

# ISAS Working Paper

No. 158 – 23 August 2012



469A Bukit Timah Road  
#07-01, Tower Block, Singapore 259770  
Tel: 6516 6179 / 6516 4239  
Fax: 6776 7505 / 6314 5447  
Email: [isassecc@nus.edu.sg](mailto:isassecc@nus.edu.sg)  
Website: [www.isas.nus.edu.sg](http://www.isas.nus.edu.sg)



## China-South Asia Strategic Engagements - 3

### Sino-Myanmar Relationship: Past Imperfect, Future Tense<sup>1</sup>

Sudha Ramachandran<sup>2</sup>

In May 2011, Myanmar's<sup>3</sup> new President, U Thein Sein visited China, making it the destination of his first state visit since assuming the presidency in March. In doing so, he signalled that Myanmar's new, quasi-civilian government, like the military junta before it, would continue to give priority to China in the hierarchy of its foreign relations. Reiterating what several of his predecessors have said since 1988, Thein Sein declared during the visit that Myanmar's relationship with China is the 'closest and most important diplomatic relationship' for Myanmar (Bhatia 2011).

---

<sup>1</sup> This paper by Dr Sudha Ramachandran is the third in a series of five Working Papers on China's security relations with some South Asian countries. These papers are being published by the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore. Myanmar, a member of the Association of Southeast Asian Nations (ASEAN), shares land border with South Asia and is also an Observer of the South Asian Association for Regional Cooperation (SAARC). Myanmar has, therefore, been included in this series on China-South Asia Strategic Engagements.

<sup>2</sup> Dr Sudha Ramachandran is a freelance journalist and writer. The views expressed in this paper are those of the author and do not necessarily reflect those of ISAS.

<sup>3</sup> In 1989, the military government changed the name of the state from Burma to Myanmar. Other names were changed too; e.g. Rangoon to Yangon, Irrawaddy to Ayeyarwady, Akyab to Sittwe and so on. While the United Nations and Asian countries have accepted the new names, pro-democracy groups in Myanmar and many western countries use the old names. This paper uses the official name, Myanmar. Quotations and references have been cited as originally published.

Official rhetoric aside, Myanmar's relations with China have grown significantly since 1988, when it abandoned its roughly four decades of strict adherence to a non-aligned foreign policy to become a close ally of China. In the years since, China has emerged as the biggest investor in Myanmar and its third-largest trade partner and also as the chief supplier of arms to Myanmar.

Myanmar's significant dependence on China has prompted analysts to describe the relationship as one between a powerful patron and a client. The robust Sino-Myanmar defence and security partnership, especially in the context of China's reported ambitions in the Indian Ocean, has sent out ripples of anxiety in Myanmar's neighbourhood and beyond.

The strong co-operation between the two countries masks underlying tensions and resentment in Myanmar. Myanmar has had a history of suspicion of China. This paper will argue that long-standing suspicion of Chinese intentions will act as a brake on the Sino-Myanmar co-operation. The paper begins with an overview of Sino-Myanmar relations over the past 60 years. It examines the anxieties that Myanmar's economic and military co-operation has generated among the neighbours. It will argue that while co-operation is expanding, cracks are appearing in the relationship. Contrary to the perception of Myanmar as a helpless Chinese pawn, this study will point out that it has used its partnership with China to enhance its options and manoeuvrability. It has used the 'China card' to increase its relevance in regional politics.

## **Myanmar and the World**

Myanmar's geostrategic location and its historical experiences have moulded its view of the world. Located at the tri-junction of South Asia, Southeast Asia and East Asia, Myanmar has served for centuries as a corridor through which trade flourished during peacetime and armies marched in times of war. Providing easy overland access from South Asia to China's Southwest, it was often 'a cockpit of international rivalry,' the site of many great power battles over the centuries. During the Second World War, for instance, some of the fiercest encounters between Britain and Japan occurred in Myanmar. It was through Myanmar too that the Americans sent in supplies to the Chinese fighting Japanese occupation (Garver 2001: 243-51). The great power battles on Myanmar soil were bloody and cost the country and its people dearly. Not surprisingly, these have left a mark on Myanmar's perception of foreign powers. It contributed to a determination to stay away from great power conflicts, whether those between the superpowers, the United States (US) and the Soviet Union or the Asian giants, India and China that are its neighbours. It resulted in Myanmar following a strict policy of non-alignment between 1949 and 1988.

