China-Myanmar Relations under Xi Jinping

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Abstract

This paper analyses the changing contours of the China-Myanmar comprehensive strategic cooperative partnership under the leadership of Chinese President Xi Jinping since March 2013. Myanmar is a key neighbour of China to maintain stability in its periphery. Myanmar provides a land bridge to build connectivity projects to expand China’s influence in the Indian Ocean Region (IOR). Under the ‘Going Global’ strategy which was launched in 1999, China has invested in various sectors of Myanmar’s economy and China has huge stakes in the country. When political transition began to bring policy change and re-orientation in development policies in Myanmar, the major impact was borne by the Chinese enterprises. The reforms in Myanmar following the November 2010 general elections facilitated Myanmar’s rapprochement with the United States (US) and engagement with other key players such as Japan and the European Union (EU). Against the backdrop of these changes, Xi Jinping has made efforts to cement the foundation of the China-Myanmar relationship and push forward various development projects in Myanmar, especially under the Belt and Road Initiative (BRI).
Introduction

During the tenure of Chinese President Hu Jintao, a delegation led by Myanmar President Thein Sein visited China from 26 to 28 May 2011. China was the first country that was visited after a new government assumed office in Myanmar in March 2011. During the visit, a joint statement on establishing a comprehensive strategic cooperative partnership was issued to upgrade the China-Myanmar relationship. The document underscored the common political will to strengthen the relationship amidst the “great development, great changes and great adjustment” taking place in the world.\(^1\) The document also emphasised promotion of strategic communication, favourable environment for trade and investment, people-to-people and cultural exchanges, border management, mutual trust and respect for independence, sovereignty and territorial integrity, and coordination and cooperation at multilateral fora.\(^2\)

Meanwhile, the outbreak of Kachin conflict in June 2011 deteriorated the security situation in northern Myanmar. The Kachin Independence Organisation (KIO) active along the China-Myanmar border invited international observers including the US to participate in the Kachin peace process. It created an uneasy situation for China, and as a result, China became apprehensive of Washington’s involvement in its own backyard.\(^3\) The Kachin conflict affected China’s border security and, at the same time, Beijing became concern about its strategic environment in the context of the US engagement with Myanmar.
Nevertheless, China extended diplomatic support to Myanmar. China’s position paper at the 66th session of the United Nation General Assembly (UNGA) in September 2011 supported the Myanmar government and underscored the progress made in advancing democratic process in Myanmar.\textsuperscript{4} Also, the two sides were engaged in negotiations to resolve the bilateral problems. On September 20, 2011, on the sidelines of the General Debate of the 66th Session of the UNGA, the Chinese Foreign Minister Yang Jiechi emphasised high-level contacts, construction of joint projects and coordination in international and regional affairs between the two sides during his meeting with Myanmar Foreign Minister Wunna Maung Lwin.\textsuperscript{5}

Despite the high-level exchanges between the leaders of the two countries, on September 30, 2011, the then Myanmar President Thein Sein unilaterally suspended the Myitsone dam project worth US$3.6 billion in Kachin State of Myanmar. To deal with the ethnic Kachin problem and to win international legitimacy, the Myanmar authority took the decision which closely links Myanmar’s domestic as well as international affairs. Following this incident, Myanmar sent a special envoy of President Thein Sein to China on October 10, 2011. The then Chinese Vice President Xi Jinping met with the Myanmar special envoy and he conveyed China’s willingness to continue efforts to “promote the bilateral pragmatic cooperation based on the principles of mutual respect, equality and mutual benefit”.\textsuperscript{6} Xi urged both sides to “properly settle relevant matters” through consultations. In this regard, a joint press release was issued that called for consultation over the Myitsone hydropower project.\textsuperscript{7}
This episode became a benchmark for Myanmar’s economic cooperation with China.

Myanmar started its engagement with other countries and the same was conveyed to China to assuage Beijing’s displeasure over Myanmar’s changing foreign policy priorities. Myanmar expressed willingness to “step up communication and exchanges with neighbouring countries as well as the international community”.

As a result of the policy shift, the then US President Barack Obama visited Myanmar in November 2012, which was preceded by the visit of the US Secretary of State Hillary Clinton in November 2011.

The shift in US’ policy towards Myanmar affected China’s external environment as the EU and Japan also began engagement with Naypyitaw. However, the investment environment deteriorated for the Chinese enterprises as many Chinese-funded projects were delayed or cancelled due to public protests. As a result, some contracts were revised such as Letpadaungtaung copper mining project. All these changes started with the unilateral suspension of Myitsone dam project.

Besides political turmoil that affects investment environment for Chinese enterprises in Myanmar, the border security and stability remains an important factor in China-Myanmar relationship. China shares a 2,204-kilometer-long border with Myanmar and stability of border areas remains a crucial issue. The border regions is infested with non-traditional security issues such as drug trafficking, arms smuggling, human trafficking, illegal trade and other transnational
crimes. Above all, one of the major ethnic armed organisations (EAOs) – the Kachin Independence Organisation (KIO)/Kachin Independence Army (KIA) – had attacked few Chinese-funded hydropower projects in Kachin State including the Myitsone dam. In addition to disrupting border trade, the conflicts in northern Myanmar have spilled over into China causing loss of lives and properties.

The then Myanmar President Thein Sein had articulated that the Myitsone dam project would remain suspended during his tenure, and because his government was democratically elected, the decision was made on public demand. In September 2012, he also announced that Myanmar will not welcome any investment that harms national interests, dignity, sovereignty and environment of Myanmar. Overall, the year 2012 witnessed Sino-Myanmar relationship to be marred by public protests against Chinese-funded projects, Kachin conflict, border instability and changes in external environment following the political transition in Myanmar. The emerging situation in Myanmar reflected the country’s military leaders’ awareness of the “potential danger of being too close to China” and the resentment against the Chinese due to the practice of resource extraction by the Chinese enterprises investing in Myanmar.

On March 14, 2013, Xi Jinping was elected President of China and Chairman of the State Central Military Commission (CMC) during the first session of the 12th National People’s Congress (NPC). Before becoming the President of the country, in November
2012, Xi was appointed General Secretary of the Communist Party of China (CPC) and Chairman of the Party CMC. This period was also marked by certain priority in China’s foreign policy towards Myanmar, especially to engage Myanmar for cooperation in Belt and Road Initiative (BRI) projects.

When Xi Jinping took charge as the President, the China-Myanmar relationship was going through a challenging phase. The changing domestic situation in Myanmar and the new external environment shaped by re-engagement policies of the US, the EU and Japan caused concerns for China, which was reflected in China’s efforts to engage the National League for Democracy (NLD) government and its Party leaders. Traditionally, China’s policy towards Myanmar is influenced by the geographical proximity, strategic and economic interests and concern for stability in the neighbourhood. At present, China is working towards people-to-people relations to strengthen the foundation of China-Myanmar relationship under the new situation.

In the backdrop of these developments, this paper analyses the challenges of China’s policy towards Myanmar and examines the factors limiting China’s leverage in Myanmar. The paper is focused on China’s efforts to adjust its policies towards Myanmar since 2011. The paper also addresses how China’s policy towards Myanmar is influenced by geographical proximity and its strategic and economic interests in the region.
Political and Diplomatic Relations

During this period starting from the suspension of Myitsone dam project, China and Myanmar have emphasised on high-level exchanges and meetings to enhance mutual trust and resolve differences on implementation of development projects, border security, and other issues. After a series of protests against Chinese-funded projects, Beijing noted the importance of public opinion in improving the bilateral ties. The foundation of a long-term relationship was declared to be the relations between the two peoples.\textsuperscript{11} This marks a shift in China's policy towards Myanmar to restore the ties, deepen strategic trust and safeguard its interests in Myanmar. Towards this objective, in March 2013, China appointed Wang Yingfan as the first special representative on Asian affairs who would be “largely responsible” for handling issues between China and Myanmar.\textsuperscript{12}

Following the outbreak of conflicts in northern Myanmar and suspension of the Myitsone dam, Myanmar President Thein Sein paid a state visit to China from 5 to 7 April 2013. He invited Chinese investments that would help create jobs, alleviate rural poverty and increase agricultural production in Myanmar. Both sides agreed to “continually consolidate and enhance bilateral ties and promote him healthy and stable growth of the comprehensive strategic partnership.”\textsuperscript{13}

Disturbed by the emerging situation that affects investment environment for Chinese enterprises in Myanmar, Xi urged the two
sides “not be swayed by the vicissitudes in international politics or distracted by outside forces.” He stressed that the “two sides can cooperate closely to ensure that major cooperation projects can be smoothly implemented.” Also, the China side expressed readiness to “play a constructive role” in promoting peace talks between Myanmar government and the ethnic armed organisations (EAOs) operating in northern Myanmar.

In fact, the joint press communiqué issued on April 5, 2013 on the occasion of Myanmar President Thein Sein’s visit underscored the importance of enhancing “strategic mutual trust” and “strategic communication” between the two countries. Both sides agreed to enhance friendly exchanges and cooperation in areas such as parliaments, governments, political parties, militaries and law-enforcement departments and governance matters.

