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**CHINA-MYANMAR RELATIONS SINCE
NAYPYIDAW'S POLITICAL TRANSITION:
HOW BEIJING CAN BALANCE SHORT-TERM INTERESTS AND
LONG-TERM VALUES**

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SINGAPORE**

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Abstract

In discussions on Myanmar's political reforms since the installation of a civilianised military regime in 2011, most analysts have focused on the bedevilment of bilateral ties between Beijing and Naypyidaw. To be sure, China has since become more attuned to the concerns of non-state actors with the opening up of Myanmar's political space as well as recalibrated its strategies in the face of renewed diplomatic competition from other countries in vying for the affections of the Burmese leadership. In acknowledging the corrections China's Myanmar policy has undergone, this article argues that Beijing's factoring in of Burmese national interests and development needs can help enhance its prospects. While a return to the previous robust bilateral relationship may appear inconceivable in the near future, this article concludes that there is still hope for Beijing in overcoming the challenges posed by Naypyidaw's political transition should it be able to keep up with the latter's evolution over the longer term.

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1. Introduction

Myanmar, which shares more than 2,200 kilometres of land border with China, plays a very important role in the diplomacy of the People's Republic of China (PRC). Straddled between powerful countries keen on projecting their influence over it,¹ the Southeast Asian nation is geographically strategic. Especially for Beijing — since its founding in 1949 by the Chinese Communist Party (CCP) until the China-U.S. rapprochement in 1971 — Myanmar had served as a geostrategic buffer during the period of Maoist China's confrontations with the West (and the former Soviet Union). In providing political space for China during its period of containment by the West, Myanmar had also served as a channel for Chinese leaders' communications with the outside world prior to Dengist China's economic reforms.² While Naypyidaw's role in China's foreign policy may somewhat have diminished since Beijing opened itself up to the international community, Myanmar's importance in Chinese strategic calculations has once again gained international attention. This has been the case due to changing regional dynamics with the U.S. rebalancing to Asia amidst Beijing's growing diplomatic and economic clout in Myanmar, as well as in other parts of mainland and peninsular Southeast Asia. More recently, Chinese activities to bypass the Straits of Malacca by shipping oil and gas directly from the Bay of Bengal off Myanmar's western shores³ — under the shadow of persisting perceptions regarding Chinese designs on the Indian Ocean⁴ — further highlight the status of Myanmar as a pivotal strategic nexus. As such, it is widely expected that Naypyidaw will play a critical role as a crucial pivot in Beijing's regional foreign policy.⁵ However, political reforms in Myanmar, as illustrated by the general elections in November 2010 and the installation of a civilianised military regime in March 2011, have generated unexpected impacts on the once robust bilateral relations, as well as complicated Beijing's policy towards Myanmar.⁶

¹ Situated between China and India — respectively the two major regional powers in East and South Asia — Myanmar has thus been considered by scholars such as David I. Steinberg as “an important element in the strategic planning of both states”, see Steinberg, *Burma/Myanmar: What Everyone Needs to Know* (New York: Oxford University Press, 2010), 159. On the other hand, one contemporary national narrative regarding Myanmar's geographical location and bountiful natural resources pits two powerful “covetous outsiders” — China and the U.S. — against each other. Accordingly, Myanmar's ruling party, the Union Solidarity and Development Party (USDP) portrays the Aung San Suu Kyi-led National League of Democracy (NLD) as traitors attempting to sell Myanmar to Washington, whilst the NLD promotes the view of the quasi-civilian government as the guilty party selling the country to Beijing. See “Myanmar, China and the United States: Rebalancing and Trust”, Carnegie-Tsinghua Centre for Global Policy, accessed March 10, 2015.

² Hongwei Fan, *Hepinggongchu yu zhonglizhuyi: Lengzhanshiqi Zhongguo yu Miandian hepinggongchu de chengjiu yu jingyan* [Peaceful Co-existence and Neutrality: The Achievement and Lessons of Peaceful Co-existence between China and Myanmar during the Cold War era] (Beijing: World Knowledge Press, 2012), 7.

³ For a brief account of the “Malacca dilemma”, See Steinberg, *Burma/Myanmar*, 4.

⁴ Increasing Chinese influence in the Indian Ocean and the Bay of Bengal — what Delhi considers its primary waters — is of particular concern to Indian policymakers. See Steinberg, *Burma/Myanmar*, 123.

⁵ This view, widespread on online platforms, perceives Myanmar as the strategic pivot in China's Indian Ocean strategy and South Asia strategy. On the importance of Myanmar to China, Taiwanese scholar Yuming Cai believes that the ultimate purpose of China's Myanmar policy is to turn Myanmar into its access point to the Indian Ocean. See Yuming Cai, “*Liangyang tuwei-Zhongguo dui Miandian wajiao zhengce zhi yanjiu* [Breaking through two Oceans: research on China's Myanmar policy],” *Feng Chia Social Science Study* (2004): 303-325.

⁶ The importance of Myanmar to China can be categorised under six aspects. For details, see Li Chenyang and Lye Liang Fook, “China's Policies towards Myanmar: A Successful Model for Dealing with the Myanmar Issue?” *China: An International Journal* 7(2), (September 2009): 255-287.

This paper, structured in four parts, analyses the recent changes that have taken place in China-Myanmar relations owing to Naypyidaw's political transition, and assesses Beijing's responses to new challenges in bilateral ties. Following this introduction reviewing the impact of the post-2011 reforms in Myanmar on bilateral ties, the article then evaluates the policy adjustments by the Chinese government to address criticisms regarding its putative neo-colonialist ambitions; the apparent lack of corporate social responsibility policies and practices by Chinese state-owned enterprises (SOEs); and the much-maligned environmental costs borne by the host country as a result of China's economic activism. The discussion then focuses on how Beijing can further recalibrate its policy with Naypyidaw to pre-empt and mitigate policy complications that can harm Chinese strategic and economic interests in its Southeast Asian neighbour. The final section provides concluding remarks.

Although China's interests in Myanmar have primarily been economically driven by its desire to secure natural resources,⁷ signs are pointing to a change in Beijing's approach in view of the negative publicity generated from popular local opposition towards Chinese economic activities — which run counter to China's strategic interest in depicting itself as a benign rising power. Beijing's decision to recalibrate its Myanmar policy is thus timely and significant. Nevertheless, it remains to be seen if Beijing can thoroughly address the deterioration in the traditional fraternal *Pauk Phaw* bilateral relationship with Naypyidaw.⁸ While armed conflicts between Myanmar's state military and the country's ethnic groups living across China's south-western provinces continue to cause instability across the China-Myanmar border,⁹ the upcoming parliamentary elections this year may substantially alter state-society dynamics in the newly opening-up country and further impact on already strained relations.

⁷ In 2012, for example, it was estimated that 69 Chinese companies were involved in 90 "completed, current and planned" projects in Myanmar's extractive and hydropower sectors. See Gwen Robinson, "Myanmar cleans house – China's Worst Nightmare?" *Financial Times*, April 15, 2013, accessed March 10, 2015, <http://blogs.ft.com/beyond-brics/2013/04/15/myanmar-cleans-house-chinas-worst-nightmare/>.

⁸ The term 'Pauk Phaw' has been acknowledged by Myanmar and embraced by China in referring to China-Myanmar ties. Transcribed in English, *Pauk Phaw* means kinsfolk. Particularly worthy of note is the fact that Myanmar has reserved this description for its ties with China exclusively. See Maung Aung Myoe, *In the Name of Pauk-Phaw: Myanmar's China Policy Since 1948* (Singapore: Institute of Southeast Asian Studies, 2011), 8.

⁹ During the Kokang incident in 2009, fighting between the *Tatmadaw* – Myanmar's government military – and the armed nationality in Shan state subsequently led to 37, 000 members of the Kokang ethnic group streaming across the border into Yunnan," See Brian McCartan, "China Myanmar Border on a conflict," *Asia Times Online*, September 10, 2009, accessed March 10, 2015, http://www.atimes.com/atimes/Southeast_Asia/KI10Ae01.html. Reflecting Beijing's recent concerns over the unstable relations between armed ethnic groups and Myanmar's military, China recently also denied reports that its nationals had been caught in a crossfire between the *Tatmadaw* and the Kachin Independence Army (KIA), see "Reports on Chinese nationals trapped in Myanmar 'not true': spokeswoman," *Chinese Central Television (CCTV)*, January 20, 2015, accessed March 10, 2015, <http://english.cntv.cn/2015/01/20/ART11421754687890215.shtml>.

2. Political Transition in Myanmar and its Impact on Bilateral Relations

During the visit of Myanmar's then head-of-state and most senior junta leader, Than Shwe, to China in September 2010, former Chinese President Hu Jintao had pointed out that China-Myanmar relations have withstood the test of an ever-changing world since diplomatic relations were established. Reaffirming the two as having "forged *Pauk Phaw* friendship" and describing ties as "an example for friendly relations between countries with different social systems",¹⁰ the two former leaders further reiterated their desire to carry forward their partnership.¹¹ In light of the new quasi-civilian government's decision to suspend construction of the Myitsone Dam a year later, both the international and Chinese media, in addition to members of the global academic fraternity, commenced to call on Beijing to review its extant Myanmar policy;¹² some of them going so far as to describe China as having "lost" Myanmar.¹³

Despite some differences in narratives, a general consensus exists between Chinese academicians and government officials that Naypyidaw's political transition has significantly impacted China-Myanmar relations.¹⁴ Developments in Naypyidaw during the latter half of 2011, in particular, have alarmed policymakers in Beijing. Following the improvement of U.S.-Myanmar relations in August 2011, the building of the Myitsone Dam hydroelectric plant was coincidentally suspended by the

¹⁰ Myanmar (then Burma), in an act of self-protection, was the first noncommunist state to recognise the People's Republic of China. While maintaining close state-to-state relations, Beijing nevertheless facilitated ties with insurrectionist forces such as the Kachin as well as aided the Burma Communist Party (BCP); see David I. Steinberg, "The Problem of Democracy in the Republic of the Union of Myanmar: Neither Nation-State nor State-Nation?," *Southeast Asian Affairs*, (2012): 222. More recently, some analysts have also alleged that Beijing has been arming the BCP's offshoot, the United Wa State Army (UWSA) – the largest ethnic armed group in Myanmar; see Daniel Schearf, "With Burma in Mind, China Quietly Supports Wa Rebels," *Voice of America*, January 25, 2013, accessed March 10, 2015, <http://www.voanews.com/content/chinese-support-for-wa-rebels-designed-to-counter-burma/1590718.html>.

¹¹ See "Hu Jintao tong Miandian guojiafazhan weiyuanhui zhuxi Danrui huitan [Hu Jintao meets with Myanmar's Chairman of State Peace and Development Council, Than Shwe]," *Xinhuanet*, September 8, 2010, accessed March 10, 2015, http://news.xinhuanet.com/world/2010-09/08/c_12532773.htm.

¹² Criticism of China's activism in Myanmar have come from both the international and the local Chinese media; see "Commercial Outlook for China-Myanmar Pipeline Bleak," *Caijing*, June 18, 2013, accessed March 10, 2015, <http://english.caijing.com.cn/2013-06-18/112920308.html>; and Xingjie Sun, "Zhong Mian youqiguandao, Zhongguo anggui de yike?" [China-Myanmar Oil and Gas Pipeline: An expensive lesson for China?], *The New York Times*, July 11, 2013, accessed March 10, 2015, <http://cn.nytimes.com/china/20130711/cc11myanmar/>.