Understanding the psyche of Myanmar's generals is crucial to understanding the country's foreign relations as they have ruled Myanmar directly or indirectly for most years since independence. Intensely nationalist, the generals are determined to protect not just Myanmar's territorial integrity and independence but also its economy, culture and way of life from outside pressures and influences. They are deeply suspicious of foreigners. They believe that Myanmar should be self-reliant. This thinking manifested itself in the junta's adoption of an isolationist policy in the 1962-1988 period (International Crisis Group [ICG] 2001: 4-8).

The military's suspicion of foreigners is not restricted to western powers but extends to Asia as well, especially its neighbours. Several of its ethnic minorities – besides the Burman majority, it has 135 ethnic groups that are officially recognised – straddle these borders and some of them have waged powerful insurgencies, which were fuelled by the neighbours. This has contributed to the military's perception of the neighbours as being the root cause of Myanmar's woes.

In the first four decades post-independence, ethnic insurgencies were perceived by civilian and military regimes alike as the main threat to Myanmar's national unity and territorial integrity. China was perceived as a threat to the survival of the Myanmar state as it supported the powerful insurgency waged by the Burmese Communist Party (BCP). Since 1988, external threat perceptions have changed. While China has been viewed as an ally, the West is perceived as a major threat to Myanmar's sovereignty as well as military regime survival. The threat of a possible US-led invasion to oust the generals and restore democratic rule looms large in the perception of the military (Selth 2008). In fact, as the threat from the West has grown, Myanmar has moved closer to China, although suspicion of the latter's intentions has rarely dimmed. Myanmar's perception of China has thus changed over the decades and bilateral relations have undergone several intriguing twists and turns. The following section will trace some of the highlights of this complex relationship.

### **Myanmar's Relations with China: An Overview**

China is Myanmar's largest and most powerful neighbour. The two countries share a 2,185-km-long porous border. The governments of the two countries often describe their relationship as one between phaukphaw (kinsmen). Indeed, since 1988 a strong bond is evident. But interaction since formal diplomatic relations were established in 1950, while cordial on the surface, has not been free of tension. In fact, there were periods when relations were clearly hostile, even manifesting in violence. Broadly, the relationship over the past 60 years has gone through four phases.

### **1949-62: Cautious Cordiality**

Cautious over not being drawn into too close an embrace with either India or China or antagonising either of them, Myanmar cultivated a cordial relationship with both. With China, it avoided confrontation. It was among the first non-communist countries to extend recognition to the People's Republic of China in December 1949. Formal relations were established soon after and the two countries signed their first trade agreement in 1954.

However, there were issues that strained the relationship. In the early 1950s, Kuomintang forces, who had retreated after their defeat in the Chinese civil war to remote mountain tracts in Myanmar, began launching guerrilla attacks with CIA help in China's Yunnan province. This could have turned explosive had Myanmar not acted quickly. Prime Minister U Nu raised the issue of Kuomintang presence on Myanmar's soil with the United Nations (UN) in 1953 and secured their eviction more or less. There was the issue of the unsettled Sino-Myanmar border as well, which triggered bloody clashes between their troops in November 1955 and April 1956. Negotiations culminated in the two countries signing a Treaty of Friendship and Mutual Non-aggression in January 1960 and a Boundary Treaty in October that year, thus removing an important cause of friction between them (Lintner 1998). China's support to the BCP was a matter of concern to Myanmar. However, the government avoided confronting China over its breach of the Five Principles of Peaceful Coexistence that the countries had signed on to in 1954 (Tin Maung Maung Than 2003: 192). It was only in the late 1960s, when this support turned overt that Myanmar reacted sharply.

### **1962-78: Rupture in Relations**

Cordial relations of the previous decade began unravelling as the Chinese Communist Party (CCP) expanded support to the BCP significantly in the 1960s, especially with the Chinese Cultural Revolution gathering momentum. The CCP supplied Myanmar's communists with arms and training, embedded People's Liberation Army (PLA) advisors in BCP units and recruited thousands of Chinese Red Guards to fight alongside BCP cadres inside Myanmar (Garver 2001: 254-55).