As a result of the high-level exchanges and negotiations, ‘Action Plan of China-Myanmar Comprehensive Strategic Cooperative Partnership’ was signed to cement the relationship during Chinese State Councillor Yang Jiechi’s visit to Myanmar in June 2013.14 Again, in August 2013, Chinese Foreign Minister Wang Yi held talks with his Myanmar counterpart on Myanmar’s external relations, major economic projects, interconnectivity, China-ASEAN relations and Bangladesh-China-India-Myanmar (BCIM) economic corridor. Driven by geographical proximity and China’s long-term interests, Wang noted the strategic importance of the bilateral ties and opening of China’s southwest region especially Yunnan province through Myanmar.
In January 2014, Myanmar President Thein Sein declared a “people-centred plan” that would conform to the needs of the country and promote friendship with neighbouring countries. He announced that people-to-people engagement and participation of people in economic and social development would determine the foreign policy. Under the new situation, Myanmar began to focus on job creation, environmental conservation, human resources development and transparency. In line with this development, the investigation commission report on the Letpadaungtaung copper mining project demanded winning local cooperation, transparency and adherence to environmental conservation. Also, the investigation commission for the Ayeyarwady-Myitsone Upstream River Basin Hydropower Projects underscored the changing dynamics in China-Myanmar economic relations.

In January 2014, speaking at Myanmar Institute for Strategic and International Studies, Chinese Ambassador to Myanmar Yang Houlan affirmed the importance of China’s neighbourhood for its security, development and prosperity. He made four proposals to strengthen the bilateral ties. They were: 1) to deepen mutual strategic trust; 2) to expand mutually beneficial cooperation; 3) to expand people-to-people contact and cultural exchange; and 4) coordination and cooperation in international and regional affairs.

Again, during Chinese Premier Li Keqiang’s visit to Myanmar on 12 November 2014, the two sides agreed to deepen strategic communication and political trust and enhance cooperation in energy, finance and currency swap mechanism, agriculture, marine economy, rural development, science and technology,
interconnectivity, disaster relief and climate change. A total of 16
deals worth about US$8 billion were signed. Myanmar President
Thein Sein expressed willingness to support and participate in the
construction of BCIM economic corridor, the BRI and the Asian
Infrastructure Investment Bank (AIIB) and cooperate on large-scale
projects.\textsuperscript{20}

The joint statement issued on November 14, 2014 underscores
the agreement to “strengthen all-round cooperation in politics,
economy, trade, security as well as military and people-to-people
areas” based on “mutual trust and reciprocal win-win.” Both sides
supported expansion of exchanges and cooperation between the
two militaries and law enforcement agencies to maintain regional
security and stability.\textsuperscript{21}

In March 2015, the Lincang bombing incident during the
second Kokang conflict strained the bilateral relationship. Despite
this, China began to engage the NLD before the November 2015
general elections in Myanmar. Aung San Suu Kyi’s visit to China in
June 2015 and Chinese vice Foreign Minister Liu Zhenmin’s visit to
Myanmar as special envoy of the Chinese government in December
2015 were significant in terms of China’s neighbourhood policy.
Thus China paid close attention to Myanmar general elections in
November 2015.

In April 2016, Chinese Foreign Minister Wang Yi visited
Myanmar as the first foreign minister to visit the southern neighbour
after the new Myanmar government took office in March 2016.
Wang expressed China’s interest in building high-speed rail system linking Yangon with Naypyitaw and Mandalay. He also called for cooperation in the sectors of people’s livelihood, production capacity, and infrastructure development, synergy building between China and Myanmar development strategies and safeguarding peace and stability along the border.

Chairman of the Myanmar Institute of Strategic and International Studies Nyunt Maung Shein once remarked that Myanmar would always welcome Chinese investment that will promote Myanmar’s development, create jobs for its people, implement corporate social responsibility and preserve environment.\(^{22}\) In September 2016, Myanmar’s vice President Henry Van Thio invited “responsible investments” from China.\(^ {23}\) It can be understood from these statements that Myanmar has found many problems with the Chinese investment and implementation of the projects.

On April 10, 2017, President Xi held talks with Myanmar President Htin Kyaw in Beijing. China appreciated Myanmar for support and participation in the BRI. China proposed integration of development strategies and advance cooperation in such fields as trade, investment, infrastructure construction, energy, agriculture, hydro power, electricity, finance, and cross border economic cooperation zones, Kyaukpyu Special Economic Zone and early implementation of connectivity projects.

In order to address the people-centred development in Myanmar, China pledged more assistance in education, rural development and
people’s livelihood in Myanmar. Besides, the Chinese side underscored that public opinion as the foundation of the bilateral friendship. The Myanmar side expressed willingness to participate in the BRI construction, enhance cooperation in infrastructure construction, cross-border economic cooperation zones, relationship between the two peoples, and coordination and cooperation in international and regional affairs.

Following the election of Win Myint as the new President of Myanmar on March 28, 2018, Chinese envoy Song Tao visited Myanmar in April 2018. The two sides held discussions on Myanmar’s national reconciliation and peace process, the BRI, economic cooperation, peace and stability of the border areas and Rakhine State issue among others. The two sides pledged to enhance bilateral cooperation, party-to-party exchanges and alignment of development strategies.

Myanmar is promoting itself as an attractive destiny of foreign investments. On September 21, 2019, speaking at the 16th China-ASEAN Expo and China-ASEAN Business and Investment Summit, Myanmar Vice President Myint Swe referred to the country’s new investment law, abundant workforce and relatively low labour wages. Moreover, as stated in Vice President Myint Swe’s address to mark the 70th Anniversary of the founding of the People’s Republic of China (PRC), the bilateral relations and cooperation between China and Myanmar would take place under the BRI and CMEC.
To mark the celebration of the 70th anniversary of the establishment of the China-Myanmar diplomatic relations in 2020, during a meeting with the visiting Myanmar State Counsellor Aung San Suu Kyi in April 2019, Chinese President Xi Jinping proposed to hold interactions at all levels and foster people-to-people ties and enhance cooperation in the field of people’s livelihood.

**The Economic Dimension**

China had been a major trade and investment partner of Myanmar during the military junta period (1962 to 2011). China primarily imports agriculture products from Myanmar which include rice, peas, sesame seeds, corn, fruits and vegetables, fishery products, rubber, minerals and exports mainly machinery, consumer products and electronic goods.

In the fiscal year 2016-2017, China-Myanmar bilateral trade was recorded at US$10.8 billion. Bilateral trade was recorded at US$9.7 billion and US$10.9 billion in 2014-2015 FY and 2015-2016 FY respectively. Again, bilateral trade totalled US$11.78 billion in the fiscal year 2017-2018. During the first nine months (October-June) of the fiscal year 2018-2019, the bilateral trade value was recorded at US$8.73 billion, including US$4 billion worth of exports and US$4.69 billion for import as per the data released by Myanmar’s Ministry of Commerce.

A total of 97 projects from China were approved by Myanmar Investment Commission during the first nine months (October-June)
of the fiscal year 2018-2019. Major economic sectors in Myanmar receiving investment from China include power, oil and gas and mining. In 2010, China was Myanmar’s largest investor with total investment totalling US$12.32 billion. In the fiscal year 2016-2017, China’s investment in Myanmar reached US$2.8 billion recording a decline of nearly US$500 million as compared with the previous fiscal year. China ranked first in overall investment in Myanmar with a total investment of US$18.53 billion as of January 2017 since 1988.\textsuperscript{29} According to Myanmar’s Directorate of Investment and Company Administration (DICA), as of November 2018, Myanmar has received a total of US$ 20.24 billion from China since 1988.\textsuperscript{30}

By the end of 2019, China is ranked second after Singapore in terms of investment ranking in Myanmar. In fact, investment environment for the Chinese state-owned companies have changed following the election of a new government in Myanmar in March 2011. The suspension and revision of many major cooperation projects affected the investment environment for Chinese enterprises in Myanmar. It, therefore, demands adjustment in China’s economic policy towards Myanmar to accommodate Myanmar’s development interests.

Myanmar has called for responsible investments. Consequently, Chinese companies began to engage in consultations, trust building with local people and adherence to corporate social responsibilities. To achieve basic needs of the people such as stable livelihood, transportation, education and health care, Myanmar is focused
on job creation, attraction of foreign investment, technological advancement, capacity building, and development of its human resources. The shift in Myanmar’s development priorities goes against the traditional Chinese investment for resource extraction and construction of hydro power projects which afflict the social and environmental conditions in Myanmar. It has been the major cause of anti-Chinese feeling for a long time in Myanmar.