¹³ Jamil Anderlini, "Myanmar's old friend China is left wondering where it went wrong," *Financial Times*, June 17, 2013, accessed March 10, 2015, <http://www.ft.com/intl/cms/s/0/398274d8-d4e8-11e2-b4d7-00144feab7de.html?siteedition=intl#axzz3BMtTIOXg>.

¹⁴ The Chinese scholar, Hongwei Fan, for example, notes that despite the fact that the China-Myanmar relationship has officially been described as 'fraternal', anti-China sentiments in Myanmar has become more pronounced since the quasi-civilian government led by Thein Sein began to loosen its reins over the local media in August 2011. See Fan, "Enmity in Myanmar against China," *ISEAS Perspective* 8 (2014). Together with David I. Steinberg, Fan also contends that the movement into a civilianised administration has since caused Myanmar to reduce its autonomy from China. See David I. Steinberg and Hongwei Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence* (Thailand: NIAS Press, 2012), xviii. That incidents between China and Myanmar have arisen and led to a deterioration in bilateral ties can also be gleaned from official Chinese statements; during Chinese President Xi Jinping's meeting with Thein Sein in 2014, Xi reiterated that China would adhere to the policy of developing friendly ties with Myanmar, "which will not change because of any single incident". See "Foreign Ministry Spokesperson Hong Lei's Regular Press Conference on June 30, 2014," Ministry of Foreign Affairs of the People's Republic of China, accessed March 10, 2015, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1170032.shtml. In all likelihood, Xi was probably alluding to the Myanmar leader's decision to suspend the construction of the Myitsone Dam by China Power Investment Corporation.

Myanmar government a month later in September.¹⁵ As a result, Beijing's traditional view holding Naypyidaw as one of its closest partners is no longer sound, shaking the foundation of China's Myanmar policy.¹⁶ From a strategic point of view, the political developments in Myanmar do indeed appear to promote the view among Chinese policymakers that the strategic role assigned to Myanmar has, since 2011, become complicated.¹⁷ While official Chinese pronouncements have stressed that Naypyidaw's political transition would not significantly alter bilateral ties, some policymakers nevertheless agree that China and Myanmar's "fraternal friendship" has reached a historical turning point.¹⁸ Specifically, a few observations with regards to Naypyidaw's ongoing political reforms on China-Myanmar relations can be made.

First, popular discontent towards China has risen sharply since 1988 and do not show any signs of abating.¹⁹ Since restrictions on the Burmese media were lifted post-2011, various remarks displaying considerable anti-China sentiments have been brought to the fore in privately-owned media platforms despite the fact that some of those claims appear unfounded.²⁰ It is clear that, as a key backer of the junta from 1988 to 2010, China's association with the previous military dictatorship has meant that popular local resentment towards the junta is now also borne by Beijing. Likewise, the substantial involvement of Chinese state-owned enterprises in Myanmar's extractive industries has similarly been framed by the latter's populace as China's exploitation of their natural resources.²¹ In addition, the employment of Chinese labourers in large-scale projects further adds to tensions as these are seen

¹⁵ Rachel Harvey, "Burma dam: work halted on divisive Myitsone project," *BBC*, September 30, 2011, accessed March 10, 2015, <http://www.bbc.co.uk/news/world-asia-pacific-15121801>.

¹⁶ Yun Sun, "China's Strategic Misjudgment on Myanmar," *Journal of Current Southeast Asian Affairs* 31(1) (2012): 73-96.

¹⁷ Yun Sun, "China and the Changing Myanmar," *Journal of Current Southeast Asian Affairs*, 31 (4) (2012): 51-77.

¹⁸ See Fangni Huang, "Miandian zhuanxing fuzajumian dui Zhongguo gengduo yiweizhe jiyu – zhuanfang Zhongguo zhu Mian dashi Yang Houlan [Myanmar's complicated transition means more opportunities for China – An interview with Chinese ambassador to Myanmar, Yang Houlan]," *China Youth Daily*, January 28, 2014, accessed March 10, 2015, http://zqb.cyol.com/html/2014-01/28/nw.D110000zqgnb_20140128_4-04.htm.

¹⁹ Anti-China sentiments have grown in Myanmar following the former Myanmar junta's *coup d'état* in 1988 and subsequent repression of opposition parties by the State Law and Order Restoration Council (SLORC). Coinciding with the deterioration in Myanmar's relations with the U.S., "which consistently called for regime change and/or reform", China had become the single most important economic and military support of its military regime; see Moe Thuzar "Engaging Two Giants: Myanmar's relations with the U.S. and China in the ASEAN context," in *New Dynamics in U.S.-China Relations: Contending for the Asia-Pacific*, ed. Mingjiang Li et al. (Oxon: Routledge, 2015), 260. Accordingly, China's policy of non-interference by propping up the Myanmar government, which went on to rename itself the State Peace and Development Council (SPDC) in 1997, has henceforth been viewed by many in Myanmar as dampening the effects of Western sanctions and hindering the country's path towards democratising itself; see Fan, "Enmity in Myanmar against China," *ISEAS Perspective* 8 (2014): 3.

²⁰ The post-2011 political transition in the country has since led to the proliferation of criticism on other countries by Myanmar's local media. The Eleven Media Group, in a recent article calling for Thein Sein to fulfill his pledges, has even asserted that some countries, China and Singapore amongst them, have "profited from Myanmar" and that the nation "will have nothing left" should it continue to collaborate with them. See Nay Htun Naing, "President Thein Sein needs to realise his pledges," *Eleven*, December 22, 2014, accessed March 10, 2015, http://www.elevenmyanmar.com/index.php?option=com_content&view=article&id=8463:president-thein-sein-needs-to-realize-his-pledges&catid=38&Itemid=361. See also Mao Da, "Wenhua gudu longde jiaoyin [Old Cultural Capital: The Dragon's Footprint]," *7 Days News Weekly*, February 12, 2014.

²¹ For a brief account of China-Myanmar economic relations, see Steinberg, *Burma/Myanmar*, 120-122.

as reducing employment opportunities of local communities.²² The practices of Chinese firms which have failed to comply with local rules and regulations,²³ in addition to tourists from China who have shown a lack of respect for indigenous religious and cultural practices,²⁴ have also courted controversy. In view of the above, it appears that populist anti-China sentiments would not dissipate anytime soon.

Second, while China's standing in the country has deteriorated following Myanmar's political transition, it has also become apparent that the Burmese government and civil society have gravitated towards the West.²⁵ Western political systems, democratic values and media have become more influential in Burmese society after intellectuals who had studied abroad in Europe returned to serve as advisors to Myanmar's leadership.²⁶ Compounding matters (from Beijing's point of view), official Burmese pronouncements prioritising the maintenance of good bilateral relations with China have also been watered down. For instance, the usual pieties extolled in Naypyidaw's official discourse regarding Chinese investments have been tempered from the previous description stating Myanmar as being partial to Chinese enterprises to its current discourse of welcoming only those with a sense of responsibility.²⁷

Third, Chinese projects in the newly opening-up country have generally become politicised, leading some Chinese companies to suffer heavy losses as economic and trading activities between Beijing and Naypyidaw have stagnated. Taking the shelved Myitsone power plant project for example, it has also become clear that calls by the various sectors of Myanmar's civil society to re-evaluate the deals signed under the period of military rule have become prevalent.²⁸ While projects such as the Tagaung

²² *Ibid.*

²³ In Myanmar as well as in other parts of Southeast Asia, Chinese economic activities in large-scale forestry, mining, hydroelectric and energy projects have been noted for their controversy due to issues ranging from the expropriation of land, loss of livelihood and environmental degradation. See Neil Renwick, "China's Role in Burma's Development," *IDS Bulletin*, 45(4) (2014): 70-84. It would appear that Chinese businessmen in other regions have also frequently disregarded labour laws and environmental regulations of host countries. See Friedrich Wu and Koh De Wei, "From Financial Assets to Financial Statecraft: the case of China and emerging economies of Africa and Latin America," *Journal of Contemporary China*, 23(89) (2014): 781-803.

²⁴ Even in as early as the mid-1990s, when Myanmar first opened its economy to the outside world, the influx of Chinese tourists has been of concern to the locals. See John Stackhouse, "Chinese 'invasion' alarms Burmese," *The Globe and Mail*, April 14, 1995. It can be surmised that the behaviour of certain Chinese tourists overseas has received national attention when the *Global Times* criticised them in an editorial and encouraged the Chinese people to "behave in a civilized way"; see Gang Ding, "Chinese tourists' behaviour mars reputation," *Global Times*, February 27, 2013, accessed March 10, 2015, <http://www.globaltimes.cn/content/764648.shtml>.

²⁵ The enhancement of relations between Naypyidaw and the West has been acknowledged, and even welcomed by Beijing in public. See Thuzar "Engaging Two Giants," 263; and "China Foreign Ministry Spokesperson Hong Lei's Regular Press Conference on December 1, 2011," Ministry of Foreign Affairs of the People's Republic of China, accessed March 10, 2015, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t884174.shtml.

²⁶ One of the co-authors has frequently been engaged in partaking of various official and track-two forums in Yunnan in the past few years. It has been noted that amongst Myanmar President Thein Sein's key advisors are members of Myanmar intelligentsia who have returned from the West; these include – but are not limited to – professionals and academics whom the top Burmese leader turns to for consultation on economic and education matters.

²⁷ Based on the first author's interview with a high-ranking executive at a Chinese enterprise.

²⁸ Apart from environmental groups as well as members of the ethnic Kachin community who view the building of the dam as being detrimental to their livelihood, it has also been highlighted that popular opposition had come

Taung nickel mine,²⁹ as well as the China-Myanmar gas pipeline have commenced operations,³⁰ it has nevertheless become obvious that the Chinese projects in Myanmar have run into difficulty.³¹ It appears that this harrowing period for Chinese enterprises in Myanmar would not end soon. Although China remains the largest source of foreign direct investment in the country,³² no new large-scale investment projects have been implemented since 2011, while other Chinese-funded developments have similarly been delayed.

Fourth, Beijing now faces strategic competition to win influence over Naypyidaw as the number of Myanmar's foreign interlocutors has significantly increased. Unlike in the past, when China only had to maintain contacts with Myanmar's military regime, it now has to engage Aung San Suu Kyi's National League for Democracy (NLD) and other smaller opposition parties. At the same time, non-governmental organisations (NGOs), the privately-owned media, federations and trade unions, other social classes and ethnic minority groups have also become increasingly vocal amongst the Burmese polity. Now China also faces competition from the United States, the European Union as well as Japan, which have all stepped up their efforts to renew ties with the former pariah state.³³ While China

in the form of local political resistance towards Myanmar's Vice-President Tin Aung Myint Oo – among others – who had been perceived as a beneficiary from the project. See Alan Raybould and Jonathan Thatcher, "Factbox: Myanmar suspends controversial Myitsone Dam," *Reuters*, September 30, 2011, accessed March 10, 2015, <http://www.reuters.com/article/2011/09/30/us-myanmar-dam-factbox-idUSTRE78T15S20110930>. Interestingly, a non-governmental organisation, the League of Political Ex-Prisoners also organised a protest march from Yangon to the site of the Myitsone Dam in order to pressure President Thein Sein to cancel the project indefinitely as opposed to suspending its construction during his term. See Shwe Win Yee Htet, "1,200km march begins to demand cancellation of Myitsone Dam project," *Mizzima*, Mar 24, 2014, accessed March 10, 2015, <http://www.mizzima.com/mizzima-news/environment/item/11020-1-200km-march-begins-to-demand-cancellation-of-myitsone-dam-project/11020-1-200km-march-begins-to-demand-cancellation-of-myitsone-dam-project>.