Matters between Myanmar and China came to a head in mid-1967 when the Chinese embassy in Yangon began encouraging ethnic Chinese students in the capital to form groups on the lines of the Chinese Red Guards and participate in Cultural Revolution-style activities. Clashes between locals and ethnic Chinese students broke out. These soon escalated into attacks against ethnic Chinese people in Myanmar, their shops and homes. Even the Chinese embassy in Yangon was not spared. Relations between the two countries ruptured and a war of words broke out between

the two governments. An editorial in the Chinese government mouthpiece, People's Daily, branded Ne Win as a 'traitorous, dictatorial warlord' and his government as 'reactionary, fascist and counterrevolutionary.' With the Chinese government openly endorsing the BCP's armed campaign to overthrow the Myanmar government, the latter responded swiftly and sternly. It accused China of 'lies, distortions and hysterical outpourings' and turned down its requests to evacuate injured Chinese by plane. It deported Chinese correspondents based in Myanmar, withdrew its ambassador in China and rejected Chinese economic assistance (Holmes 1972). Through these actions Myanmar signalled it would not be cowed down by Chinese bullying. However, it refrained from provoking China too much by remaining neutral in its foreign policy and not allowing its territory to be used for activity that China would construe as threatening to its interests. For instance, it refused to join 12 other countries in an Asian highway project to link Europe with Singapore by road, which China had denounced as an imperialist plan to encircle it (Holmes 1972: 691).

### **1979-1988: Rapprochement**

Although Myanmar and China began taking steps in 1970 to mend their ruptured relations, it was not until Deng Xiaoping consolidated his position in China in the late 1970s that Sino-Myanmar relations began to improve substantially. Ne Win saw opportunity for reconciliation in the internal changes in China and hosted Deng twice in Rangoon in 1979. China resumed a US\$ 63 million aid programme to Myanmar. More importantly, it began winding down its support to the BCP. It shut down the BCP's radio broadcasts from Chinese soil and encouraged BCP leaders to move away from armed struggle and 'retire' in China. It recalled Chinese 'volunteers' in the BCP and in 1985 stopped financial and other support to the BCP. With China ending its support to the BCP, a major issue of discord between the two countries was removed, paving the way for better relations (Garver 2001: 256, 261-62).

It is evident from the above overview of Myanmar's interaction with China during the first four decades post-independence that while relations were by and large cordial, Myanmar was not at ease with China. China gave Myanmar reason to be suspicious of its intentions. Myanmar's non-alignment was visible throughout the period. Although it turned inwards from 1962, it engaged countries from the western and communist blocs as well as the non-aligned world. It did not side with any country but chose to respond to events individually based on its interests and the issues involved. Its decades-old policy of non-alignment came to an end in 1989 when it entered into a strategic partnership with China.

## **1988-Present: Close Co-operation**

International isolation drew Myanmar and China to each other. Myanmar was convulsed in unrest in 1987-88 in the wake of a mounting economic crisis. Thousands of students, monks and others poured into the streets demanding political and economic reform. The junta responded by unleashing extreme violence, resulting in the death of thousands of people. A few months later, mass protests erupted in China and as in Myanmar here too the government resorted to brutal repression to break the demonstrations. The crushing of peaceful, pro-democracy movements in Myanmar and China evoked sharp condemnation worldwide and economic sanctions were imposed on both countries. Ostracised by the international community, the two neighbours turned to each other for support.

Western sanctions and suspension of aid dealt Myanmar's weak economy a severe blow. It was pushed to the brink of insolvency. Western arms supply too was halted. Myanmar's military rulers urgently needed aid to tide over the economic crisis. They feared a US-led military intervention and needed arms to repel it as well as to tackle domestic unrest and insurgencies. The junta turned to China for help and Beijing threw the generals a lifeline by expanding official cross-border trade, providing easy loans and technical assistance, and supplying weaponry on easy terms. As international censure and calls for stern action against Myanmar's rulers grew in multilateral forums like the UN, Beijing came to their rescue. With China willing to bail them out of crisis situations, Myanmar moved away from the neutrality of the previous 40 years to enter into an explicitly close partnership with China.

The Sino-Myanmar partnership since 1988 has resulted in close economic and military co-operation. Two-way trade jumped from US\$ 9.51 million in 1988 to US\$ 76 million the following year (Shee 2002: 43). According to Chinese official figures, trade grew to US\$ 4.44 billion in 2010, a 53.2 per cent increase over the previous year (Xinhua 2010). However, this trade is heavily in China's favour and the deficit has grown from US\$ 6 million in 1988 to US\$ 1.6 billion in 2008 (Malik and Kalita 2010).