Under the new situation marked by people-centred development, China has agreed to provide micro-finance loan for agricultural development to support rural development, alleviate poverty and to increase import of agricultural produces from Myanmar. On October 18, 2013, China EXIM Bank and Myanmar Foreign Trade Bank signed US $100 million Micro-finance Facility Agreement for Myanmar Rural Development. China EXIM Bank and Central Bank of Myanmar signed the ‘Preferential Buyer Credit Loan Agreement on Locomotive Construction Plant and Locomotive Component Assemblies Project’ and the ‘Preferential Buyer Credit Loan Agreement on Carriage Construction Plant and Carriage Component Assemblies Project’ to upgrade railway transportation in Myanmar.31

The joint press communiqué issued in April 2013 mentioned about the promotion of “sustainable development of economic and trade cooperation” based on mutual benefit and win-win results and addressed problems in the implementation of major cooperation projects.32 In January 2013, Chinese Vice Minister of Commerce
Chen Jian visited Myanmar to strengthen cooperation and promote trade, technology, investment, development assistance and amity between the two countries. China participated in the first Myanmar Development Cooperation Forum held in January 2013.

On January 17, 2013, a Chinese company, De Rui Feng Investment and Myanmar’s Department of Geological Survey and Mineral Exploration of the Ministry of Mines signed an agreement to conduct survey and feasibility study on amount of tin and tungsten deposit in the Dawei River and Tanintharyi region. The project was proposed in connection with dredging of the Dawei River for transportation. To support Myanmar’s inland waterways and maritime transport, CATIC handed over 19 dredgers and other related vessels. In July 2013, more dredgers arrived in Myanmar. In the field of railways transportation, China National Machinery Import and Export Corporation (CMC) inked an agreement for construction of locomotive and coach factories with Myanmar Railways.

In August 2013, both sides agreed to establish science and technology joint laboratory, satellite information sharing, research training for Myanmar scholars, and opening of China-ASEAN technology transfer centre (Myanmar branch). Also, an agreement was reached on remote sensing satellite data sharing and cooperation in work programmes between Mandalay Technological University and China Centre for Resources Satellite Data and Application (CRESDA).
Regarding Letpadaungtaung mining project, a revised contract including new provisions for compensation to the affected residents, creation of jobs for locals and environmental conservation was made. The final report of the investigation was submitted in March 2013. The controversy over the project continued even after the investigation commission approved the project as it failed to satisfy the transparency required for environmental impact assessment and health impact assessment.

Amid the public protests against Chinese-funded projects, Beijing sent a delegation led by chairman of the environment protection and resources conservation committee of the National People’s Congress (NPC) Lu Hao in November 2013. Despite some efforts to alleviate the concerns of the local people, the mining project remains an example of social and environmental impacts caused by development project in Myanmar. In May 2019, Myanmar’s Ministry of Natural Resources and Environmental Conservation reported about the increasing level of particulates, sulphur dioxide, soil pollution and damage done to the nearby forest as a result of the surface mining in Letpadaung Taung copper project.33

The China Power Investment Corporation (CPI) expressed willingness to restart the suspended Myitsone hydropower project with government approval and public consultation. In January 2014, the CPI agreed to discuss issues with the Kachin Development Networking Group over its social responsibility. However, in 2014, both the Myitsone and Monywa copper mining projects remained
unresolved. The committee for implementation of the report of the investigation commission on Letpadaungtaung project stressed on the importance of ‘local cooperation’. It also called for transparency and proper environmental management plan. In May 2014, the two kidnapped Chinese officials of the copper mining company working in Myanmar were released.

In 2014, the planned railway project worth US$20 billion connecting China and Myanmar was shelved. Public opposition and concerns about national security were cited as reasons for shelving the project. During Thein Sein’s visit to China in June 2014, the two sides agreed to implement projects on energy pipelines, mining and port construction and expand cooperation in trade, energy and infrastructure development. On 7 July 2014, a CITIC delegation met with Myanmar vice President Nyan Tun in connection with ‘village fund programme’ for 100 villages to get micro loans and training for poverty alleviation.

In November 2014, the 1500-km long fibre-optic link connecting Yunnan Province of China and the Ayeyawady Delta of Myanmar was established. The project that was started in 2011 was completed at a cost of US$50 million in 2014. The link connects with the SEA-ME-WE 5 (SMW5) submarine cable system for ultra-broadband internet connection. This cable link forms part of the information infrastructure between China and ASEAN countries as an information version of the ‘One Belt and One Road’ initiative.
In August 2014, Chinese Foreign Minister Wang Yi met with Thein Sein and other high ranking leaders. During the meeting, Myanmar sought Chinese assistance to develop agriculture, industrial zones, infrastructure such as roads and ports and economic cooperation in border areas.

Myanmar has supported BRI and both sides agreed to enhance pragmatic cooperation in areas such as marine economy, interconnectivity, science and technology and environmental protection. Some of the achievements include agreement on an agricultural cooperation committee and an inter-governmental power cooperation mechanism. They also agreed to cooperate on financial sector and a mechanism for currency swap.

Reflecting on the efforts from both sides to create positive atmosphere for Chinese-funded projects, in December 2014, Myanmar Union Minister for Energy, Zeyar Aung, urged the locals to cooperate with the development projects in Kyaukpyu. He inspected the Shwe gas project, pipeline projects, safety, environmental conservation, construction of oil port and tanks on Made Islands and other development projects initiated by the energy company for the residents of Kyaukpyu.

On hydropower and electricity cooperation, China-Myanmar electric power cooperation commission held its first meeting in January 2015 and an understanding was reached to exploit the hydro-power potential of Myanmar. They also agreed to maintain transparency in conducting Environmental Impact Assessment...
(EIA) and Social Impact Assessment (SIA) studies and hold public consultations. The 279-megawatt capacity Htantabin coal-fired power plant to be jointly developed by Huaneng-Lancang Company of China and Htoo Group of Companies of Myanmar was cancelled by the Myanmar cabinet in July 2015.

In January 2016, the Myogyi multi-purpose dam in Shan State of Myanmar was inaugurated. The Yunnan Machinery and Equipment Import and Export Company was involved in the construction of the dam. An MoA was signed between the China Three Gorges Corporation and Myanmar Ministry of Electric Power for the development of Chaungtha Wind Farm Project in Ayeyawady Region on February 29, 2016. However, there is no progress in the wind farm project.

China’s Union Resources and Engineering Company (UREC) constructed the Thaketa gas-fired power plant with a capacity of 106 MW under joint venture with Myanmar’s Ministry of Electricity and Energy. The MoU for the project was first signed in January 2013 and a subsequent agreement was signed in November 2014. The power plant which is located 16 kilometres east of Yangon was inaugurated in March 2018. Another gas-fired power plant of 145 MW was constructed by the SEPCO Electric Power Construction Corporation, a subsidiary of Power Construction Corporation of China, in May 2019.

In June 2018, the National Committee of the Chinese People’s Political Consultative Conference (CCPPC) 13th Economic Sub-
committee chairman Shang Fulin visited Myanmar. During the meeting, the two countries discussed matters related to bilateral trade, investment and economic cooperation, technology, infrastructure development, implementation of Kyaukpyu SEZ and border economic projects, as well as cooperation between governments, private sectors and the people of the two countries.

Construction of the energy pipeline project connecting China and Myanmar was completed in 2013. Following this, in January 2015, the Made oil port was commissioned. The port will be operated by China for 30 years and will provide Myanmar with crude oil to meet its energy requirements. The oil port can facilitate unloading of oil from 300,000-tonnes oil tankers and the 12 oil tanks with the total storage capacity of 22 million gallons of crude oil would enhance supply of petroleum products. With the signing of an agreement on China-Myanmar oil pipeline in April 2017, the oil pipeline was put into operation marking the full-fledged completion and operationalisation of the energy pipelines project.

Following widespread protests against Chinese-invested projects in Myanmar, promotion of trade and economic cooperation under the “principle of equality and mutual benefit” has been emphasised. Besides, both the countries agreed to enhance infrastructure connectivity between ports, roads, railways under the BRI and the BCIM economic corridor. Furthermore, China-Myanmar agriculture cooperation committee and the electric power cooperation commission were established to strengthen cooperation in these fields.
Due to the Rohingya refugee crisis, China has regained some ground as “Myanmar is turning to China” to manage the shortfall in foreign investment from the West.\textsuperscript{40} This development marks a period of recovery for Beijing as Myanmar put strict regulations on investment from Chinese enterprises following the election of a new government in March 2011.

On 30 August 2019, China officially launched six new pilot free trade zones (FTZs) including one each in Yunnan and Guangxi. Since the establishment of the first such FTZ in Shanghai in 2013, the total number of pilot FTZs has reached 18. The FTZ in Yunnan covers of Kunming, the provincial capital of Yunnan province, Honghe Hani and Yi Autonomous prefecture that borders Vietnam and Dehong Dai and Jingpo Autonomous prefecture, which borders Myanmar. It is the first-time that China has established pilot FTZs in the border areas.\textsuperscript{41} Dehong Dai and Jingpo Autonomous Prefecture bordering Myanmar would further open up China to South Asia and Southeast Asia under China’s BRI. This will increase opening up of Yunnan province towards Myanmar.

Myanmar has approved power projects which are based on combined gas-fired plants for electric generation. Influx of the Chinese workers, land compensation, debt concerns about Chinese-invested projects, environmental issues and social impacts continue to affect progress and operation of Shwe Kokko mega-project in Kayin State, the Alpha Cement Plant near Mandalay, Tigyit coal-fired power plant in Shan State and the Myitsone dam project.
Overall, the Chinese investment in Myanmar cannot surge ahead without consensus on major BRI/CMEC projects.