²⁹ The nickel mine project in Tagaung Taung undertaken by the Metallurgical Corp of China (MCC) – a Chinese construction and engineering company responsible for building the Bird's Nest Olympic stadium in Beijing – commenced operations in March 2013. See "ENFI Completes Tagaung Taung Nickel Mine Project in Myanmar," Metallurgical Corp of China, accessed March 10, 2015, <http://www.mcccchina.com/ENGLISH/ShowArticle.asp?ArticleID=17128>.

³⁰ Leslie Hook, "China starts importing natural gas from Myanmar," *Financial Times*, July 29, 2013, accessed March 10, 2015, <http://www.ft.com/intl/cms/s/0/870f632c-f83e-11e2-92f0-00144feabdc0.html#axzz3OsLUWMvC>.

³¹ Yun Sun opines that issues such as the Myitsone project have become "politically and emotionally charged". See "China, Myanmar face Myitsone dam truths," *Asia Times Online*, February 19, 2014, accessed March 10, 2015, http://www.atimes.com/atimes/Southeast_Asia/SEA-01-190214.html. Another troubled project that has inflamed anti-China sentiments is the Letpadaung copper mine. Having been delayed for two years due to environmental concerns and disputes over land compensation, the mine has recently seen violent clashes between the authorities and locals protesting against the project's Chinese operator. See "Myanmar Opposition Leader Slams Authorities Over Deadly Mine Protest," *Radio Free Asia*, December 24, 2014, accessed March 10, 2015, <http://www.refworld.org/docid/54b7949411.html>.

³² In 2013, for example, China was listed as having invested more than US\$14 billion in Myanmar. See Sophie Song, "Myanmar Foreign Investment Reached \$42 Billion From 32 Countries, Production And Hotel Sectors Favored In June," *International Business Times*, July 11, 2013, accessed March 10, 2015, <http://www.ibtimes.com/myanmar-foreign-investment-reached-42-billion-32-countries-production-hotel-sectors-favored-june>.

³³ In a show of international goodwill as regards the legitimacy of the April 2012 by-election – in which the opposition NLD leader Aung San Suu Kyi won a landslide victory over the government-led Union Solidarity and Development Party – British Prime Minister David Cameron became the first major western leader to visit Myanmar since the late 1990s. This was soon followed by the visit of Catherine Ashton, the European Union's former High Representative of the Union for Foreign Affairs and Security Policy. See Gwen Robinson, "Cameron to make historic Myanmar trip," *Financial Times*, April 9, 2012, accessed March 10, 2015, <http://www.ft.com/intl/cms/s/0/a6f423ac-826b-11e1-b06d-00144feab49a.html#axzz3P9KuNyBG>.

may still be the largest investor in Myanmar,³⁴ the scale of Beijing's overseas direct investment (ODI) in the country has begun to shrink since 2012.³⁵ Conversely, economic aid to Myanmar from the West (including Japan) has grown.³⁶ Western nations, multilateral institutions and international governmental organisations have begun to deliberate on providing assistance to Myanmar, with the World Bank for example pledging a US\$2 billion assistance package for Naypyidaw's development.³⁷

Fifth, the trajectory of bilateral relations between Beijing and Naypyidaw also appears uncertain. In the lead-up to the 2015 parliamentary elections, China-Myanmar relations can be expected to face even greater challenges. It is expected that some less-moderate politicians are likely to capitalise on China's past and present role in Myanmar's political and economic spheres, and play the nationalism card in dissociating their parties and themselves from China. In their canvassing for votes, Beijing can therefore expect to bear the brunt of criticisms during the election campaign.³⁸ Further, the Burmese opposition and civil society also appear to have reached consensus with Thein Sein's government regarding the trajectory of their country's political reforms and distribution of power.³⁹ Despite there being heated debates between the ruling and opposition parties regarding Constitution Article 59 on Presidential and Vice-Presidential pre-requisites as well as Article 436 regarding the constitution of the parliamentary electoral system, the NLD led by Aung San Suu Kyi still stands a chance of forming Myanmar's next government. Although there is a possibility of the opposition NLD sharing power with the ruling Union Solidarity and Development Party (USDP), it is still anyone's guess what kind of China policy the former would adopt should it come to power.⁴⁰

³⁴ The Embassy of the Republic of the Union of Myanmar in Singapore ranks China first in the country's foreign direct investment. See "New Investment Opportunities in Myanmar," Embassy of the Republic of the Union of Myanmar, accessed March 10, 2015, <http://www.myanmarembassy.sg/commercial/investment-opportunities/>.

³⁵ See "China Statistical Yearbook 2013," National Bureau of Statistics of China accessed March 10, 2015, <http://www.stats.gov.cn/tjsj/ndsj/2013/indexeh.htm>. Under 6-13 Foreign Investment Actually Utilised by Countries or Regions, there was a marked decrease in China's investment in Myanmar in the period between 2011 and 2012.

³⁶ Based on Myanmar media reports and the first author's interviews with relevant personnel, Beijing's offer of an estimated US\$ 4.8 billion worth of financial assistance – that was later converted to concessionary loans – had apparently been snubbed by Myanmar's government as the latter shifted its attention towards receiving overseas development aid from Tokyo and other Western donors. Even though Naypyidaw had given approval for the use of the Chinese loan, no concrete parliamentary motion was passed with regards to its utilisation. Further, following Myanmar's political transition, the acquisition and amount of international loans, as well as the sectors in which they are to be subsequently disbursed to, have all become regulated. "Miandianbu fenbu jiangxina bufen waiguoyinhangdaikuan yongyu bufen zhengzaizhixing de xiangmu" [Myanmar departmental branch to apportion foreign bank loans to some ongoing projects], *New Light of Myanmar*, September 13, 2012.

³⁷ See "Shijieyinghang hangzhang xuanbu 20yi meiyuan changqi yuanzhu Miandian [World Bank Chief announces US\$2 billion long term economic aid to Myanmar]," *Xinhuanet*, January 27, 2014 accessed March 10, 2015, http://news.xinhuanet.com/world/2014-01/27/c_119142260.htm.

³⁸ A popular narrative regarding China-Myanmar ties holds that Beijing's past support for Myanmar's previous military regime has meant that there is now widespread public resentment towards China. See Qingrun Song, "Pay heed to anti-China mood in Myanmar," *Global Times*, June 2, 2014, accessed March 10, 2015, <http://www.globaltimes.cn/content/863398.shtml>.

³⁹ Apart from a shared vision amongst members of Myanmar's state and society, there also appears to be a convergence of political outlook between Myanmar's domestic actors and the international community. See Thuzar "Engaging Two Giants," 259.

⁴⁰ Aung San Suu Kyi, despite having expressed goodwill towards China, has irked Beijing with her recent meetings with the Dalai Lama. In London (2012) and in Prague (2013) respectively, the Myanmar opposition leader met with the Tibetan exiled spiritual leader. The latter, whom Beijing brands "an anti-China separatist", has been seen as "a hate-figure" for the Chinese government which sees the Dalai Lama's campaign for meaningful Tibetan autonomy as a threat to its core interests. See "Lady and the lama," *The Economist*, June

The myriad reasons behind the shelving of the Myitsone Dam and its impact on China-Myanmar relations appear substantial enough to mark a turning point in relations since 1988.⁴¹ This, however, does not mean that Naypyidaw's policy towards China has undergone a qualitative change. Fundamentally, an analysis of the warming of ties between Myanmar's nominally civilian government and the West — particularly Washington — *vis-à-vis* Beijing is necessary. Primarily, it would appear that the new administration's push for better relations with the West is motivated by its desire to earn international recognition regarding the legitimacy of its reforms. In spite of this, as opposed to making a choice between the U.S. and China, it is more plausible that Naypyidaw does not wish to subject itself to becoming a pawn of either Beijing or Washington.

Myanmar's balancing act also appears to be the result of a collective consensus amongst the Burmese polity to ameliorate extant Chinese influence since Myanmar's relations with the West soured in 1988. While a question mark hangs over American commitment — should Naypyidaw ever be caught up in a future confrontation with Beijing⁴² — Burmese officials and elites also realise that any long-term tensions between Myanmar and China can only hinder their nation's modernisation process. One can also deduce from the regular visits to Beijing by members of Myanmar's officialdom, as well as the opposition party's position on bilateral ties,⁴³ that Myanmar can be expected to maintain friendly relations with China. Indeed, the channels of communication and the diplomatic proximity between the two neighbours remain robust compared with that between other states. While Naypyidaw has sought to improve relations with Washington, it has nonetheless treaded cautiously towards that end so as not to undermine its relations with Beijing.⁴⁴

Divergent perspectives on China-Myanmar relations have also arisen among international scholars as a result of the nature of contact between Burmese analysts and their respective Chinese and Western counterparts.⁴⁵ Rather than subscribing to any one school of thought at the expense of a more

21, 2012, accessed March 10, 2015, <http://www.economist.com/blogs/analects/2012/06/aung-san-su-ki-and-dalai-lama>; and "Myanmar's Aung San Suu Kyi meets Dalai Lama, risking China's ire," *The Straits Times*, September 16, 2013, accessed March 10, 2015, <http://www.straitstimes.com/breaking-news/se-asia/story/myanmars-aung-san-su-ki-meets-dalai-lama-risking-chinas-ire-20130916>.

⁴¹ For a detailed study of the reasons behind the shelving of the Myitsone Dam construction, see Chenyang Li. "Miandian zhengfu weishenme gezhi Miyunshuiku [Why the Myanmar Government Shelved the Myitsone Dam]," *World Knowledge* 21 (2011): 24-26.

⁴² Myanmar's perception of its external threat has fluctuated over the years. During the 1950s, it had viewed China as its only potential enemy and thus opted for closer Chinese ties as insurance. The direction of the threat changed in the 2000s, however, when the former military leadership perceived the U.S. as the foreign threat in response to the latter's calls for regime change. See Steinberg, *Burma/Myanmar*, 49; and Thuzar "Engaging Two Giants," 260-261.

⁴³ In response to a Chinese Foreign Ministry spokesman's statements that Beijing was supportive of the positive developments in Naypyidaw's relations with the West, Aung San Suu Kyi expressed her hopes that Myanmar would maintain "good, friendly relations" with China — its "very close neighbour". See Daniel Schearf, "Myanmese Opposition Leader, Clinton Promote Closer Ties," *Voice of America*, December 1, 2011, accessed March 10, 2015, <http://www.voanews.com/content/burmese-opposition-leader-clinton-promote-closer-ties--134899308/149022.html>.