Chinese investment in Myanmar has grown rapidly over the past 20 years to make it the largest investor in the country today. Its cumulative investment in Myanmar since 1988 reached US\$ 9.6 billion in January 2011 (Ko Pauk 2011). Much of this investment has gone into sectors that directly benefit Chinese trade, mining and energy interests. China has invested heavily in the construction of a 2,380-km oil pipeline running from Sittwe in Myanmar to Kunming, capital of its Yunnan province. Chinese corporations are building around 63 hydro-power projects in Myanmar, including the 7,100 megawatt (MW) Tasang Dam on the Salween River. They are investing heavily in the mining sector too. Among the largest mining projects is the US\$ 800 million Tagaung Taung nickel project (ICG 2009: 17). Beijing has assiduously pursued

construction and renovation of roads, rails and bridges linking Myanmar with China. A major project that China is engaged in is the multi-modal Irrawaddy transport corridor project, which involves a combination of road, river and rail transport linking Yunnan with the Bay of Bengal (Garver 2006: 11-14).

Sino-Myanmar military co-operation has been robust over the past two decades. Under a deal signed in October 1989, Myanmar bought weaponry worth US\$ 1 billion from China, the largest arms purchase agreement in Myanmar's history, which included jet fighters, patrol boats, armoured personnel carriers, tanks, anti-aircraft guns, trucks as well as small arms. Another deal worth US\$ 400 million followed in 1994 under which Myanmar received helicopters, patrol boats and missiles. Supply of military equipment has been accompanied by provision of technical training in China and Myanmar. Beijing has also helped Myanmar build its own defence industries by setting up small arms factories and naval ship building facilities (Garver 2001: 265; Selth 2001: 17-18).

China has played a major role in modernisation of several of Myanmar's commercial harbours and naval facilities. It has upgraded wharf and cargo handling facilities at Sittwe, Kyaukphyu, Patheingyi, Myeik and Yangon. More controversial is China's building of radar, refit and refuel facilities at Myanmar's naval bases at Haingyi, Munaung, Sittwe, Zadetkyi Kyun and Myeik (Garver 2001: 293). The extensive Sino-Myanmar co-operation has set alarm bells ringing in Myanmar's neighbourhood and beyond. Its implications for regional security will be examined in the following section.

### **Implications of Sino-Myanmar Co-operation for South and Southeast Asia**

Prior to 1989, Myanmar's soldiers were battle-hardened having fought insurgencies for several decades. However, they were poorly equipped. Soldiers fought with outdated weaponry and lacked communication equipment. The Air Force had a small fleet of obsolete aircraft and these were mainly used in support of army operations. It did not have a credible air defence capability. The navy too was ill-equipped and therefore confined itself to patrolling Myanmar's inland waterways and coastal waters (Selth 2001: 16). Sino-Myanmar military co-operation has transformed the Myanmar military. Myanmar's armed forces are the largest in Southeast Asia and among the best equipped today. Besides, for the first time in Myanmar's history, the armed forces are capable of launching conventional warfare in defence of the country (Selth 2001: 19-20).

Neighbours like Bangladesh, which have unresolved issues with Myanmar, are intimidated by its military capability and the strengthening of infrastructure near the Bangladesh border, especially since their armed forces have clashed occasionally (Azad and Hussain 2009; Islam 2009).<sup>4</sup> Thailand too has expressed concern over Myanmar's large standing army and its huge budgetary allocations. It has warned that these could fuel a regional arms race (Roughneen 2009). However, several Southeast Asian countries exaggerate the threat posed by Myanmar's military to justify their own arms spending. Analysts have pointed out that it is domestic issues – such as the need to keep militaries happy – rather than external threats that drive military purchases in most Southeast Asian countries (Roughneen 2011). Thus by and large, Myanmar's growing military capabilities do not pose a real threat to the region,<sup>5</sup> although reports of its interest in acquiring nuclear weapons technology from North Korea, if true, are reason for concern as this would alter drastically equations in the neighbourhood and shatter security architectures regionally and globally (Chongkittavorn 2010).<sup>6</sup>

More than the Myanmar military's growing capability it is its close relationship with China that worries countries, especially those that are China-wary, like India. Having to contend with a Chinese threat along its northern frontier and a China-backed Pakistan threat from the west, India fears that the growing Chinese presence in Myanmar makes its eastern flank vulnerable too. It is concerned over possible access that Chinese naval vessels could secure to Myanmar's bases, which would mean Chinese naval presence near the Straits of Malacca and in the Indian Ocean. This is a scenario that worries not just littorals like India, Thailand, Singapore, Malaysia and Indonesia but also distant countries like Japan and the US, whose oil imports from West Asia pass through these waters.