The Military and Security Dimensions

During this period, China and Myanmar have maintained a high level of cooperation and coordination in military and security fields at various levels. However, it can be traced to the three-point proposal on military relations made by China during Vice Chairman of China’s Central Military Commission (CMC) Xu Caihou’s visit to Myanmar in May 2011. The proposal includes strengthening strategic trust and cooperation, regional peace and stability and cooperation. High-level military exchanges, border defence cooperation, security situation in Asia-Pacific region, the Mekong River security, new mechanism, personnel training and exchanges between military academies are the highlights of bilateral security and military exchanges and cooperation since 2011. Exchanges and cooperation between the air force and navies of the two countries have also expanded with the upgradation of China-Myanmar relationship in May 2011.

China and Myanmar signed an agreement on strategic consultation mechanism in November 2012. Following this, on 20 January 2013, the first China-Myanmar strategic security consultation meeting was held in Naypyitaw. China urged Myanmar to settle the Kachin conflict through peaceful means and maintain stability of the border areas. The two sides exchanged views on regional and global conflicts, promotion of joint drills and military ties.
In July 2013, Vice Chairman of CMC Fan Changlong visited Myanmar and assured Myanmar of support for defence development and armed forces building. Such a gesture was not unexpected when the US and the UK began resumption of limited military relations with Myanmar. During Myanmar Defence Forces Chief Min Aung Hlaing’s visit to China in October 2013, Xi described China and Myanmar as “good neighbours, good friends and good partners”. China expressed readiness to “increase strategic communication and advance practical cooperation” amid the profound and complex changes in the world.

In May 2014, Vice Chairman of CMC Xu Qiliang met with visiting Myanmar Air Force Chief Khin Aung Myint and discussed issues relating to strategic communication, practical cooperation, coordination on multilateral forums, Kokang conflict and border stability. In the same month, Defence Minister Chang Wanquan visited Myanmar to attend the fourth ASEAN Defence Ministers Meeting Plus (ADMM+) Meeting. During the meeting, the two sides agreed to strengthen strategic mutual trust, practical cooperation and communication and coordination on regional peace and stability. During Deputy Chief of General Staff of Chinese PLA Wang Guanzhong’s visit to Myanmar in June 2014 to attend the ASEAN Regional Forum (ARF), the two sides pledged to enhance communication and coordination on regional security issues.

During Thein Sein’s visit to China from 27 to 30 June, 2014, Xi proposed to maintain frequency of high-level visits, enhance
communication and coordination, strengthen defence cooperation, law enforcement and security cooperation against transnational crimes. Further, the air force of the two countries agreed to promote cooperation in “training, technology and mechanical cooperation”. In September 2014, the two sides discussed narcotics and human trafficking, border areas security, military cooperation, exchange of trainees and natural disasters.

The joint statement on ‘comprehensive strategic cooperative partnership’ agreement of May 2011 did not mention military relations. However, the joint press communiqué of April 2013 mentioned exchanges and cooperation between the two militaries and law-enforcement departments. Also, the joint statement of November 2014 underscored the “shared interests in development and security” and pointed out agreement on security and military cooperation to maintain regional security and stability.

The second strategic security consultation meeting was held in September 2015. Moreover, it also delved into military relations, close communication and coordination, mutual support and practical cooperation. Myanmar’s nationwide ceasefire agreement (NCA), the Kokang refugees and the upcoming Myanmar election in November 2015 increased the significance of the meeting.

Escalation of violence between the Myanmar National Democratic Alliance Army (MNDAA) and Myanmar armed forces again strained the relationship between China and Myanmar. In the wake of the Lincang stray bombing, Vice Chairman of the CMC
Fan Changlong warned Myanmar of “firm and decisive action” if similar incident was repeated. China stationed several aircrafts at Lincang airport near the China-Myanmar border to patrol over the border areas. Subsequently, a joint investigation was conducted and Myanmar apologised for the incident with an assurance to avoid such incidents in future.

During Thein Sein’s visit to China, a joint press statement was issued on 4 September 2015. In the document, the two countries agreed to maintain high-level exchanges and enhance military cooperation. The team also interacted with Senior Colonel Lu Mei Zhang in Yunnan province. They discussed issues such as peace and stability in border areas, rule of law and peace process in Myanmar. Chinese Defence Minister Chang Wanquan met with Myanmar representative at the China-ASEAN defence ministers’ informal meeting in October 2015. During the meeting, Chang stressed the importance of high-level exchanges, strategic consultations, multilateral security cooperation and joint efforts to maintain border stability.

After the NLD won the November 2015 election, commander of the Yunnan Provincial Military Area, Major General Yang Guangyue visited Myanmar. The two sides had discussion on post-election China-Myanmar bilateral ties, ethnic peace process, border areas development and stability, anti-drug operations and illegal cross-border trade. Also, vice Foreign Minister Liu Zhenmin visited Myanmar as a special envoy to observe the reforms in Myanmar,
On May 25, 2016, China and Myanmar agreed to enhance cooperation in areas such as training and defence industry during a meeting between Chinese Defence Minister Chang Wanquan and Myanmar Defence Minister Sein Win in Vientiane, capital of Laos. In July 2016, Chinese Minister of State Security Geng Huichang visited Myanmar. During the meeting, the two sides pledged to cooperate between the two militaries, enhance border security, prevent terrorism and control drugs abuse. In addition to the fifth China-Myanmar Ministerial Meeting on the Rule of Law and Security Cooperation held in September 2016 in Naypyitaw, the two sides held the first Diplomacy and Defence (2+2) Consultation Meeting in November 2016.

In January 2017, the 14th Myanmar-China border areas management and cooperation contract implementation meeting was held in Myanmar. During the meeting, the two sides discussed stability and rule of law, management, border affairs, border trade and economic cooperation in border areas. High-level military and security exchanges continued in 2017 and 2018 as both sides worked towards strengthening military relations, border areas management and cooperation in ethnic peace process in Myanmar.

The third round of China-Myanmar (2+2) high-level consultations held on January 17, 2018 in Naypyitaw. Also, Chinese Public Security Minister Zhao Kezhi visited Myanmar in May 2018.
to discuss peace process in Myanmar and other non-traditional security threats. In June 2018, during Chinese State Councillor and Defence Minister Wei Fenghe’s meeting with Myanmar Commander-in-Chief of Defence Services Min Aung Hlaing, they discussed matters relating to peace and stability in the border area, security of the people, the Rakhine State incidents, military ties, strategic cooperation between the two armed forces, military medical exchange, cooperation in sports and peace process in Myanmar.46

On June 15, 2018, Chinese State Councillor and Defence Minister Wei Fenghe proposed development of the BRI to “strengthen the pragmatic cooperation between the two militaries and jointly maintain peace and stability in the border areas.”47 In reply, Aung San Suu Kyi expressed support for promotion of close communication, construction of the BRI, border stability and development of bilateral relations. In view of this, the fourth China-Myanmar (2+2) consultation meeting held on December 18, 2018, in Kunming, provincial capital of Yunnan, emphasised maintenance of security and stability along the border and implementation of cooperation projects including construction of China-Myanmar Economic Corridor.48

Again, in April 2019, Myanmar’s commander-in-chief of defence services Min Aung Hlaing visited China two weeks before the second Belt and Road Forum meeting in Beijing. During a meeting with the visiting Myanmar defence chief on April 10, 2019, Xi said that China was willing to strengthen strategic communication with
Myanmar, constantly enrich the China-Myanmar comprehensive strategic cooperative partnership and contribute joint efforts to regional stability and prosperity. Xi said the bilateral military cooperation was an important part of the partnership between the two countries.

The Chinese side called for strengthening military relationship to safeguard the “common security and development interests” of the two countries. In reply to the Chinese proposal, Min Aung Hlaing said that Myanmar “welcomes, supports and stands”49 ready to actively participate in the BRI, strengthen practical cooperation with China in various fields, and take practical measures to safeguard stability in the China-Myanmar border areas.

Though limited, China’s maritime exchanges with Myanmar have increased gradually. In August 2013, China’s largest search-and-rescue ship, ‘Haixun 01’ visited Myanmar and the two navies held joint exercises. In the same month, a Chinese maritime hospital ship, ‘Ark Peace’ visited Thilawa Port in Yangon. Two PLA Navy’s vessels namely ‘Zheng He’ and ‘Weifang’ called at Thilawa naval port in Myanmar in May 2014. The two navies conducted joint exercises during the five-day visit. Soon after the China-Myanmar crude oil pipeline was put into operation, in May 2017, the two navies conducted joint naval exercises in the Gulf of Martaban. In April 2019, Myanmar Navy frigate UMS King Sin Phyu Shin participated in a naval parade staged to mark the 70th anniversary of the Chinese PLA Navy in the waters off Qingdao, east China’s Shandong Province.