⁴⁴ Zaw Zaw Soe, "*Lengzhan jieshouhou Miandian yu Zhongguo, Yindu guanxi fenxi [Analysis of China-Myanmar and India-Myanmar Relations after the Cold War]*" (Master diss., Renmin University of China, 2013).

⁴⁵ One of the co-authors has frequently been engaged in partaking of various official and track-two forums in Yunnan in the past few years. Some of the discussion and analyses in this paper are based on his personal

nuanced analysis, it is thus necessary to avoid any binary assessment of recent events into either a 'pro-Chinese' or 'pro-American' categorisation so as to better gauge elite and popular Burmese sentiments towards Chinese activism. Indeed, it would be more appropriate to assume that a sizeable cross-section of Myanmar's population are rational individuals whose national interests form the basis of their political preferences. In other words, the more pragmatic concerns regarding their country's national interests and the stable trajectory of Myanmar's economic development can be expected to weigh equally in the minds of Naypyidaw's policymakers and populace alike.

Nevertheless, criticisms from the international academic community have since had a profound impact on Chinese official and popular discourse on Beijing's relations with Naypyidaw.⁴⁶ As Chinese officials and academics slowly became cognisant that regime survival no longer serves as the overriding factor in the Burmese state's thinking on its statecraft,⁴⁷ they have also been made aware that Naypyidaw's opening-up has meant that changing geopolitical and global economic conditions now feature more prominently in the Thein Sein government's foreign policymaking. While Myanmar — under the period of military rule — had played the geopolitical card between China and India, Beijing now finds itself having to compete against extra actors for the affections of the Burmese leadership.⁴⁸ In accordance with a view held across a wide spectrum of the public that Myanmar's strategic location and international geopolitics should form the basis of their country's foreign policymaking,⁴⁹ one senior Myanmar official also confirmed that Naypyidaw was working towards a situation that would suit its own interests, as well as those of other major powers.⁵⁰

From here, it becomes obvious that while unprecedented challenges may have disrupted previously healthy China-Myanmar ties, this does not mean, however, that bilateral relations have become irreparable, or that Myanmar has thrown in its lot with the Western world. Indeed, Beijing still retains

experience with academics from different countries. In his opinion, Western scholars often come into contact with Myanmar academics who have been exposed to Western cultures; whereas Chinese scholars tend to share closer affinity with those who are familiar with Chinese perspectives.

⁴⁶ Following the reproduction of the *Financial Times* article "Myanmar's old friend China is left wondering where it went wrong" in mainstream Chinese media, the authors noted of a deluge of commentaries on a number of online websites and bulletin boards which prompted soul-searching within China's academic and business communities to identify the factors that had led to China 'losing' Myanmar.

⁴⁷ Apparently, Beijing had assumed that the transformation of the Myanmar state into a civilian government was nothing more than the junta's tactic to legitimise its rule, "with no clear intention to give up power". Sun, "China's Strategic Misjudgment," 90.

⁴⁸ Having previously underestimated the U.S.' engagement with Myanmar while overestimating its own political influence over Naypyidaw, China has since had to contend with "Myanmar's rapidly improving relations with the West" — which includes Britain, Australia and the EU, all of whom have since sought "closer engagement" with it. See Thuzar "Engaging Two Giants," 92.

⁴⁹ The first author's interviews with a cross-section of Myanmar nationals — including (but not exclusive to) senior government officials, retired diplomats, academics and exiled activists — at an international conference discussing changes in China-Myanmar bilateral relations at the City University of Hong Kong (CUHK) in 2012.

⁵⁰ One of nine advisors to the Thein Sein administration, Nay Zin Latt, has pointed out that instead of distancing itself from any one of the major powers, Naypyidaw would rather "leverage relations" with Beijing, Delhi, as well as Washington to "benefit the country". See Daniel Ten Kate, "Myanmar Seeks 'Win-Win-Win' in Balancing U.S.-China Competition," *Bloomberg*, December 4, 2011, accessed March 10, 2015, <http://www.bloomberg.com/news/print/2011-12-04/myanmar-seeks-win-win-win-in-balancing-u-s-china-competition.html>. Quite interestingly, in an effort to reduce its dependency on China, Myanmar has also received supplies from Russia and a host of smaller countries including Ukraine, Israel, Singapore, Pakistan and both North and South Korea. See Steinberg, *Burma/Myanmar*, 161.

much capacity to ameliorate anti-China sentiments expressed by Myanmar's state and society. Although Beijing's relations with Naypyidaw are currently seen as undergoing a period of transition, bilateral ties built upon the last few decades can be expected to withstand the test of time by virtue of the twin historical backdrop of Myanmar's previous experience with Western sanctions, as well as Beijing's skill in deploying its nuanced style of diplomacy in dealing with the newly reforming administration's previous regime of coercive repression.⁵¹ Although the current political transition in Myanmar has strained ties, this should not obscure the fact that Beijing did previously make attempts to engage Myanmar's opposition and civil society, notwithstanding their eventual futility.⁵²

3. China Recalibrates Its Myanmar Policy

In Myanmar's post-2011 political landscape, it is clear that China no longer occupies a central position in the minds of policymakers in Naypyidaw. Among those who opine that Beijing has not responded to Myanmar's transition in a timely and effective fashion, China's policy adjustments thus far have also been viewed as inadequate in addressing estranged relations.⁵³ Rather than jumping to conclusions, however, it would be more beneficial that Chinese officials and academics undertake a period of observation to analyse and understand the changes that have occurred in Myanmar. In all fairness, it has taken 20 years before the U.S. suddenly shifted from sanctioning Myanmar to using a combination of sanctions with engagement.

While there have been some bright spots in bilateral relations in the period after 2011,⁵⁴ China has suffered a reversal of fortunes with its economic projects in Myanmar, with the suspension of the

⁵¹ At the risk of forfeiting its economic and political advantage in Myanmar, China surprised many by calling on Myanmar's military dictatorship to "show restraint" and end its violent crackdown on pro-democracy protesters during the Saffron Revolution. See Doug Bandow, "China-bashing won't solve Myanmar's crisis," *South China Morning Post*, November 12, 2007, accessed March 10, 2015, <http://www.scmp.com/article/615255/china-bashing-wont-solve-myanmars-crisis>; and "China appeals for calm in Burma," *BBC News*, September 30, 2007, accessed March 10, 2015, <http://news.bbc.co.uk/2/hi/asia-pacific/7020399.stm>.

⁵² The late former Chinese ambassador to Myanmar, Cheng Ruisheng, for example, even visited the NLD headquarters to congratulate the Myanmar opposition's landslide victory in the 1990 elections. While official Chinese contact with the NLD and Aung San Suu Kyi in the past may have laid the foundation for the development of relations between Beijing and Myanmar's opposition, communication between the two sides also stopped abruptly due to objection from the country's military rulers. See Cheng, "Handling Relations with Myanmar in a Chinese Way: A Personal Reflection," *The Hague Journal of Diplomacy* 5 (2010): 405-413. During the period of Myanmar's military rule, it was also mandatory for locals to seek official approval before they could meet with foreign citizens, after which they were required to submit a report detailing the proceedings.

⁵³ Sun, "China's Strategic Misjudgment on Myanmar," *Journal of Current Southeast Asian Affairs*, 31(1) (2012). The same theme of China's strategic misjudgments about the political reality of its southwestern neighbour can similarly be found in a number of media sources. See, for example, See Chris Horton, "China Didn't See This Coming," *The Atlantic*, March 15, 2013, accessed March 10, 2015, <http://www.theatlantic.com/china/archive/2013/03/china-didnt-see-this-coming/274042/>. The authors, however, are of the opinion that the implementation of existing policies would require time, and that these should not be changed at a whim. Similarly, policies that are undergoing correction may also lag behind current developments on the ground.

⁵⁴ In June 2013, for example, the two countries signed the "Action Plan of China-Myanmar Comprehensive Strategic Cooperation Partnership" to develop a joint roadmap for the advancement of future bilateral relations; see Meng Yan and Lidan Chen, "Myanmar President meets Chinese state councillor," *People's Daily*, June 24, 2013, accessed March 10, 2015, <http://en.people.cn/90883/8297293.html>. In July that same year, the China-Myanmar gas pipeline also commenced operations.

Myitsone Dam and Letpadaung copper mine featuring prominently.⁵⁵ In their defence, both the Chinese government and China's firms have since learned from local opposition to the events. Likewise, China's Myanmar policy has also undergone adjustments since the new administration in Naypyidaw came to power. Beijing's corrections have shifted from simply focusing on improving relations exclusively with the country's elites, to placing greater emphasis on building ties with various local communities. These have included: (i) strengthening relations with Myanmar's democratic opposition; (ii) reaching out to Myanmar's civil society groups; (iii) encouraging corporate social responsibility practices among Chinese enterprises; and (iv) creatively mediating peace between the state government and armed ethnic minorities.

i. Strengthen Relations with Myanmar's Democratic Opposition Parties

With the return of Aung San Suu Kyi's NLD to Myanmar's political mainstream, Beijing has wasted little time in facilitating strategic communication with the country's main opposition party. Li Junhua, China's former ambassador to Myanmar, for example, had visited Aung San Suu Kyi in as early as 2011 when Myanmar began embarking on tentative political liberalisation.⁵⁶ The current ambassador, Yang Houlan, has likewise visited Myanmar's opposition leader on several occasions in recent times.⁵⁷ While Chinese diplomats in the past had similarly engaged Myanmar's democratic opposition, political conditions at the time meant that any such contact was short-lived since Aung San Suu Kyi and her party became taboo subjects in China's relations with Myanmar.⁵⁸ Even as individual Western officials and parliamentarians were occasionally granted meetings with Aung San Suu Kyi during her period of house arrest, Chinese officials and scholars, on the other hand, gave up such a privilege for fear of antagonising the junta.⁵⁹ While the previous lack of contact with opposition groups was not an important topic on Beijing's agenda considering that the military dictatorship called the shots, China has realised that it can no longer ignore the reinvigorated political clout of Myanmar's opposition

⁵⁵ The Letpadaung copper mining project in northern Myanmar contracted to Wanbao Mining Ltd. – a subsidiary of China North Industries Corporation (Norinco) – is another stark example of local resentment towards Chinese firms for Beijing's perceived role in propping up the previous military dictatorship and economic exploitation of its resource-rich neighbour. See Jason Burke and Swe Min, "Burma: riot police move in to break up copper mine protest," *The Guardian*, November 29, 2012, accessed March 10, 2015, <http://www.theguardian.com/world/2012/nov/29/burma-riot-police-mine-protest?guni=Article:in%20body%20link>.

⁵⁶ See Aung Hla Tun and Ben Blanchard, "China reaches out to Myanmar's Suu Syi," *Reuters*, December 15, 2011, accessed March 10, 2015, available at: <http://www.reuters.com/article/2011/12/15/us-china-myanmar-idUSTRE7BE0R320111215>.

⁵⁷ See Tim McLaughlin, "China courts NLD," *Myanmar Times*, May 20, 2013, accessed March 10, 2015, <http://www.mmimes.com/index.php/national-news/6787-after-two-decades-china-begins-to-reach-out-to-nld.html>.