Concern over Chinese naval presence in Myanmar surfaced early in the Sino-Myanmar strategic co-operation. As early as 1992, media reports drew attention to China's use of Myanmar's territory for surveillance and basing operations. These reports claimed that China had set up specialised electronic surveillance equipment along Myanmar's coastline and on some of its offshore islands such as Great Coco, Yangbye, Hainggyi, Zadetkyi Kyun, etc (Selth: 2007). Indian analysts warned that China was using the signals intelligence facilities it had set up in Coco Islands to monitor Indian naval operations at the Andaman and Nicobar Islands as well as

---

<sup>4</sup> Two contentious issues that merit attention are the large number of Rohingya refugees from Myanmar in Bangladesh, who the Myanmar government refuses to take back, and the un-demarcated maritime border between the two countries. The un-demarcated areas include waters that have oil and gas reserves.

<sup>5</sup> It is the military's handling of domestic problems like the ethnic conflicts, for instance, which triggers population flows across borders eroding regional stability that worries Southeast Asia more.

<sup>6</sup> China's 'curious silence' on the question of Myanmar's possible nuclear weapons co-operation with North Korea has triggered debate over whether China is aware and involved in its quest for nuclear weapons capability or alarmed by the development (Yhome 2011).



its missile and satellite launching facilities along the Indian east coast.<sup>7</sup> This prompted India to rethink its Myanmar strategy. It began courting the generals (Ramachandran 2006).<sup>8</sup>

Although India subsequently revised its position on the presence of Chinese bases in Myanmar,<sup>9</sup> the perception of the Sino-Myanmar bond as a threat to Indian security interests has not diminished as the possibility of China securing use of Myanmar's bases in future cannot be ruled out. It has impelled India to focus on building its naval strength, especially that of its eastern command (Bedi 2004; Ramachandran 2011b).

To prevent Myanmar from falling further into the Chinese orbit, China-wary countries in South and Southeast Asia have stepped up bilateral engagement with Myanmar. Thailand, Singapore and Malaysia are among several countries that are investing in and trading vigorously with Myanmar. While there are strong economic motivations behind their interaction, strategic concerns too loom large in their calculations. These countries have argued against isolating Myanmar, as this pushes it further into a Chinese embrace. Southeast Asia has therefore followed a policy of constructive engagement vis-à-vis Myanmar. Myanmar's inclusion in the Association of Southeast Asian Nations (ASEAN) and the Bangladesh–India–Myanmar–Sri Lanka–Thailand Economic Cooperation (BIMSTEC), as well as the observer status it has been accorded in the South Asian Association for Regional Co-operation (SAARC) are in part aimed at preventing it from falling further into the Chinese sphere of influence (Maung Aung Myoe 2006).

Myanmar plays an important role in China realising its economic and strategic ambitions. Its quest for new partners has not gone down too well in Beijing.

---

<sup>7</sup> In fact in 1998, the Indian government, which was till that time perhaps quietly raising the issue of Chinese naval presence in Myanmar, went public when its then Defence Minister George Fernandes accused China, which he described as 'India's potential threat no.1,' of setting up a 'massive electronic surveillance establishment' at Coco Islands to monitor India. 'There are moves to convert that into a major naval base which would be a direct threat to us,' he said, adding that 'a lot of naval activity including construction of harbours where Chinese ships could be towed in' was in progress along Myanmar's west coast. Indian Express 4 May 1998 <http://www.expressindia.com/news/fe/daily/19980504/12455554.html>

<sup>8</sup> Following the junta's suppression of the 1988 protests and its refusal to heed the mandate of the 1990 general election, India strongly condemned the generals and provided open support to the pro-democracy movement. It switched to a policy of engaging the generals in 1993. There were several motivations behind the rethink, the most important being China's growing presence in Myanmar. Besides, India's 'Look East' policy required Delhi to build ties with Myanmar, its 'landridge to Southeast Asia. India was also interested in Myanmar's oil and gas as well as the market it offered to goods from India's northeast. Besides, Delhi recognised that the success of its counter-insurgency operations hinged on support from the generals.