**Other Areas of Cooperation**

Bilateral cooperation between China and Myanmar in other sectors has grown over the years. The changes taking place in Myanmar, friendship and mutual trust between the peoples of the two countries have been acknowledged as the foundation of the relationship. Beijing has increased assistance to Myanmar towards strengthening people-to-people ties through China Foundation for Poverty Alleviation (CFPA). The ‘Paukphaw Scholarship” project is providing scholarships to Myanmar students.\textsuperscript{51} It is also important to note the formation of China-Myanmar Culture Association on 5 December 2018 for enhancing cultural exchanges between the two peoples.\textsuperscript{52}

Taking into consideration the importance of the people-to-people contacts, Myanmar’s State Counsellor Aung San Suu Kyi delivered a speech at the Thematic Forum on People-to-People Connectivity
of the second Belt and Road Forum (BRF) held in April 2019. As a related event of the second BRF meeting held in Beijing, a photo exhibition titled “Our Silk Road” was held in April in Yangon.

In March 2019, documentaries made by a team of college students from China and Myanmar were screened at the China Cultural Centre in Yangon. It was a result of a training programme titled ‘Future Communicator’ under which a group of nine Myanmar students joined hands with the Chinese students from the School of Journalism at Yunnan University in 2018. The six documentary films screened include: “Beauty of Yunnan”, “Myanmar Youths in Yunnan”, “Animated Plants in Yunnan”, “Technology in Your Sight”, “Blossoming” and “Half A Month”.

China and Myanmar signed agreements to assist Myanmar in the restoration of Thatbyinnyu Pahto temple that was damaged in an earthquake on August 24, 2016. In the field of science and technology, the first meeting of a joint committee of China and Myanmar on science and technology cooperation was held in Yangon on November 23, 2018. The two sides will enhance partnership in research, human resource development and technology transfer for sustainable development. Also, China’s BeiDou Navigation Satellite System (BDS) is being used for precision agriculture in Myanmar.

Again, in December 2018, China’s Huawei telecommunications company and Myanmar’s Rectors’ committee signed an MoU for ICT talent development under the management of the Myanmar’s Education Ministry. Under the MoU, Huawei will cooperate
with Myanmar authorities to establish an ICT diploma course, sponsor “Seeds for the Future” programme, establish the Huawei Authorised Information and Network Academy, providing ICT Talent Scholarship to university students, Youth Open Day at Huawei Customer Solution Innovation and Integration Centre and assistance in ICT related scientific research in Myanmar. The new MoU was an upgrade of the MoU signed in 2014 under which the Chinese company had trained over 11,500 ICT talents from Myanmar in the past four years.

In May 2019, China handed over the general hospital in Natmauk, Magway region, to the Myanmar government after renovation was completed at the cost of about US$900,000.\(^{57}\) It was undertaken by the Chinese Embassy and China-Myanmar Exchange and Cooperation Association. Towards building friendship with the Myanmar people, Chinese medical team provides free cataract surgeries to Myanmar patients under ‘Bright Journey programme’.\(^{58}\) The Yunnan Provincial People’s Association for Friendship with Foreign Countries has undertaken such programmes in Myanmar to enhance friendship and cooperation between the two peoples.

In the field of environmental conservation, since 2014, China and Myanmar have been conducting joint field expedition for research on the biodiversity in Myanmar. A joint team of researchers from the Southeast Asia Biodiversity Research Institute of the Chinese Academy of Sciences and the Natural Resources and Environmental conservation of Myanmar conducted research in Tamanthi Wildlife Sanctuary from May 14 to June 15, 2019.
Again, on August 29, 2019, China and Myanmar signed an MoU for friendship forest project in Naypyitaw, the capital city of Myanmar. The first such project was undertaken in Magway region of Myanmar in 2017. Under the four-year project, the two governments will plant saplings in an area of 7.53 hectares. According to Chinese Ambassador to Myanmar, Chen Hai, the project is aimed at supporting Myanmar’s efforts on biodiversity preservation and environmental conservation for socio-economic development of the local people in Myanmar. The two countries have signed MoU on water resources cooperation on November 5, 2019.

Moreover, China Foundation for Poverty Alleviation (CFPA) Myanmar Office donated 100,000 school bags and stationeries to Myanmar students under ‘Panda Pack Project’ for 2019-2020 in Yangon in August 2019. China has been donating the panda packs to Myanmar school children since 2017. The CFPA, the first Chinese NGO registered in Myanmar has collaborated with the Myanmar Ministry of Education for development of education sector since its Myanmar Office was opened in 2016. The Chinese NGO has also sponsored ‘Paukphaw scholarship’, ‘Computer Lab’, China-Myanmar Friendship Scholarship and school infrastructure development in Myanmar. China has also provided assistance to Myanmar in the field of construction of sports infrastructure and training of sportspersons. Thus, China has expanded exchanges with stakeholders in Myanmar to cement the foundation of people-to-people ties and strengthen friendship between the two countries.
China’s Role in Myanmar Peace Process

The ethnic peace process remains one of the central issues in China-Myanmar relations. China’s policy is driven by concerns about border security, protection of development projects in northern Myanmar, political stability in Myanmar, the US’ ‘Pivot to the East’ policy and objective to strengthen strategic partnership with Myanmar. Moreover, Beijing has to deal with the historical baggage of supporting the Communist Party of Burma (CPB) and shared ethnic populations across the border. Violence in northern Myanmar has affected Chinese-invested projects in Myanmar and it necessitates Beijing’s attention to the Myanmar peace process.

In April 2010, the KIA attacked the Chinese-funded hydropower projects including the Myitsone dam project. Besides refugee problems, the conflict affected trade, transport and peace and stability in the border areas. The Kachin conflict de-escalated after signing an agreement in May 2013. China hosted peace talks at Ruili in Yunnan province, in February 2013. Nevertheless, disagreement over the issue of an inclusive peace deal which includes all the ethnic armed groups and holding of political dialogue with Myanmar government continue to elude peace and stability in northern Myanmar.

At the first China-Myanmar strategic security consultation meeting held in January 2013, China called for settling the Kachin conflict through peaceful means. Moreover, Chinese armed forces conducted exercises along the border and enhanced border
surveillance. The Jingpo people (the Kachins in China) organised rallies in Nanbang city in Yunnan province in support of the Kachin people in Myanmar.

Further, the security situation along the border worsened following the outbreak of conflict between the MNDAA and Myanmar military since February 9, 2015. In the wake of the Lincang bombing incident in March 2015 that killed four Chinese citizens, China deployed missile units and fighter jets near the border. In September 2015, the second strategic security consultation meeting was held with the aim of enhancing military relations and to resolve the Kokang conflict. 63 On October 15, 2015, only eight armed groups had signed the NCA leaving many others out of the pact due to differences with the Myanmar government. 64 On February 13, 2018, the New Mon State Party (NMSP) and Lahu Democratic Union (LDU) signed an agreement to ink the NCA making a total of ten armed groups signing the Myanmar NCA. 65

During Suu Kyi’s visit to China in August 2016, Xi pledged to play a “constructive role” in the peace process and safeguard border stability. Her visit to China before the 21st Century Panglong Conference was well-timed. Moreover, the two sides agreed to resolve the Myitsone Dam issue. 66 A few days before the visit, Myanmar President Htin Kyaw announced the establishment of a review commission to consider the project.

To counter security threats, establishment of multi-level mechanism for international law enforcement cooperation with the neighbouring countries remains a priority for China. 67 Moreover,
the connectivity strategy has a national security dimension to it. It is stated that opening-up of border areas and development has “a special significance for protecting national security, deepening sub-regional cooperation, promoting national unity and stability in border regions.”

In April 2011, Thein Sein had called for expansion of administrative machinery along the border and urged the ethnic minorities to stop “relying on the other country”. Border trade and other economic activities in such areas controlled by the armed groups are beyond the jurisdiction of Myanmar government. Myanmar has sought cooperation to curtail the financial resources of the armed groups. Cracking down on illegal economic activities along the border is the way forward.

In the joint press communiqué of April 5, 2013, the two sides agreed to strengthen border management cooperation and safeguard peace and stability in border areas. In the joint statement of November 14, 2014, the two sides expressed condemnation of terrorist activities. They also agreed to cooperate on the Mekong River security cooperation and strengthen collaboration in anti-terrorism, anti-drug and combating transnational crimes and joint border management. The joint press release issued on September 4, 2015 stated the need for cooperation in border management and joint efforts to maintain peace and stability in the border areas.

The joint press release issued in August 2016 states promotion of rule of law in the border areas, and to enhance trade, economic
cooperation and various forms of friendly exchanges that would contribute to the well-being of the peoples". The document also underlines joint decision to strengthen cooperation for maintaining peace and stability in the border areas. However, the Chinese position is to support realisation of peace and reconciliation in Myanmar through political dialogue”.

The role of the Myanmar military in the peace process remains a central issue. In September 2016, promotion of strategic relations between the two armed forces, promotion of border area management and support to Myanmar’s national reconciliation were emphasised. The two sides had in-depth exchanges on border trade, border areas stability and military cooperation. The period also marks an increase in Chinese assistance for training of the Myanmar Special Forces including in urban terrorism skills.