⁵⁸ During the tenure of another of China's former ambassadors to Myanmar, Cheng Ruisheng had met with Aung San Suu Kyi on four occasions – including at the NLD headquarters to congratulate its victory in the 1990 general elections. While the contact with the NLD and Aung San Suu Kyi may have laid the foundation for the development of relations between Beijing and Myanmar's opposition, communication between the two sides also stopped abruptly due to objection from the country's military rulers. See Cheng, "Handling Relations with Myanmar in a Chinese Way," *The Hague Journal of Diplomacy* 5 (2010): 405-413.

⁵⁹ As a result of Beijing's decision to minimise contact with the Myanmar opposition out of considerations for the ruling military leadership's sensitivities, Chinese diplomats, officials, academicians and businessmen had negligible contact with the democratic opposition. See Yun Sun, "With Suu Kyi and China, It's Complicated," *The Irrawaddy*, December 24, 2013, accessed March 10, 2015, <http://www.irrawaddy.org/contributor/suu-kyi-china-complicated.html>.

figures. With the NLD, for example, the Chinese government has established a relatively open channel of communication and even hosted a delegation in May 2013 — the first ever visit to China by Myanmar’s main opposition group.⁶⁰

ii. Reach out to Myanmar’s Non-State Actors and Civil Society Groups

In addition to fostering ties with opposition parties (led by Aung San Suu Kyi), Myanmar’s government (under Thein Sein), the ruling USDP (controlled by parliamentary head Shwe Mann), as well as the state military (commanded by Min Aung Hlaing),⁶¹ Chinese overtures towards Myanmar’s civil society — another group to emerge from the local polity — have also gained prominence. In stark contrast to the past when relations were restricted to official exchanges between Beijing and the former junta, Chinese diplomats based in Yangon have since achieved an unprecedented level of engagement with the locals as evinced from a number of online promulgations regarding the embassy’s social engagements reflected on its official social media platform.⁶²

Secondly, the Chinese government has also taken the initiative to engage different sectors of Burmese society — including the country’s privately-owned media,⁶³ as well as local NGOs. With the latter, for example, Beijing has re-established the China-Myanmar Friendship Association (CMFA) since 2011, with Geng Zhiyuan serving as one of the leaders at the helm.⁶⁴ Under the auspices of the Chinese People’s Association for Friendship with Foreign Countries (CPAFFC), the CMFA has also organised visits to Myanmar for Chinese entrepreneurs; these have included conducting feasibility studies and joint consultation with local Myanmar businessmen and interest groups,⁶⁵ as well as

⁶⁰ See Yuanyuan Wang, “Myanmar’s NLD delegation leaves for China,” *Xinhuanet*, May 8, 2013, accessed March 10, 2015, available at: http://news.xinhuanet.com/english/china/2013-05/08/c_132368364.htm.

⁶¹ In his speech calling for the deepening of mutually beneficial cooperation between Beijing and Naypyidaw, China’s ambassador to Myanmar, Yang Houlan, acknowledged the important role played by each of the key political factions. See “Ambassador to Myanmar Yang Houlan’s Speech at the Myanmar Institute of Strategic and International Studies on January 9, 2014,” Ministry of Foreign Affairs of the People’s Republic of China, accessed March 10, 2015, http://www.mfa.gov.cn/mfa_chn/dszlsjt_602260/t1116348.shtml.

⁶² The Facebook platform of the Chinese embassy based on Yangon started operations following the loosening of media controls by the military-backed civilian government in November 2010. “China Embassy in Myanmar,” last modified March 6, 2015, <https://www.facebook.com/pages/Chinese-Embassy-in-Myanmar/191612647581463?fref=nf>.

⁶³ In a bid to improve relations with Myanmar’s media and shape public perceptions of China as a positive force in the country, China’s State Council Information Office hosted a delegation of journalists from the country’s private media to China for a week-long working visit to Beijing and Shandong in 2011. At the same time, China’s state broadcaster also launched its programmes in Myanmar. See “*Zhongguo zai Miandian jiaqiang xingxiang gongguan*” [China Strengthens Public Relations Work in Myanmar], *Wenweipo*, November 2, 2011, accessed March 10, 2015, <http://news.wenweipo.com/2011/11/02/IN1111020090.htm>.

⁶⁴ See “China-Myanmar Friendship Association,” The Chinese People’s Association for Friendship with Foreign Countries, accessed March 10, 2015, <http://en.cpaffc.org.cn/content/details28-22389.html>. The appointment of Geng Zhiyuan is particularly symbolic on account of his late father Geng Biao’s significant status within the CCP. Geng senior, a former vice-premier, had served as ambassador to Myanmar and was also China’s Minister of National Defence.

⁶⁵ In October 2013, a Chinese business delegation led by the CMFA met with local NGOs and business executives to discuss China’s current projects and future investment potential in the country, as well as learned more about “local people’s requests, resource situation and environmental protection requirement”. See “China-Myanmar Friendship Association Visit Myanmar,” Embassy of the People’s Republic of China in the Republic of the Union of Myanmar, accessed March 10, 2015, <http://mm.china-embassy.org/eng/sqwx/t1092993.htm>.

providing social assistance to disadvantaged social classes and diverse non-governmental organisations (NGOs) in the areas of healthcare and education.⁶⁶ More recently, Chinese officialdom has even extended its outreach to the 88 Generation Students Group — Myanmar's famed civil society entity that was brutally oppressed by the junta during the 1988 pro-democracy protests⁶⁷ — to take on-board its members' suggestions on how Chinese investors could better manage their investments in Myanmar.

Third, Chinese officials have also facilitated joint consultations with their Burmese counterparts as well as members of civil society groups, business and academic communities to discuss China's experiences with its own economic reforms. In May 2013 for instance, the first ever China-Myanmar non-governmental roundtable was organised between relevant Chinese and Burmese organisations with the aim of jointly promoting mutually beneficial development.⁶⁸ In addition to learning about the concerns of civil society groups, this first round of talks also facilitated non-governmental exchanges between Beijing and Naypyidaw as well as benefitted from contributions from officials of both countries.⁶⁹ Additionally, in-depth discussions on how the two sides could cooperate in other areas of common interests were also shared.

Cognisant of the fact that some of China's harshest criticisms of its environmental records in Myanmar have come from its civil societies, the Global Environmental Institute — a Beijing NGO specialising in the promotion of environmentally-friendly business practices — also initiated a series of seminars and training programmes to highlight to relevant stakeholders in Myanmar the significance of sustainable development by drawing their attention to the importance of striking a balance between profit-making and environmental conservation.⁷⁰ In the academic realm, exchanges have similarly been promoted between Burmese and Chinese scholars, and think tanks such as the China Institute for International Studies, Shanghai Institute for International Studies, China Institute of Contemporary International Relations as well as institutions including the School of International Relations of Peking University

⁶⁶ More than a dozen NGOs including the Myanmar Anti-Narcotics Association, schools for disadvantaged groups, foundations for health and education, and even a society providing free funeral services received a donation from the association earlier last year. See Lu An, "China-Myanmar Friendship Association donates 170,000 USD to Myanmar NGOs," *Xinhuanet*, 15 March 25, 2014, accessed March 10, 2015, http://news.xinhuanet.com/english/china/2014-03/15/c_133187613.htm.

⁶⁷ As a sign of Beijing's recognition of the role of Myanmar's civil societies, it has since encouraged people-to-people interaction between Chinese officials and members of civil society groups such as the celebrated 88 Generation Student Group. In so doing, China also gains an additional perspective of the environmental and societal impact of their large-scale infrastructure projects in the local community. See Roseanne Gerin, "Myanmar Reform Group Pushes for Transparency of Chinese Projects," *Radio Free Asia*, September 9, 2014, accessed March 10, 2015, <http://www.rfa.org/english/news/myanmar/88-generation-09092014180946.html>.

⁶⁸ See "Zhong Mian minjian jiaoliu yuanzhuohui zai Kunming juxing [China-Myanmar civil society roundtable discussion exchange held in Kunming]," *Yunnannet*, May 25, 2013, accessed March 10, 2015, http://yn.yunnan.cn/html/2013-05/15/content_2730120.htm.

⁶⁹ *Ibid.*

⁷⁰ "GEI xiezhu chengli Miandian touzi yu kechixu fazhan gongzuozu [GEI assists in establishing Myanmar investment and sustainable development working group]," Global Environmental Institute, accessed March 10, 2015, <http://www.geichina.org/index.php?controller=News&action=View&nid=202>.

and the Centre for Myanmar Studies of Yunnan University, have all since had opportunities to hold discussions on key issues with their counterparts in Myanmar.⁷¹

iii. Encourage Socially Responsible Practices among Chinese Firms

In a number of developing countries, China's state-owned enterprises and other smaller-scale firms that have either failed to comply with local labour laws and environmental regulations, or disregarded local customs have led to populist anti-China sentiments. Controversies arising from China's operations in Myanmar have likewise featured prominently in Beijing's economic relationship with Naypyidaw.⁷² In the aftermath of events such as the shelving of the Myitsone Dam, Beijing has attempted to tackle the situation by issuing guidelines to Chinese firms, with the Ministry of Commerce (MOFCOM) in June 2012, for instance, calling on companies to provide training in "foreign language necessary for working abroad as well as relevant laws, religion and social customs".⁷³ Following that, MOFCOM and the Ministry of Environmental Protection also jointly issued "Guidelines for Environmental Protection in Foreign Investment and Cooperation" to encourage Chinese firms to "actively perform their social responsibilities of environmental protection, set up good international images for Chinese enterprises, and support the sustainable development of the host country".⁷⁴

On their part, Chinese firms have also refined their business practices and required their personnel to conduct prior environmental and social impact assessments in accordance with international best practices in addition to taking into consideration the needs of local communities. The state-owned China National Petroleum Corporation (CNPC), which operates the China-Myanmar oil and gas pipelines, for example, has embarked on a charm offensive by detailing its efforts towards advancing the interests of local communities in the fields of "infrastructure construction, healthcare, education, and disaster relief".⁷⁵ Wanbao Mining Ltd., another of China's state-owned enterprises that oversees the Letpadaung copper mine, has similarly responded to local opposition by providing free healthcare

⁷¹ Based on the personal experiences of the first author.

⁷² See for example, Renwick, "China's Role in Burma's Development," 70-84. Apart from well-publicised demonstrations against the Myitsone Dam and the Letpadaung copper mine, members of Myanmar's public have also protested on issues including "lost employment and environmental degradation, and loss of livelihoods and food supplies".

⁷³ "Regulations on Management of Foreign Labor Service Cooperation," Ministry of Commerce People's Republic of China, accessed March 10, 2015, <http://english.mofcom.gov.cn/article/policyrelease/bbb/201209/20120908366677.shtml>.

⁷⁴ "Notification of the Ministry of Commerce and the Ministry of Environmental Protection on Issuing the Guidelines for Environmental Protection in Foreign Investment and Cooperation," Ministry of Commerce People's Republic of China, accessed March 10, 2015, <http://english.mofcom.gov.cn/article/policyrelease/bbb/201303/20130300043226.shtml>.