<sup>9</sup> Allegations of Chinese presence whether in Coco Islands, Haingyi Island or elsewhere in Myanmar have never been backed by hard evidence. In 2005 India came around to publicly admitting that it 'believes' Myanmar's claim that there is no Chinese involvement in Coco Islands. [http://www.indoburmanews.net/archives-1/2004-news-archives/no\\_China\\_defence/](http://www.indoburmanews.net/archives-1/2004-news-archives/no_China_defence/)

## Myanmar's Role in China's Ambitions

The benefits of a partnership with Myanmar for Beijing went beyond the immediate crisis of breaking the international isolation that it confronted in the wake of the Tiananmen protests. China was driven too by medium and long-term economic interests and strategic ambitions.

Improving ties with Myanmar was in line with China's policy of ensuring stability in its neighbourhood so that it can pursue its domestic economic modernisation and development plans. It provided China with access to Myanmar's vast resources, especially its oil and gas, gems and timber. Close economic co-operation with Myanmar also had the potential of addressing the yawning economic disparity between China's vibrant coastal provinces and its backward and landlocked south-western provinces of Yunnan and Guizhou. In the two decades of enhanced economic co-operation, Myanmar has emerged a market for commodities manufactured in these provinces. It has also provided them an outlet to the sea and thus access to emerging markets in South and Southeast Asia (Shee 2002: 35; Geng 2007: 2-5).

Myanmar plays a role too in China's India strategy. Beijing's cultivation of strong defence ties with Myanmar is aimed at containing India by keeping Delhi preoccupied with the rising military capability of its neighbours rather than asserting its influence beyond South Asia. Mohan Malik, an Indian analyst of Sino-Indian relations, has pointed out that Myanmar occupies 'the same place in China's calculus of deterrence vis-à-vis India in South-Southeast Asia that Pakistan does in South-Southwest Asia' (Malik 2001).

More importantly, Myanmar is China's most convenient 'landridge' to the Indian Ocean. The Indian Ocean plays an important role in China's economy and its strategic ambitions. Its economic growth depends significantly on foreign trade and a substantial part of this trade, especially oil, transits the Indian Ocean (Garver 2001: 276). Should the Indian Ocean sea lanes of communication (SLOC) or its choke points like the Straits of Malacca be threatened by or come under the control of hostile states or non-state actors, China would face an acute energy crisis and its economic growth would be severely impeded. After all, 80 per cent of China's oil imports from the Middle East pass through the Malacca Straits. Its 'Malaccan dilemma'<sup>10</sup> has forced it to look for other options, including construction of pipelines that bypass the Malacca Straits and building credible naval forces capable of securing China's SLOCs quickly (Storey 2006).

---

<sup>10</sup> President Hu Jintao drew attention to the Malaccan dilemma in November 2003 when he declared that 'certain major powers [read the United States] have all along encroached on and tried to control the navigation through the [Malacca] Strait.' China's perceived vulnerability in this context has come to be described as China's 'Malaccan dilemma.'

It is in this context that China's massive investment in roads, rails and waterways in Myanmar as well as the upgradation of its naval facilities should be seen. The gas pipeline from Sittwe to Kunming would enable Chinese tankers carrying oil from West Asia and Africa to bypass the Malacca Strait by sailing directly to Sittwe. Similarly, the Irrawaddy corridor project would allow goods to pass through Myanmar instead of the Malacca Straits, cutting travel time and providing China a safer transit option.

Chinese foreign policy thinkers have sought to convince the world of China's 'peaceful rise'. They deny it has expansionist intentions and claim it will be a different kind of great power (Mohan 2004). China has stressed that its growing presence in the Indian Ocean is for peaceful purposes. It has adopted 'soft power diplomacy' to build an image of its benign intent and presence by strengthening relations with Indian Ocean littorals through large loans on easy repayment conditions for building naval infrastructure, goodwill visits and naval exercises (Holmes 2008).