In October 2016, speaking at the Fifth China-Myanmar Ministerial Meeting on the Rule of Law and Security Cooperation, Chinese Minister of Public Security Guo Shengkun reasoned for deepening cooperation in the fields of anti-drug trafficking, anti-terrorism, border administration and security of major cooperation projects. The two sides agreed to deepen cooperation in such fields as high-level contacts, joint exercises, emergency rescue and disaster relief, equipment technologies, personnel training and border management.

Beijing has agreed to strengthen cooperation with Myanmar on border areas management and control illegal border trade.
Meanwhile, combined forces of the KIA, Ta’ang National Liberation Army (TNLA), Arakan Army and MNDA (members of the ‘Northern Alliance’) launched coordinated attacks on November 20, 2016. Following this, China expressed concerns for stability in border areas and security of the energy pipelines and hydro power projects in Myanmar. The violence affected the transportation and business traffic between China and Myanmar. To address these issues, the first China-Myanmar Diplomacy and Defence (2+2) Consultation Meeting was held in Naypyitaw from November 24 to 25, 2016.

The second Diplomacy and Defence High-level Consultation Meeting was held in Kunming on February 7, 2017. Both sides agreed to maintain “close communication concerning the situation in northern Myanmar, further enhance border management and cooperation and jointly devote to safeguarding peace in the border area, to boost the development of the border region and benefit the people there.”

On 17 January 2018, Myanmar hosted the Third Myanmar-China Diplomacy and Defence (2+2) High-level Consultations in Naypyitaw. The two parties discussed bilateral relations, peace and stability and rule of law along the border, illegal drugs, human trafficking, legal trade, Myanmar’s peace process, the Rakhine State issue and enhance cooperation in regional and multilateral forums. Myanmar pledged to jointly safeguard peace and stability in the border areas to ensure implementation of cooperation projects.
Also, Myanmar expressed willingness to jointly build the Myanmar-China economic corridor to promote the development of Myanmar’s border areas.\(^{81}\)

In March 2018, a new Myanmar-China border liaison office was opened in Myitkyina, capital of Myanmar’s Kachin State. It is aimed at facilitating fight against illegal drugs, crackdown on transnational crimes such as human trafficking, arms smuggling and counterfeit money.\(^{82}\) On March 31, 2018, Wang Yi met with Myanmar vice President Henry Van Thio in Hanoi, Vietnam. Wang expressed hope that Myanmar would properly address the Northern Myanmar issue. On the other hand, Myanmar appreciated China for its support for peace and reconciliation processes and expressed that Myanmar will take active part in the construction of the BRI.\(^{83}\)

The 15th meeting on the implementation of the Agreement on Management and Cooperation in China-Myanmar Border Areas was held in Beijing from April 19 to 20, 2018. Both sides exchanged in-depth views and reached extensive consensus on the Belt and Road construction, implementation of the border management agreement, improvement of border management mechanisms, joint inspection in border areas, implementation of the functions of border pass, cooperation in law enforcement, the border river bank protection projects, the cross-border economic cooperation and the forest fire prevention in border areas.\(^{84}\)

Chinese Public Security Minister Zhao Kezhi met with Myanmar President on May 9, 2018 in Naypyitaw. The two parties discussed issues such as strategic relations, border security, drug abuse, human
trafficking and terrorism. They also discussed China’s assistance in providing police equipment, establishing police control headquarters and the Kyaukpyu project.85

On May 22, 2018, China’s special envoy on Asian affairs Sun Guoxiang met with Senior General Min Aung Hlaing in Naypyitaw. The two sides discussed “border security and the delay of an upcoming round of talks.”86 The meeting took place in the aftermath of clashes along the China-Myanmar border that left at least three Chinese citizens dead. The KIA and TNLA launched joint operations on May 12, 2018, on the outskirts of Muse—a Myanmar border town—killing several people. Similar coordinated attacks were launched by TNLA, MNDAA and AA on August 15, 2019 in Lashio and Kutkai.

The Myanmar officials and the Northern Alliance groups held talks in Kengtung in September 2019. A Chinese team led by Yunnan province’s public security chief Guo Bao attended the meeting. The joint communiqué issued by Myanmar’s National Reconciliation and Peace Centre (NRPC) and the Northern Alliance groups following the meeting emphasised ceasefire between the Myanmar armed forces and the EAOs. But the two parties did not reach any ceasefire deal. The meeting was preceded by another round of talks on 31 August 2019 in Kengtung, Shan state of Myanmar.

While some rounds of talks were held in Myanmar, on 25 February 2019, China hosted an informal meeting between the Myanmar Peace Commission and representatives of the Northern
Alliance groups in Kunming, capital of China’s Yunnan province. It was also attended by representatives from UWSA, NDAA and SSPP/Shan State Army as observers. Another round of talks was held on December 15, 2019 in Kunming. In September 2018, a meeting was held between Myanmar’s Union Peace Commission and representatives of the Northern Alliance groups in Kunming.

Moreover, China has extended financial support and other assistance to Myanmar’s peace process. The Chinese special envoy for Asian Affairs donated US$ 400,000 for the National Reconciliation and Peace Centre on November 6, 2019. Again, the special envoy donated a sum of US$ 300,000 each to the Myanmar Peace Commission and the Joint Ceasefire Monitoring Committee (JMC-U) on 8 November 2019. Previously, in July 2018, the Chinese Embassy in Myanmar donated 10 Volvo cars to JMC to support the monitoring efforts for nationwide ceasefire in Myanmar.

China’s special envoy on Asian affairs continues to play important role in organising meetings between the Myanmar authorities and the Northern Alliance groups. The Myanmar military made a successful request to the Thailand government to cancel a gathering of the Myanmar EAOs in Chiang Mai in June 2019. However, in November 2019, the Myanmar authorities held talks with the 10 NCA signatories in Chiang Mai, Thailand. So far, the Myanmar authorities continue to meet the EAOs in Thailand and China.

Regarding Chinese involvement, China’s special envoy for Asian affairs met with the seven ethnic armed groups that constitute the Federal Political Consultative Committee (FPNCC) in August
2019 in Kunming after coordinated attacks were launched by three members of the Northern Alliance. Three members of the FPNCC namely, the TNLA, AA and MNDAA launched bloody attacks against the Myanmar security forces on 15 August 2019 disrupting trade and economic activities along the Muse-Mandalay highway. Despite such efforts, the fourth session of the Union Peace Conference could not take place in 2019. It is planned to be held before the 2020 Myanmar general elections (probably November 2020).

The Rohingya Problem

In addition to the ethnic peace process in Myanmar, China is playing a mediatory role in the Rohingya problem. Over 700,000 Rohingya Muslims are taking shelter in Bangladesh following military operations in Myanmar and it has caused humanitarian and security problems in the region. With high stakes involved in stability in Rakhine State and, also to enhance its influence, China agreed to play a mediating role between Myanmar and Bangladesh.

In November 2017, China proposed following ‘three-phase solution’\textsuperscript{87} to help settle the issue:

\begin{itemize}
  \item to achieve a ceasefire so that local residents are not displaced;
  \item the international community should encourage Myanmar and Bangladesh to keep communication in a bid to find a feasible solution to the issue;
\end{itemize}
• to find a long-term solution through poverty alleviation efforts in Rakhine State

China has extended diplomatic support to Myanmar using the veto power in the UN Security Council.\textsuperscript{88} In 2018, intensifying diplomatic and economic pressures from the West over the crisis in Rakhine State of Myanmar have enhanced Myanmar’s engagement with Beijing significantly.\textsuperscript{89} The Rohingya issue was deliberated during the Third China-Myanmar strategic security consultation meeting held in November 2018.

Both Myanmar and Bangladesh have agreed to China’s mediatory role to resolve the Rohingya problem. The two countries have signed a deal on ‘Arrangement on Return of Displaced Persons from Rakhine State’ in November 2017. At the Third Meeting held in October 2018, both sides agreed to start the repatriation work of the first batch by mid-November 2018. But it did not materialise.

In February 21, 2019, the \textit{Daily Star} reported the Bangladeshi Prime Minister Sheikh Hasina expressing concern about the failure of Myanmar to create a congenial atmosphere to repatriate the Rohingyas. Under this arrangement, Myanmar hosted the Fourth Joint Working Group (JWG) Meeting on Repatriation of Verified Displaced People from Bangladesh on May 3, 2019 in Naypyitaw. The Fourth JWG Meeting held in May 2019 also failed to resolve the problem.

On August 2, 2019, Chinese Foreign Minister Wang Yi held talks with the visiting Myanmar Minister of the Office of the State
Counsellor in Beijing. The Chinese side urged Myanmar to make efforts for maintaining peace and stability in the border areas while expressing support to Myanmar’s peace process. China is supportive of the ceasefire in northern Myanmar. Moreover, the Chinese side stated that it will oppose multilateralisation and politicisation of the Rakhine State. Instead, China is in favour of resolving the Rohingya problem through bilateral negotiation and friendly cooperation.