⁷⁵ A comprehensive list of CNPC's contributions to Myanmar society found in one of its press releases includes "protecting the interests of local people", "supporting infrastructure construction", financing and refurbishing local hospitals and schools", "focusing on environmental protection", "providing employee training and creating jobs", "helping disaster-affected areas" as well as "taking care of the underprivileged and participating in charity activities". See "Caring for communities along the Myanmar-China Oil and Gas Pipelines," CNPC, accessed March 10, 2015, <http://www.cnpc.com.cn/en/CaringforcommunitiesalongtheMyanmarChinaOilGasPipelines/CaringforcommunitiesalongtheMyanmarChinaOilGasPipelines.shtml>. Rather remarkably, the information on the website also claims that the pipelines were rerouted "whenever the land conversion scheme [was] declined by local residents or wherever a stupa, temple, school, graveyard or wildlife reserve [stood] on the route". Its construction work has apparently caused neither "environmental pollution" nor "ecological damage".

in the community, building several schools, linking villages to the national electric grid as well as compensating displaced villagers.⁷⁶ In a “highly unusual” move, the company also revised its contract with other signatories to reduce its own share of profits. While Chinese companies’ revision of their Myanmar strategy appears to have gained some ground in winning over some members of the Burmese public,⁷⁷ it is still unclear whether Beijing has the capacity — and the will — to impose such socially desirable behaviour among Chinese corporations operating outside of China through the use of “stricter guidelines, regulations and enforcement”.⁷⁸

iv. Mediate between the State Government and Armed Ethnic Groups

As a multi-ethnic country made up largely of those of Burman descent and a good number of disparate indigenous groups,⁷⁹ Myanmar also faces the additional internal challenge of national integration.⁸⁰ Among the bigger minority groups, a significant number have also been actively engaged in challenging the Myanmar government to honour the Panglong Conference.⁸¹ Whereas some of the rebellions between the ethnic groups and the central government are still active, many armed minority groups have nonetheless negotiated cease-fires while others have periodically entered into temporary peace agreements with the state since.

In 2009, however, following Naypyidaw’s proposals for some of the ethnic groups to form a Border Guard Forces (BGF) and subject themselves to central control, tensions resumed when the major cease-fire groups such as the United Wa State Army (UWSA), the Kachin Independence Army (KIA) and the National Democratic Alliance Army (NDAA, Shan State-East, Special Region-4) began to

⁷⁶ Shibani Mahtani, “Chinese Company Launches Charm Offensive in Myanmar” *The Wall Street Journal*, October 9, 2013, accessed March 10, 2015, <http://www.wsj.com/articles/SB10001424052702304520704579125083505961324>.

⁷⁷ *Ibid.* Mahtani notes of how villagers initially opposed to the copper mine project in Letpadaung have since been moved by the corporate social responsibility endeavours of Wanbao, and “changed [their] mind”. This does not imply, however, that Chinese state-owned enterprises are winning the public relations war in Myanmar, as the example of China Power International (CPI) in the Myitsone Dam shows; see, “Displaced villagers continue to oppose Myitsone Dam,” *Kachin News*, May 30, 2014, accessed March 10, 2015, <http://www.kachinnews.com/news/2659-displaced-villagers-continue-to-oppose-myitsone-dam.html?start=8>.

⁷⁸ Wu and Koh, “From Financial Assets to Financial Statecraft,” 781-803.

⁷⁹ According to the last official census, the *Burman* majority group accounted for up to 69% of the population whereas the sizeable ethnic minority communities – comprising of the *Shan* (9%), *Karen* (7%), *Rakhine* (3.5%), *Chin* (2.5%), *Mon* (2%), *Kachin* (1.5%), *Karenni* (0.75%), *Wa* (0.16%) and *Rohingya* (0.15%) – make up the remaining one-third of the country’s inhabitants. See “Briefing: Myanmar’s ethnic problems”, *Integrated Regional Information Networks (IRIN)*, March 29, 2012, accessed March 10, 2015, <http://www.irinnews.org/report/95195/briefing-myanmar-s-ethnic-problems>.

⁸⁰ *Ibid.* How best to manage the distribution of power and resources in a manner that is both acceptable to each ethnic group – without any the latter sacrificing their individual identities, customs and cultures – has also led to it being referred to as “a crisis of the minorities” by some scholars; see for example, Steinberg, *Burma/Myanmar*, 12.

⁸¹ In return for promises of full autonomy in internal administration and an equal share in the country’s wealth in the post-colonial period, a number of the main ethnic groups signed up to the Panglong Agreement of 1947 initiated by their former British colonial masters. The ill-improvised and inconsistent compromises between the centre and the various minority groups meant that, however, the proposed provisions of inclusiveness and fairness were never implemented in a manner acceptable to all the signatories – leading to the beginning of several ethnic insurrections, some of which have continued to this day. See “A Tentative Peace in Myanmar’s Kachin Conflict,” *International Crisis Group Asia Briefing* 140 (2013): 14, accessed March 10, 2015, <http://www.crisisgroup.org/~media/Files/asia/south-east-asia/burma-myanmar/b140-a-tentative-peace-in-myanmars-kachin-conflict.pdf>.

prepare themselves for military conflict with government forces.⁸² Driven by its desire for stability along its borders with Myanmar, China had nevertheless responded cautiously towards Myanmar's internal ethnic tensions. Having previously been caught off-guard by the refugee crisis following Naypyidaw's attacks on the Myanmar National Democratic Alliance Army (MNDAA Shan State-North, Special Region-1) in the Kokang conflict, Beijing is no longer under any illusion that it could use the armed ethnic groups as "buffers that provided strategic leverage over Naypyidaw",⁸³ and hence shifted its position from maintaining the status quo towards promoting national reconciliation. Such a policy shift has also convinced Myanmar that China "will not obstruct it in solving the issue of the ethnic groups".⁸⁴

While China has succeeded in mediating between Naypyidaw and the UWSA,⁸⁵ Chinese appeals for reconciliation between the state government and the KIA fell on deaf ears when hostilities resumed in June 2011.⁸⁶ Following the escalation of conflict between the state military and the Kachin Independence Organisation (KIO) in late 2012 around Laiza, China began to step up its efforts in demanding an end to such skirmishes, as well as called on both sides to implement a cease-fire.⁸⁷ Before long, following high-level meetings between the civilian and military leaderships of both countries,⁸⁸ hostilities between the Myanmar army and the KIO reached a quick end.⁸⁹ In February 2013, the Chinese government also facilitated a meeting between the Burmese government and the KIA in the Chinese city of Ruili,⁹⁰ thereby easing tensions and paving the way for further talks. This, Beijing accomplished in the following month when it appointed one of its top diplomats, Wang Yingfan, as its special envoy to Myanmar. Despite the fact that China's efforts are hardly motivated by

⁸² See "China's Myanmar Strategy: Elections, Ethnic Politics and Economics," International Crisis Group Asia Briefing 112 (2010): 3, accessed March 10, 2015, <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/B112%20Chinas%20Myanmar%20Strategy%20%20Elections%20Ethnic%20Politics%20and%20Economics.pdf>.

⁸³ *Ibid.* 2-3.

⁸⁴ *Ibid.* 5. Nevertheless, Naypyidaw still regards Beijing's relations with the UWSA and Kachin Independence Organisation (KIO) with suspicion in view of China's previous support to the Burmese Communist Party (BCP).

⁸⁵ *Ibid.*

⁸⁶ In June 2011, a 17-year cease-fire agreement between the KIO and Myanmar's government forces ended when the *Tatmadaw* launched offensives on the KIO's military arm – the Kachin Independence Army (KIA). Hostilities have since continued to this day. See "A Chronology of the Kachin Conflict," *The Irrawaddy*, November 20, 2014, accessed March 10, 2015, <http://www.irrawaddy.org/multimedia-burma/chronology-kachin-conflict.html>.

⁸⁷ During the conflict, a number of artillery shells had also made their way across the border into Chinese territory. See Michael Martina, "China rebukes Myanmar, urges ceasefire after shell crosses border," *Reuters*, January 17, 2013, accessed March 10, 2015, <http://uk.reuters.com/article/2013/01/17/uk-china-myanmar-idUKBRE90G0FN20130117>.

⁸⁸ Following the shelling over Laiza, Beijing sent its then vice foreign minister, Fu Ying, and senior military representative, Qi Jianguo, to discuss border security issues with Thein Sein and Min Aung Hlaing – respectively Myanmar's civilian and military leaders. See "Washington, Beijing Alarmed by Fighting in Kachin State," *Eleven*, January 25, 2013, accessed March 10, 2015, http://www.elevenmyanmar.com/index.php?option=com_content&view=article&id=2241:washington-beijing-alarmed-by-fighting-in-kachin-state&catid=32&Itemid=354.

⁸⁹ "A Tentative Peace in Myanmar's Kachin Conflict."

⁹⁰ See "KIO and Govt Peace Delegation Start Peace Talks," *The Irrawaddy*, February 4, 2013, accessed March 10, 2015, <http://www.irrawaddy.org/burma/kio-and-govt-peace-delegation-start-peace-talks.html>.

altruism,⁹¹ and have even been described as “heavy-handed”,⁹² the small success of the talks has nevertheless been attributed to the positive role played by Beijing.⁹³

As China’s national interests have expanded, Beijing’s foreign policymakers also appear to be revising Chinese diplomacy with their creative deployment of specially appointed ad hoc envoys as peacemakers. Most representative of the proposition that China should move away from its long-held non-interference policy in the internal affairs of other countries is the concept of “creative involvement” which espouses a proactive approach through which Beijing can strive for a more substantial role in international affairs.⁹⁴ Rather than exerting any outright domination over the elites and people of Myanmar into accepting Chinese directives, China’s constructive mediation via its special envoys to northern Myanmar serves as further proof of a subtle — yet substantial — recalibration of its policy.

4. Recommendations on Refining China’s Policy on Myanmar Further

From the above, it is clear that Beijing has become more attuned to the challenges arising from Naypyidaw’s political transformation. And more so, given how China cannot expect to remove itself fully from the domestic politics of its neighbour by virtue of its economic footprint in the latter’s natural resources markets, and its close political association with Myanmar’s civilianised military rulers. The following section proffers the view that although China’s policies towards Myanmar may have undergone considerable change as evinced by Beijing’s reaching out to the possible candidates of Myanmar’s future leadership,⁹⁵ any effect from these adjustments will nevertheless require some time

⁹¹ Citing the possible internationalisation of the Kachin conflict as “China’s grave concern”, Yun Sun contends that Beijing’s motivation to intervene – as opposed to “concern for the ethnic conflict itself” – was driven more by its “fear of American presence” across its border arising from a possible role for Washington in mediation talks between the Kachin rebels and the Myanmar government. See Sun, “China, the United States and the Kachin Conflict,” *Great Powers and the Changing Myanmar* Issue Brief 2 (January 2014): 9-10, accessed March 10, 2015, http://www.stimson.org/images/uploads/research-pdfs/Myanmar_Issue_Brief_No_2_Jan_2014_WEB_3.pdf. Geopolitical reasons aside, China’s concerns also stem from the security risks facing its “expensive but vulnerable” strategic investments in oil and gas pipelines, hydropower and resources projects dotting Myanmar’s resource-rich regions inhabited by the ethnic groups – but administered by Myanmar’s central government. See Yun Sun “China’s Intervention in the Myanmar-Kachin Peace Talks”, *Asia Pacific Bulletin*, 200 (20 February 2013), accessed March 10, 2015, http://www.eastwestcenter.org/sites/default/files/private/apb200_0.pdf. The Kachin – one of Myanmar’s major groups together with the Chin, Shan, Karen, Kayah, Mon and Rakhine to have a state to call their own – has aspired for some form of federal structure or autonomy from central control. See, Steinberg, *Burma/Myanmar*, 165.