Naval strategists argue that Chinese naval presence in the Indian Ocean, nascent at present, is bound to grow as the Peoples Liberation Army Navy (PLAN) begins to project power far from its shores. It will seek to eventually establish a permanent and effective military presence in the Indian Ocean as without this, it cannot effectively secure China's sea lanes in the Indian Ocean. For PLAN warships to remain deployed in the Indian Ocean or sustain even a moderately intense level of operations there, they would need friendly Indian Ocean ports nearby to replenish supplies, to make repairs and so on, points out John Garver, an American expert on Sino-Indian relations (Garver 2001: 287). Myanmar has several ports, renovated or built by China, which could provide this support.

Garver describes the key role Myanmar would play in such replenishment of Chinese naval vessels in the event of a Sino-Indian war. Should India suffer reverses in a land war with China, it would be tempted to widen the conflict to a maritime front, 'where it enjoys substantial advantages, and employ those advantages to restrict China's vital Indian Ocean trade,' he says.<sup>11</sup> China would turn for logistical and other support from the Indian Ocean littorals such as Pakistan, Myanmar and Bangladesh with whom it is building close economic and defence relationships. In such a situation, Pakistan can be expected to offer China its ports as access points to the Indian Ocean. The extensive road-rail network linking China's Xinjiang province to Pakistan's ports would come in handy to ferry replenishments for its naval operations in the Arabian Sea. However, the terrain through which the Sino-Pakistani friendship highway traverses is treacherous and 'extremely vulnerable' to Indian aerial bombing, Garver points out. In comparison, China's access through Myanmar to the Indian Ocean is not only shorter but the

---

<sup>11</sup> This scenario would apply too if the US, for instance, in the event of a confrontation with China over Taiwan seeks to blockade Chinese ships carrying oil from West Asia

geographic terrain through which trucks, trains or ferries will carry Chinese supplies is less dangerous. The Burma Road is 'far less susceptible to air interdiction than is the Sino-Pakistani friendship highway,' Garver observes. Besides, industrial production in Yunnan is double that in Xinjiang, which means that much of the material support China would need for its warships would be more easily procured in Yunnan. 'If the PLAN acquired access to forward logistical bases along Burma's coast, Chinese warships would sustain a far more intense and effective pace of operations in the Indian Ocean,' he concludes (Garver 2001: 289-92).

It is not just in the event of war that the presence of the Chinese navy in the Indian Ocean worries India. It is of concern during peace time too. Given their overlapping spheres of influence and increasing assertiveness, the two navies are edging ever closer to a skirmish on the high seas. Such spats have happened already in the Indian Ocean and the South China Sea. A more sustained or permanent Chinese presence in the Indian Ocean would make such encounters more frequent and intense.

These scenarios have India's defence planners worried. And this is why Myanmar's close ties with China triggers alarm in Delhi. At a minimum, China's involvement in Myanmar's port and naval bases will allow the PLAN to familiarise itself with conditions in the Indian Ocean. More seriously, Myanmar could in future allow these facilities to be used by China for refuelling its naval vessels, or maybe even as full-fledged forward bases. Whether it will do so depends on how vulnerable Myanmar is to conceding Chinese demands.

### **Cracks in the Relationship**

Naval strategists have pointed out that while China is interested in a permanent presence in the Indian Ocean, it will be many decades before it will have the capability to support such a presence. It is only after it has secured the East, Yellow and South China Seas to its satisfaction, that it will be able to vector its energies into the Indian Ocean (Holmes 2008). Meanwhile, countries like Myanmar can expect to face increasing Chinese demands for access to its ports and naval bases in the coming years. The question is whether it will be able to resist these demands.

Malik has drawn attention to the asymmetric nature of the Sino-Myanmar relationship and Myanmar's extreme dependence on China for weaponry, spare parts, military training, economic investment and industrial equipment. Describing Myanmar as a 'puppet', even a 'pawn' in China's strategic ambitions, he argues that Myanmar's rulers, whether military or civilian, are not in a position to resist Chinese pressure (Malik 1997).

Indeed, the Myanmar government has felt obliged in the past to award lucrative business contracts to the Chinese. In 2007, for instance, Myanmar awarded the Chinese energy giant, PetroChina, the rights to pipe natural gas from A1 and A3 blocks in the Shwe gas fields in the Bay of Bengal although it was India's Gas Authority of India Ltd (GAIL) that had the status of 'preferential buyer'. Although India had reportedly offered US\$ 20 million in 'soft credit' and also proposed construction of a power plant in Myanmar, Beijing's veto of a UN Security Council (UNSC) resolution criticising Myanmar in January 2007 is said to have tilted the deal in its favour. Myanmar's dependence on China for political cover in the UNSC forced it to decide in Beijing's favour when it came to selling its gas (Lundholm 2007).