An informal trilateral meeting involving officials from China, Myanmar and Bangladesh was held on September 23, 2019, at the United Nations headquarters in New York. Presided by Chinese State Councillor and Foreign Minister Wang Yi, the meeting was attended by Myanmar’s Minister of the State Counsellor’s Office Kyaw Tint Swe, Bangladeshi Foreign Minister AK Abdul Momen, and the UN Secretary-General’s special envoy on Myanmar Christine Schraner Burgener.

The meeting reached three points of consensus to resolve the Rohingya crisis. Firstly, it is the strong political will and important political consensus of the three parties to realise the repatriation as soon as possible. Secondly, the parties unanimously agreed to establish a China-Myanmar-Bangladesh Joint Working Group mechanism, with Myanmar and Bangladesh as the main body and China participating for implementation of repatriation-related work under the political guidance of the foreign ministers of the three countries. Thirdly, development is the fundamental way to solve the Rakhine issue. The three sides agreed to strengthen tripartite
cooperation to help the Rakhine state and the Myanmar-Bangladesh border areas to create employment opportunities and improve people’s livelihoods to ensure stability and development.

Despite such efforts, Myanmar faced genocide charges at the International Court of Justice (ICJ) in December 2019. On 11 November 2019, the Gambia submitted an application to this effect in defense of the Rohingya Muslims who had fled to the neighbouring Bangladesh following military crackdown in 2017. The move was supported by the members of the Organisation for Islamic Cooperation (OIC). In the three-day long hearing at the ICJ starting from December 10, 2019, Myanmar State Counsellor, Aung San Suu Kyi defended Myanmar’s interests and assured to trial the military officers involved in crimes.

The bilateral arrangement for repatriation of displaced Rohingya Muslims between Myanmar and Bangladesh has not been successful. About 400 Rohingya Muslims have returned voluntarily from Bangladesh into Myanmar till the end of 2019. The Hague hearings against genocide and crimes in Myanmar reflected diplomatic failure in China’s efforts to stop multilateralisation of the crisis. Nevertheless, China is working with Myanmar and Bangladesh to accelerate repatriation of the Rohingya Muslims. In this process, China has been supporting Myanmar in the international forum to consolidate its influence over Myanmar and to win cooperation for the CMEC projects.
Building China-Myanmar Economic Corridor

In the Xi Jinping era, infrastructure connectivity is an important issue in China-Myanmar relations. Despite geographical proximity, political instability and conflict situation in Myanmar impedes the progress of building connectivity projects. Moreover, political mutual trust and strategic communication are the keys to such economic corridors. Since the 1990s, China has been engaging Myanmar to build transport corridors through Myanmar to have access to the Bay of Bengal. Nevertheless, discussion over connectivity has gained momentum since Xi proposed construction of the BRI in 2013.

In 2010, two MoUs on rail transport project and road corridor project were signed. However, the planned Muse-Kyaukpyu railway project was shelved. Public opposition and national security concerns were cited to be the reasons for stopping the project. China expressed hopes of reviving the project in consultation with the Myanmar government and people. Though the rail project could not move forward, the highway component remains on the agenda. The two sides held the first expert meeting on construction of the China-Myanmar highway (Ruili-Kyaukpyu corridor) in 2010. The second joint expert group meeting on the project was held from March 5 to 7, 2013.

The joint press communiqué issued on 5 April 2013 following Thein Sein’s visit to China did not say anything on infrastructure connectivity between China and Myanmar. However, both sides
discussed construction of Kyaukpyu deep sea port. Nevertheless, the China-Myanmar economic corridor has been a recurring topic in all the major bilateral exchanges. During the visit of Wang Yi to Myanmar in August 2013, the two sides discussed Myanmar’s external relations, major economic projects, interconnectivity, and BCIM economic corridor. To support inland waterways and maritime transport development in Myanmar, in September 2013, China handed over a total of 19 dredgers and support vessels to Myanmar to facilitate the inland waterway transport and maritime trade.  

In June 2014, Thein Sein visited China to commemorate the Five Principles of Peaceful Co-existence. During the meeting, Beijing invited Myanmar to participate in the construction of the 21st Century Maritime Silk Road and the BCIM economic corridor. Enhancing strategic mutual trust became a key issue to deal with Myanmar’s domestic and external changes. In addition, China sought cooperation on implementation and safe operation of oil and gas pipeline, mining and Kyaukpyu port construction.  

In November 2014, Thein Sein paid a visit to China to attend the Asia-Pacific Economic Cooperation summit and the ‘Dialogue on Strengthening Connectivity Partnership’. China invited Myanmar to join the AIIB and the OBOR Initiative. Myanmar signed the MoU on the AIIB in October 2014. Thein Sein expressed support to the BCIM economic corridor and the OBOR connectivity projects.
In the joint statement of November 2014, Myanmar agreed to promote cooperation in “marine economy, interconnectivity, science, technology, environmental protection, society and people-to-people exchanges, and promote win-win cooperation and common development of China, Myanmar and other countries along the belt and the road”\textsuperscript{100} The joint statement also called for development of the BCIM economic corridor, China-Myanmar highway and other interconnectivity projects. In December 2014, Chinese Vice President Li Yuanchao pursued Myanmar for a “coordinated infrastructure development policy” under the framework of the OBOR and BCIM economic corridor.

Xi Jinping and Thein Sein had a meeting in Jakarta on the sidelines of the Asian-African Summit on April 22, 2015. The two sides agreed to cooperate on OBOR Initiative, AIIB and the BCIM economic corridor. During the meeting, Xi expressed the hope of advancing connectivity projects such as China-Myanmar highway and the Irrawaddy (Ayeyarwady) River land-water transport channel.\textsuperscript{101}

In May 2015, during Chinese State Councillor Yang Jing’s visit to Myanmar, the two sides had discussions on the AIIB, energy sector, the 21\textsuperscript{st} Century Maritime Silk Road and Kyaukpyu SEZ. Again, in August 2015, Myanmar vice President Sai Mauk Kham had discussions with Chinese Ambassador to Myanmar Hong Liang about construction of the Ruili-Kyaukpyu economic corridor. Further, the two sides discussed the Kyaukpyu SEZ and Ruili
In the joint news release following Thein’s visit to China from September 2 to 4, 2015, the two sides agreed to “make coordinated promotion of cooperation in infrastructure connectivity such as ports, roads, railways” under the framework of BRI and BCIM economic corridor.\(^\text{102}\)

On December 23, 2015, a delegation of the China International Trust and Investment Corporation (CITIC) proposed cooperation in maritime transport and Kyaukpyu SEZ.\(^\text{103}\) An MoU on the project was signed in 2009. Before the end of the Thein Sein administration, on December 30, 2015, CITIC Group was awarded the contracts to build a deep-sea port and SEZ in Kyaukpyu.\(^\text{104}\)

China-Myanmar energy pipelines and oil terminal port have enhanced the strategic importance of Kyaukpyu. Construction of the Ma-de oil port, a wharf, 12 oil tanks and project buildings began in 2011 and construction was completed in January 2015.\(^\text{105}\) Moreover, the Kyaukpyu deep sea port will strengthen China’s footprints in Myanmar and the Indian Ocean. According to Khin Maung Lynn, Joint Secretary of the Myanmar Institute of Strategic and International Studies, Yangon port and Kyaukpyu port of Myanmar will form important centres of trade and economic routes.\(^\text{106}\)

CITIC has been engaging in consultations with villagers and has promised transparency and environmental conservation. It announced a social welfare package to construct 50 clinics and
50 schools in Rakhine State. In October 2017, the two sides reached an agreement on the Kyaukpyu port project after CITIC agreed to reduce its stakes from 85 to 70 percent. Again, the CITIC consortium has agreed to 70 per cent share in the Kyaukpyu SEZ. The Kyaukpyu SEZ will cover an area of more than 4,000 acres which includes an industrial zone, a deep-sea port and a residential zone. Protesting the project, the villagers in Kyaukpyu have called for suspension of the Kyaukpyu SEZ over land disputes and compensation.

In April 2016, Chinese Foreign Minister Wang Yi conveyed China’s interests in building a high-speed railway connecting Yangon, Naypyitaw and Mandalay. During Aung San Suu Kyi’s visit to China in August 2016, the issues of Myitsone Dam, BRI, BCIM economic corridor and peace process were on the agenda. In October 2016, the visiting President of the AIIB expressed interest in developing waterway and railways in Myanmar.

In May 2018, a two-day seminar on “The China-Myanmar Economic Corridor” was held in Yangon, Myanmar. Discussion on infrastructure development and implementation of Kyaukpyu SEZ also took place during the visit of National Committee of the Chinese People’s Political Consultative Conference (CCPPC) 13th Economic Sub-committee Chairman Shang Fulin in June 2018. The issue was discussed during Wang Yi’s meeting with Myanmar’s Minister for the Office of the State Counsellor Kyaw Tint Swe in Beijing on June 28, 2018.

At the opening ceremony of a symposium on the international situation and China’s Diplomacy, Chinese Foreign Minister Wang Yi stated that “six keywords” represented China’s diplomacy in 2018. It referred to China’s shuttle diplomacy for political settlement of the northern Myanmar issue as part of China’s strong sense of mission driving its foreign policy in 2018.