⁹² “A Tentative Peace in Myanmar’s Kachin Conflict,” 14.

⁹³ The Chinese partaking of the Kachin peace talks has even earned the appreciation of Western analysts who allude to it as an example of “China’s stepping up to assume its ‘big power responsibility’ in maintaining regional peace and stability”. See Sun, “China’s Intervention.”

⁹⁴ Yizhou Wang, *Chuangzaoxing jieru: Zhongguo waijiao xinqxiang* [*Creatively Involvement: A New Orientation in Chinese Diplomacy*] (Beijing: Peking University Press, 2011), 21-22. “Creative involvement” embodies the principle of non-interference in the internal affairs of other countries and adopts the philosophy that a country’s internal affairs – including its political system; security arrangements; the selection of its political leaders; governance and those issues pertaining to people’s livelihood – should be dictated by the state concerned and members of its society as opposed to external forces. See also Yizhou Wang, *Chuangzaoxing jieru: Zhongguo zhi quanqiu jiaoshe de shengcheng* [*Creatively Involvement: The Genesis of China’s Global Role*] (Beijing: Peking University Press, 2013).

⁹⁵ Underneath state-to-state relations, the CCP’s International Department has had success in establishing relations with opposition parties and politicians-in-waiting. In Latin America and the Caribbean alone, the CCP organ has developed working relations with more than 100 parties across 31 countries since 2007. See

before they can manifest fully. In the period leading up to their realisation, it would be in Beijing's interests to address the underlying issues in its bilateral relations with Naypyidaw by reviewing its evaluation of the trajectory of Myanmar's political reforms.

Concurrently, China can benefit from a holistic recalibration of its relationship with Myanmar. On one hand, China should rethink its policies in deference to the aspirations of actors across Myanmar's political spectrum so that most of the latter may benefit from bilateral cooperation. At the same time, China also needs to carefully respond to historical grievances and current negative views. Recalibrations — in thought and in deed — would be essential for ameliorating tensions in China-Myanmar ties as well as encouraging stability in bilateral relations. At the same time, this would also serve Chinese interests in mainland Southeast Asia since Beijing can then be expected to be in a stronger position to better articulate its views on vital regional interests to Naypyidaw.⁹⁶ From Beijing's perspective, the significance of this is particularly salient amidst the geopolitical uncertainties arising from Washington's rebalance to the region. It follows thus that Beijing will need to harmonise its Myanmar policy with the relevant provincial authorities,⁹⁷ the various CCP and ministerial organs as well as Chinese enterprises — both state-owned and private — in order for projected benefits can be realised. Significantly, any such coordinated formulation and synchronised policy implementation will also have to factor in complementarities between the national interests of both countries, and more importantly, the host country's own development needs.

i. China should recalibrate its extant thinking on the trajectory of Myanmar's political development.

First, having acknowledged Naypyidaw's attempts at adjusting ties are driven by local needs, China nonetheless has to exercise magnanimity despite the restrictions on the quality of their bilateral cooperation. This is especially important in view of the current trajectory of warming U.S.-Myanmar relations. It is to Beijing's credit that it has so far — in public at least — adopted an inclusive and tolerant attitude towards the transition in Myanmar. In maintaining such a positive outlook, it is more likely that China would win friends from among Burmese elites and people. Criticising the political reforms in Myanmar, on the other hand, may lead to incongruity between Beijing and Naypyidaw, and thus not be conducive to sustaining good relations. Also, China will need to be patient with regard to the improvement of bilateral relations. Many of the challenges inherent in China-Myanmar ties have not simply been the result of policy mistakes,⁹⁸ but can be accounted by the fact that the majority of

"Current Situation of CPC's International Situation," International Department Central Committee of CPC, accessed March 10, 2015, <http://www.idcpc.org.cn/english/inrelations/currentsituation.htm>.

⁹⁶ Fan, *Hepinggongchu* [Peaceful Co-existence], 121.

⁹⁷ Although the policy preferences and proposals of provincial governments have to be in conformity with Beijing's overall considerations, there has nevertheless been a perceived lack of consultation and coordination between some of these provincial authorities and leaders of Southeast Asian countries across their borders. See Mingjiang Li, "Local Liberalism: China's approaches to relations with Southeast Asia," *Journal of Contemporary China* 23(86) (2014): 275-293.

⁹⁸ For instance, one school of thought alludes to the hypothesis that against the backdrop of globalisation, the nature of Chinese economic activism in Myanmar is a natural occurrence of their symbiotic economic relationship. See Steinberg and Fan, *Modern China-Myanmar Relations*, 347; and "China's Myanmar

Burmese society — still caught in the euphoria of democratic transition — continue to attribute the country's political stagnation to previous Chinese complicity. Indeed, such popular displays of resentment towards China's role will require time to fully dissipate.

Beijing will also be required to proactively pay due regard to the armed violence between Myanmar's government and the ethnic minorities. A prerequisite would be to proactively acknowledge the various political, economic and socio-cultural needs of the groups inhabiting the border regions in northern Myanmar. While anticipating the multiple short-term stress points resulting from a future national reconciliation is important, Beijing would also need to address the historical baggage of its previous support for some of these minority groups. Therefore, Beijing should, once and for all, make clear its position on Myanmar's ethnic crisis and stave off radical concepts such as "stirring up ethnic tensions",⁹⁹ or "nurture the Kachin tiger",¹⁰⁰ in the false hopes that these would enable it to maintain some political leverage over Naypyidaw. This would also enable China to counter any claims that it is not genuinely committed to Myanmar's democratic transition into a peaceful, unified and developed country. Towards that end, the Chinese leadership and provincial authorities in Yunnan can strengthen their efforts in facilitating peace talks between Myanmar's state government and the ethnic forces in northern Myanmar, and encourage all sides to reach a peace accord sooner, rather than later. China can also present its policy preference for peace and stability in its border regions as serving the interests of all parties involved in view of the socio-economic development that would then be made possible.

ii. China should strengthen synchronised national strategic formulation and policy implementation.

Chinese officials and businessmen should build on their enhanced awareness of the implications of Myanmar's opening-up on China's strategic considerations from a security and economic point of view. They can also tap on their experiences to deepen Chinese understanding of its neighbour and anticipate the political trajectory of mainland Southeast Asia's largest country. In a structure akin to the CCP Central Committee's Foreign Affairs Leading Group, the setting up of a similar coordination and consultation body comprising of seasoned Myanmar hands may be in order given the many challenges besetting China-Myanmar ties. Such a leading group may prove useful in coordinating the efforts of the central government, the local authorities governing Chinese provinces along the border regions, as well as Chinese businesses. These different actors should also develop short-term, medium-term and long-term strategies for mitigating changes in Myanmar's domestic politics, and

Dilemma," International Crisis Group Asia Report 177 (2009), accessed March 10, 2015, http://www.crisisgroup.org/~media/Files/asia/north-east-asia/177_chinas_myanmar_dilemma.

⁹⁹ One influential Chinese analyst and a few others posit that, "[t]he border ethnic groups are [their] card and China needs to play it well." See Yun Sun, "Has China Lost Myanmar?," *Foreign Policy*, January 15, 2013, accessed March 10, 2015, <http://foreignpolicy.com/2013/01/15/has-china-lost-myanmar/>.

¹⁰⁰ Yini Shi, "Xuezhe cheng Zhongguo ying yanghao Keqinbang zhezhi laohu: Zhengfuzhiku bugao minzu yanjiu [Scholars claim China should nurture the Kachin tiger: Government think tanks do not engage in ethnic research]," *International Business Times*, January 21, 2013, accessed March 10, 2015, <http://www.ibtimes.com.cn/articles/19985/20130121/512152.htm>.

think ahead about the possibilities and opportunities for improving bilateral ties. Finally, Beijing should also avail itself to playing an advisory role in the governance of the country when called upon by its neighbour.

iii. China should promote consultative platforms with Myanmar on mutually beneficial cooperation.

First of all, China needs to redirect its economic investments in Myanmar towards those sectors that support the people's aspirations for economic development.¹⁰¹ In order to address Burmese societal concerns regarding China's neo-colonialist ambitions, the next wave of Chinese investment projects in Myanmar should shift away from those sectors that do not promote Myanmar's indigenous development. As such, Chinese firms can move into Myanmar's secondary and tertiary sectors. Regarding the former, Beijing and Naypyidaw can strengthen bilateral collaboration in the manufacturing industry, with China providing its expertise on developing Myanmar's northern regions into a manufacturing hub to meet domestic demands for agricultural machinery and household appliances. Looking ahead, China can also use its experience in running an export-based economy to assist Myanmar develop its southern region into an export-oriented processing hub. In return for its assistance, Beijing may then claim credit in helping Naypyidaw offset the imbalances in their bilateral trade over the longer term.¹⁰²

In view of the fact that Chinese foreign assistance has been growing at a much faster rate than traditional lenders,¹⁰³ Beijing can also share its developmental experience and provide leadership in combating poverty by fostering agricultural development, building the host country's capacity for providing public goods, as well as provide infrastructure construction and disaster relief to win local hearts and minds. Using agricultural development as an example, China-Myanmar economic cooperation can shift away from the building of dams and mining activities to the joint development of agricultural cooperation zones in Myanmar. One possible site could be none other than Naypyidaw so that the endeavour would be more accessible for local government officials in order that study trips to the site can be facilitated more regularly. Similarly, other zones could be situated near the border areas between China and Myanmar so that the harvesting, processing and sales of future produce can be integrated, and consequently be either sold to Burmese and Chinese markets, or exported to other countries further afield. At the same time, Beijing can set up a cooperative platform with

¹⁰¹ Quite significantly, a recalibration of Chinese economic thought has already been underway as can be inferred from China's proposal to construct a 1,215km transport network – reflecting a transition from its traditional focus on resource extraction. See Gwen Robinson, "Myanmar plans its own 'mini Singapore'," *Financial Times*, February 8, 2013, accessed March 10, 2015, <http://www.ft.com/intl/cms/s/0/76d2e3fc-6bb8-11e2-a700-00144feab49a.html#axzz3QUlC0pSk>.

¹⁰² From 1994 to 2012, the total value of China's imports from, and exports to Myanmar, stood at US\$7.6 billion and US\$28.6 billion respectively. Together with Vietnam and Cambodia, Myanmar's trade deficit with China is one of the greatest amongst the ten countries in Southeast Asia. See "Total Import and Export between ASEAN country and China from 1994 to 2012," ASEAN-China Centre, accessed March 10, 2015, http://www.asean-china-center.org/english/2014-06/03/c_133413653.htm.

¹⁰³ According to media reports, the China Development Bank and China Export-Import Bank lent almost US\$10 billion more to developing states and companies compared with the World Bank See "China's lending hits new heights," *Financial Times*, January 17, 2011, accessed March 10, 2015, <http://www.ft.com/intl/cms/s/0/488c60f4-2281-11e0-b6a2-00144feab49a.html#axzz3QbClnDv1>.

