is neither necessary nor desirable. It is believed that Myanmar also hopes that major powers should cooperate to meet the needs of all levels of diverse military modernization building.

Economically, Myanmar's reform and opening up is irreversible and it cannot be imagined that Myanmar will return to its previous state of isolation. The United States, India, Japan, and the EU have continuously been encouraging Myanmar to improve the investment environment, ease economic control, and privatize state-owned enterprises. China has no conflict of interest with this and in fact and should strongly support such efforts. Development assistance can be coordinated as a central pillar of multilateral cooperation in Myanmar between the major powers. Furthermore, as Myanmar is in need of infrastructure and investments (China is obviously a major player here but cannot act exclusively), by jointly setting up high-tech development zones, the major powers can cooperate to invest and build factories, open industrial gradient transfers, and so achieve mutual benefits and win-win development.

Finally, within the frameworks of regional and international organizations such as APEC and the East Asia Summit, leaders and policymakers should regularly exchange views on issues concerning Myanmar. In addition to this, on unofficial tracks, scholars and others from various fields should hold activities to bring together young students to interact with each other so as to cultivate mutual understanding of different interests and specific agendas for cooperation in Myanmar.

Conclusion

The current internal transition in Myanmar and the evolving strategic interests of the major powers have brought both challenges to and opportunities for China. On the one hand, China now faces greater competition with China's "privileged" bilateral relations with Myanmar increasingly challenged; Myanmar itself has adopted a hedging strategy to balance the influence of foreign powers and maximize concessions. Furthermore, countries such as the U.S. and Japan are seeking to exploit Myanmar's geopolitical position so as to contain China, which constitutes a worrying threat for Beijing. On the other hand, China still remains the single-most important country in the context of Myanmar, and China should do more to strengthen strategic relations between the two as well as promoting a whole range of other contacts. It would therefore be inaccurate to state that China will be supplanted by its rivals in Myanmar.

In spite of the "theater of competition," this is not to say that bilateral and multilateral cooperation between China and other major powers in Myanmar is not possible or necessary; indeed, it could be very promising. Thus, the rational choice for China and the other major powers in Myanmar is to institute mechanisms of multilateral cooperation for strengthening convergence and integration of interests in Myanmar. Above all, these interests should be to help Myanmar achieve political stability, economic development, and social progress through reform and opening up. China not only respects and supports the Myanmar government and people to achieve this through constitutional and political reform, but also strongly believes that the Myanmarese people should be free to choose a development path and governance model in line with their own national conditions. Whether it is Western-style or Asian-style governance system, it must be a system with Myanmarese characteristics that best serves Myanmar's peace and development.

In sum, China's response to the changing situation in Myanmar needs to be positively reassessed in order to ensure that it both competes and cooperates with other powers, at the same time as seeks to further bolster its relations with Myanmar.

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