China issued national defence white paper entitled ‘China’s National Defence in the New Era’ on July 24, 2019. The document referred to issues relating to Myanmar, which is very rare in Chinese defence white papers. The white paper underscored efforts towards strengthening security management along the China-Myanmar border and de-mining of China-Myanmar border regions. In addition to securing the border regions from armed conflicts and other non-traditional security threats, removal of landmines along the border is significant as China is working towards greater opening of China-Myanmar border to build border economic development zones and China-Myanmar economic corridor.
In April 2019, Xi Jinping announced that under the “six corridors and six channels” framework of BRI, construction of cross-border optical cable connecting China and Myanmar had been completed. Besides, Huawei organised the Information and Communication Technology (ICT) Congress of Huawei Myanmar in Yangon on April 29, 2019, under the theme “Building a fully connected, Intelligent Myanmar”.

As far as cooperation under BRI is concerned, China and Myanmar signed three important documents during Myanmar State Counsellor Aung San Suu Kyi’s visit to China from 24th to 29th April 2019 to attend the second Belt and Road Forum meeting in Beijing. The three documents are: MoU on China-Myanmar Cooperation Plan (2019-2030); agreement on economic and technical cooperation, and MoU on the formulation of the Five-Year Development Programme for economic and trade cooperation.

Both the Chinese President Xi Jinping and Premier Li Keqiang had in-depth exchange of views with the visiting Myanmar leader on the bilateral relations. In view of the 70th anniversary of the establishment of China-Myanmar diplomatic relationship in 2020, Xi emphasised interactions at all levels and people-to-people and cultural exchanges. Further, he called for pragmatic cooperation in the area of people’s livelihood towards consolidation of public support for the bilateral ties. Moreover, Chinese Premier Li Keqiang stated China’s willingness to strengthen political mutual trust, deepen cooperation across the board, and enhance the synergy of
development strategies with Myanmar and advance the development of the CMEC.

On BRI and development of the CMEC, Xi appreciated Myanmar for establishing a steering committee by the Myanmar government to implement tasks related to the BRI. Also, the two sides have expressed willingness to accelerate development of the CMEC to bring “concrete benefits” to the peoples of China and Myanmar.

However, Aung San Suu Kyi stressed that BRI projects need to be in line with the development plans and priorities of the participating countries, should not only be economically feasible but also socially and environmentally responsible, and most importantly, the projects must win the confidence and support of local people. The press release on working visit of the Myanmar State Counsellor to China to attend the Belt and Road Forum meeting provided the principles and guidelines for undertaking BRI projects in Myanmar.119

The framework of bilateral cooperation under the MoU on China-Myanmar Economic Corridor covers areas such as industry, transportation, energy, agriculture, digital Silk Road, finance, tourism, environmental protection, people-to-people exchanges, science and technology, personnel training, water resources and flood prevention and control in line with the Myanmar Sustainable Development Plan (2018-2030).

In support of the CMEC, the two countries began to organise seminars and investment summit after Myanmar signed three documents on BRI in April 2019. The first China-Myanmar
Economic Cooperation and Development Promotion Association and 2019 China-Myanmar Economic Corridor First Investment Summit was held in Yangon in May 2019. Later, a seminar on China-Myanmar sustainable development and cooperation under the CMEC was held in July 2019 in Yangon. The discussions covered topics such as Green Energy Technologies and Sustainable Development, Governance: Problems and Challenges, and Progress of the CMEC.\textsuperscript{120} It was co-organised by the Centre for Myanmar Affairs Studies, Myanmar and the Institute of Myanmar Studies, Yunnan University of China.

On building CMEC, China has proposed 38 projects while the Myanmar side has also proposed some other projects.\textsuperscript{121} Despite some reports on such projects, the two countries have not published any list of early harvest projects under CMEC. Myanmar is said to have agreed to undertake nine early harvest projects which also include three border economic cooperation zones, Muse-Mandalay railway project and Kyaukpyu Deep Sea Port and SEZ. Another project under the CMEC is the 135 MW Kyaukpyu power plant which will rely on natural gas from the Shwe Gas field.\textsuperscript{122} After the feasibility study report was submitted for the Muse-Mandalay railway project, the concerned companies are working on social and environmental impacts assessment. Some progress has also been made for constructing the border economic cooperation zones along the China-Myanmar border.

While the incumbent Chinese Ambassador to Myanmar, Chen Hai, has been assigned to speed up the “practical cooperation” on
the CMEC, the two sides have not reached major consensus on the modalities of investment. Moreover, the projects also need to get clearance for its social and environmental impacts. Naypyitaw has also negotiated for downsizing some of the mega projects for economic sustainability. In fact, the Myanmar authorities will find it tough to retract its stated principles of transparency and sustainability of the projects in the face of public criticism. In this regards, Chinese Minister of Foreign Affairs, Wang Yi’s visit to Myanmar on December 7-8, 2019 to support Myanmar’s position on the Rohingya issue could have impact on the public perception of CMEC and BRI in Myanmar.

Conclusion

Political transition in Myanmar starting from 2011 has brought a challenging phase in China-Myanmar relationship. As a result, China started working toward enhancing mutual trust, strategic communication and people-to-people exchanges with Myanmar. The protests against several Chinese-funded projects affected the investment environment marking a new era in economic cooperation. Myanmar has articulated for principle of equality, employment opportunities for local people and transparency and accountability in economic engagement with China. Meanwhile, the people-centred development model adopted by Myanmar has forced some of the cooperation projects for revision while others got delayed. Nevertheless, Myanmar has approved certain Chinese-funded projects during this period based on requirement, local
partnership, social engagement strategy, economic benefits and minimal social and environmental impacts.

The two countries have expanded security and military engagements to strengthen the comprehensive strategic cooperative partnership. Military cooperation continues to expand in the field of personnel training and maritime exercise. As far as maritime cooperation is concerned, the first joint maritime exercise conducted in May 2017 at the Gulf of Martaban is important. The exercise focused on communications, formation manoeuvre, joint search-and-rescue operations etc. In fact, the China-Myanmar crude oil pipeline was put into operation in May 2017 and the joint maritime exercise coincided with the flow of oil along the China-Myanmar pipeline. Besides, China remains a major exporter of arms to Myanmar. Thus important aspects of the bilateral military relations are the increasing focus on strategic military relations and cooperation on regional security and common development interests. While border security and stability remains crucial for strengthening the relationship, efforts towards enhancing mutual trust and understanding between the two countries and concerns about security of projects planned under the China-Myanmar Economic Corridor are important factors driving the bilateral cooperation in this dimension.

On border areas management and peace process in Myanmar, both sides cooperate to crack down on illegal trade and other non-traditional security threats. Since the outbreak of the first conflict between the Myanmar Army and the Kokang group in August
2009 in northern Myanmar China has suffered loss of lives and properties of its nationals living in Yunnan province as well as in northern Myanmar. The security situation in the border was further complicated by the subsequent break-down of ceasefire agreement with the KIA, and coordinated attacks launched by the members of the ‘Northern Alliance’ against Myanmar armed forces along the China-Myanmar border. China’s close ties with some of these ethnic armed groups and the illegal trade along the China-Myanmar border have been the focus of Myanmar’s engagement with China on peace process. Addressing these issues remains the core problem of China’s role in Myanmar’s ethnic peace process and, therefore any claim on the part of Beijing of playing a constructive role in the peace process lacks substantive evidence.

During this period, China has engaged with Myanmar to construct Kyaukpyu deep sea port, Kyaukpyu SEZ, China-Myanmar Economic Corridor, Muse-Kyaukpyu railway and Irrawaddy (Ayeyarwady) River land-river transport project. The construction of the Kyaukpyu deep-sea port and Kyaukpyu SEZ has been mired in controversy over the sharing of stakes, land compensation, and environmental and social impact assessment. Currently, China is persuading Myanmar to start the construction of some key projects related to the China-Myanmar Economic Corridor. International pressure on Myanmar over the Rohingya issue and conflict in northern Myanmar could be exploited to full advantage by China towards construction of the economic corridor under the framework of BRI.
As part of adjusting its approach and policies towards Myanmar, under President Xi Jinping, China has accorded importance to its relationship with Myanmar. Starting with the appointment of the first special envoy for Asian affairs in March 2013 to closely watch the relationship, Beijing is working towards strengthening mutual trust and strategic communication through frequent high-level interactions with Myanmar’s political and military leaders. Some such mechanisms include the bilateral Strategic Security Consultation meetings and the China-Myanmar (2+2) High-level Consultations led by Ministry of Foreign Affairs and Ministry of Defence. China has proposed to strengthen military relationship to safeguard the common security and development interests of the two countries as part of re-evaluating policies towards Myanmar to consolidate its economic and strategic interests and expand regional influence under the framework of BRI projects. Increasing frequency of high-level exchanges and interactions has played an important role in addressing problems and managing the differences between China and Myanmar in the last few years. This is also a contributing factor to negotiation for implementing projects under the framework of the CMEC/BRI.
END NOTES


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