Naypyidaw to assist Burmese authorities in the adoption of state-of-the-art farming practices. Through such collaborations, Chinese officials can advise their counterparts in Myanmar on the establishment mechanisms for managing crop yields in the event of natural disasters or pest infestation. In addition, China can offer its expertise on evaluating market information to provide data analytics for Burmese authorities on managing the sales of their agricultural products. Under the framework of the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor, Beijing and Naypyidaw can also expect to profit from synergies between their bilateral ventures and those projects under the regional initiative,¹⁰⁴ as well as others including China's "One Belt, One Road" proposal.

While having the intent to work towards a mutually beneficial relationship is significant, knowing how to achieve such a desired outcome would be equally crucial. While Chinese officials and businessmen had previously declared that enriching the Burmese people is of greater importance than reaping the benefits from their investments, the fact remains that many large-scale projects in Myanmar have, to a great extent, been driven by Chinese self-interests.¹⁰⁵ In order to mitigate any future negative local perception and media coverage of their country's economic activities in Myanmar, Chinese officials and businessmen should therefore take into consideration Myanmar's long-term development, as well as make provisions for the needs of locals, in their search for suitable sectors to invest in. To achieve this, Beijing may like to take a leaf out of the Singapore government's book by customising its engagements according to Naypyidaw's requirements¹⁰⁶ — rather than take for granted that whatever economic assistance it renders to its less well-to-do neighbour is reciprocated by all segments of the Burmese public. Similarly, Beijing can support Chinese NGOs in their utilisation of foreign assistance funds to enhance social welfare activities, shape future crisis management communications, as well as advance Chinese soft power all at once.

¹⁰⁴ In Premier Li Keqiang's joint statement with President Thein Sein during the Chinese leader's visit to Myanmar in November 2014, both countries declared that the development of the economic corridor would serve as "an important platform to strengthen mutually beneficial cooperation between China and Myanmar, and unleash regional development potential." See "China, Myanmar agree to deepen comprehensive strategic cooperation," *Xinhuanet*, November 15, 2014, accessed March 10, 2015, http://news.xinhuanet.com/english/china/2014-11/15/c_133790813.htm.

¹⁰⁵ Using the Myitsone Dam as an example, reports have indicated that as much as 90% of the 100 billion kilowatt-hours of electricity to be generated by the proposed plant is to be exported. See "Myitsone Dam Project on Hold, but Far From Dead," *The Irrawaddy*, November 6, 2013, accessed March 10, 2015, <http://www.irrawaddy.org/burma/myitsone-dam-project-hold-far-dead.html>.

¹⁰⁶ In lieu of providing direct financial assistance, the Singapore Cooperation Programme (SCP) shares with other countries Singapore's experience and expertise in areas such as human resource development and economic development; see Singapore Cooperation Programme, accessed March 10, 2015, <http://www.scp.gov.sg/content/scp/index.html>. Similarly, the Singapore Cooperation Enterprise (SCE) works closely with Singapore's various ministries and statutory boards to "scope out and tailor possible solutions to match the needs of foreign governments, and help meet their development objectives"; see Singapore Cooperation Enterprise, accessed March 10, 2015, www.sce.gov.sg/index.aspx.

iv. China should spare no efforts in addressing underlying ambivalence in bilateral relations.

By virtue of Beijing's perceived complicity in the suppression of indigenous interests in the aftermath of the 1988 popular uprising in Myanmar, China has therefore had to contend with a newly empowered society that has since regained its political voice. While Beijing has actively sought opportunities to engage non-state actors in Myanmar, the legacy of its affiliation with the party-state dominated by the State Law and Order Restoration Council (SLORC) — the predecessor of the current ruling USDP — has clearly not been forgotten. It follows that, in China's efforts to court Myanmar's opposition, there have unsurprisingly been suggestions that the latter should tread carefully for want of being associated with Beijing.¹⁰⁷ Chinese policymakers, while having recognised how Chinese economic ties influence the politics of Myanmar's liberalisation, will also need to consider measures to dampen the fallout from attempts at using perceptions of China for political partisanship.

To address this issue, Chinese diplomacy ought to be conducted in accordance with Chinese President Xi Jinping's dictum of "amity, sincerity, mutual benefit and inclusiveness" with China's neighbouring countries.¹⁰⁸ Put simply, in order to have any hopes of reshaping its image amongst the Burmese populace, Beijing needs to do what it says. China has to continue engaging the various stakeholders of the country — including those who may hold radical views — and at the same time, adopt a long-term view by connecting with Myanmar's next generation of leaders. Through such a combination of official, civil and public diplomacy, a better understanding of China and Chinese culture among the local population can then be achieved; in the longer term, a deepening of relations between the societal forces of both countries will also be a more likely proposition. Ultimately, such an endeavour cannot be accomplished in the short-term and will demand a high-effort process of rapprochement with the long-neglected strata of Myanmar's previously suppressed polities. China would also have to sustain ongoing efforts to address popular perceptions from *within* Myanmar — rather than *without* — by continually engaging local societal forces including the media and civil societies in Myanmar.

Second, in response to unfavourable local and international media coverage regarding Chinese investments in Myanmar, China may consider redirecting its economic resources away from Myanmar's extraction industries, and put more focus into those that serve Myanmar's demographic and development needs and utilise such opportunities to showcase its capacity for socially

¹⁰⁷ See McLaughlin, "China courts NLD." In the words of one researcher from the NLD, "[t]he general public sentiment is that people don't like China, the Chinese government and Chinese investment."

¹⁰⁸ In his exposition on the furthering of friendly relations with countries in China's regional periphery, President Xi Jinping reiterated that the strengthening of China's diplomacy lies in making its neighbours "more friendly in politics, economically more closely tied to [China], and [for them to have] deeper security cooperation and closer people-to-people ties." See Hong Hu, "Zhongguotese zhoubianwajiao de sizizhenyan: qin, cheng, hui, rong" [Four-character precept of regional diplomacy with Chinese characteristics: amity, sincerity, mutual benefit and inclusiveness], *Xinhuanet*, November 8, 2013, accessed March 10, 2015, http://news.xinhuanet.com/world/2013-11/08/c_118063342.htm.

responsible behaviour.¹⁰⁹ Chinese companies, in particular, can also help to minimise negative social effects associated with having numerous Chinese personnel operating in local undertakings. Following popular protests against projects such as the Myitsone Dam, Beijing will also need to engage Myanmar's ruling elite and its public to prevent anti-China sentiments from fomenting further. Such measures will enable China and Myanmar to come to a consensus on the final resolution to the problematic Myitsone impasse before the situation worsens. China can also learn from other countries that have provided assistance to Myanmar and work towards boosting the impact of its own foreign economic aid. As a demonstration of its commitment to the country's national development, Beijing can reform its aid mechanism to Naypyidaw in a manner akin to Tokyo's official development assistance (ODA), and disburse its resources in the form of economic and humanitarian assistance in support of Myanmar's less privileged social classes, as well as less developed regions and sectors.

5. Conclusion

Myanmar's strategic status in China's regional diplomacy used to serve as a paragon of friendship and cooperation in the foreign relations of both countries. After a close-knit relationship that lasted from September 1988 to March 2011, the still ongoing political liberalisation in Myanmar has imposed new restrictions on Chinese foreign policy and undermined China-Myanmar relations. The decision by President Thein Sein to suspend the construction of the Chinese-backed Myitsone Dam in response to popular local grievances has clearly highlighted to Beijing that it can no longer ignore the non-state actors of host countries in which Chinese strategic and economic interests are at stake. Increasingly, as is the case with Myanmar, China has learned that it would have to take into account the concerns of the nation's multifarious interest groups in addition to ensuring that the so-called mutual benefits derived from their economic cooperation extend to the grassroots level. As Beijing grows accustomed to widespread opposition towards its projects in Myanmar, it has also become more attuned to popular sentiments regarding firstly, its role in propping up the former military regime, and secondly, local economic frustration vented in its direction — rather than against Myanmar's rulers.

While there can be no one-size-fits-all approach in managing the current tensions in bilateral relations, any future success in addressing the challenges associated with Myanmar's political transition will also demand that Beijing constantly revisit its policies. Although it may still be too early to judge the effectiveness of China's policy recalibration heretofore, it is clear that both Chinese officialdom and enterprises have adjusted their policies and practices to broaden their political and economic engagements in Myanmar. In its leading role, the central government has directed its Myanmar-based diplomats to connect with the local populace in a bid to bolster China's image, and also encouraged Chinese corporations to observe local customs as well as extend their community outreach programmes to the provision of education and healthcare services. These policy corrections are of significance to Beijing's handling of its relationship with its neighbour, and also serve as a valuable point of reference for Chinese foreign relations with countries in the developing world. In

¹⁰⁹ Following the Myanmar government's proposals to transform Kyaukpyu into a special economic zone, China's CNPC claimed that it had spent more than US\$10 million to construct "local schools, hospitals and infrastructure including a reservoir and drinking water facilities" for the island's inhabitants. See Robinson, "Myanmar plans its own 'mini Singapore'."

spite of China's attempts to reach out to a wider section of Burmese society, a return to the *Pauk Phaw* fraternal relationship that previously served as a highlight in China-Myanmar relations, however, appears inconceivable in the near future.

Notwithstanding the purposeful attempts at re-evaluating its diplomacy, whether the policies already in place — as well as those that are in the process of being implemented — eventually succeed, may be beyond Beijing's control. After all, what China does to Myanmar may be of little significance vis-à-vis what Myanmar does unto itself. Whereas China's economic growth in the absence of "Western pressures to reform and politically liberalise" may appeal to political elites whose priorities lie in developing their own domestic economies at all costs,¹¹⁰ such may not hold true for non-authoritarian societies. In other words, this means that the kind of nation Naypyidaw eventually morphs into will restrict China's policy options and determine the position Beijing can feasibly adopt. Should the nascent process of political pluralisation Myanmar has embarked upon be allowed to continue,¹¹¹ it is not unlikely that the incoming Burmese administration may be less amenable to China's political engagement. While there remain uncertainties over the recent pledge made by both countries "to lift comprehensive strategic cooperative partnership between China and Myanmar to a higher level",¹¹² in the short to medium-term at least, the policies of Myanmar's next government are not expected to have too adverse an impact on China's national interests. As much as Beijing would like to anticipate the upshot of its policy recalibrations, all it can really do is try to keep up with Naypyidaw's evolution.

¹¹⁰ Shaun Breslin alludes to the most profound attraction of the Chinese model as having to do with the "idea of China as a metaphor for 'doing it your own way'" and the belief that "each country is free to do what it wants within its sovereign territory". See Shaun Breslin, "The Soft Notion of China's 'Soft Power'", Royal Institute of International Affairs (Chatham House), (2011): 9.

¹¹¹ Conversely, given how the country's political legitimacy has been centred on the military, one prevailing viewpoint on Myanmar's transition holds that a complete elimination of the *Tatmadaw* from political office is unlikely; see Steinberg, *Burma/Myanmar*, 173. Indeed, the country's top military commander's endorsement of Myanmar's pro-military constitution also corroborates such a view; see Aye Aye Win, "Myanmar general defends military's political role," *Associate Press*, Mar 27, 2012, accessed March 10, 2015, <http://news.yahoo.com/myanmar-general-defends-militarys-political-role-061046525.html>.

¹¹² See "China, Myanmar agree to deepen comprehensive strategic cooperation."

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