Such instances, notwithstanding, Myanmar is far from being a satellite state of China. Beijing's influence over the generals seems exaggerated. It has not been as successful in getting its way with Myanmar as is widely reported in the media. The Brussels-based International Crisis Group observed that China's influence in getting the generals to introduce reforms was 'overstated'. Beijing was unable to get the generals to respond more favourably to UN special envoy Ibrahim Gambari's good offices mission in Myanmar, a process it supported. At best, it was able to facilitate Gambari's visits by ensuring he got a visa. Even this influence waned after October 2007, when China in the wake of the monks protest irked Myanmar by supporting a UNSC statement that 'strongly deplored' the junta's 'use of violence against peaceful demonstrations' (ICG 2001: 6-7).

Deep distrust of Beijing's intentions has defined the Myanmar military's perception of China for decades. Many senior generals and leaders, including former junta supremo, Senior-General Than Shwe and his deputy, Maung Aye, fought the CPB insurgency for many years. They have not forgotten China's role in fuelling that insurgency. It was out of sheer necessity after its isolation by the West that the military felt compelled to enter into a marriage of convenience with China in 1989. China's reported close ties with various ethnic militias in Myanmar, especially the United Wa State Army (UWSA), has raised the hackles of the military in recent years. Over two decades of close co-operation has not swept away Myanmar's doubts of its partner.

It is not just the military that is suspicious of China. China's massive presence in the country evokes deep resentment among the people of Myanmar, who feel that Mandalay has become 'an undeclared colony of Yunnan.' The massive influx of Chinese nationals into Myanmar has changed the demographic composition, culture, architecture, etc. of trade hubs like Mandalay and Muse. People feel that while Chinese trade and investment in Myanmar has benefited China, Chinese corporations and Chinese businessmen, it has brought them little prosperity (Yeni 2011). Interestingly, anti-Chinese sentiment unites Myanmar's military with pro-democracy activists,

although for different reasons. The latter blame China for enabling the military's consolidation of power in Myanmar. Thus, there is anti-Chinese sentiment across the board in Myanmar today.

On several occasions in recent years, the Myanmar government has asserted itself vis-à-vis China. In 2009, the junta carried out a military offensive near the Chinese border against the Kokang, an ethnic group that is of Chinese origin. Chinese authorities have close relations with the Kokang militia. They were reportedly furious with Myanmar for not only keeping them in the dark over the impending offensive, which resulted in the flight of over 35,000 Kokang from Myanmar into China, but also pressing on with the operations despite its objections (Storey 2009). And in September 2011, the Myanmar government announced the suspension of the US\$ 3.6 billion Myitsone power project. This is the first time that Myanmar has revisited a decision on a major project with China.<sup>12</sup> To add insult to injury, the Chinese were not informed or consulted on the decision (Ba Kaung 2011).

The suspension of the Myitsone project has been widely interpreted as part of the series of recent steps taken by the government towards political reform (McDonald 2011). However, the underlying reasons are more complex. According to Aung Lynn Htut, a former counter-intelligence officer and deputy chief of Myanmar's mission to the US, who sought political asylum in Washington, DC, in 2005, 'many top generals' were unhappy with the Myitsone dam construction (Aung Lynn Htut 2011). 'Dissatisfaction within the armed forces over China's growing influence in the country was the real reason for suspending the dam project,' Bertil Linter, a journalist familiar with Myanmar's inner workings, writes. By suspending an unpopular dam project, Thein Sein took the sting out of a 'serious conflict inside the military' (Lintner 2011). Thus, regime survival compelled Myanmar to take on its powerful neighbour.

Dependent it might be on its giant neighbour but that has not made Myanmar a helpless puppet in China's hands. When national unity, territorial integrity and regime survival have come under threat, the generals, whether as part of a military government or one that is nominally so, have acted decisively. This is amply borne out by events over the past several decades. To recap, in the late 1960s when Chinese support for the communist insurgency and anti-regime activities in Rangoon escalated, Ne Win's government responded sharply, even suspending diplomatic relations with Beijing. Then in the late 1980s-early 1990s, when the threat of US-backed regime change loomed, it acted again: this time to enter into an alliance with China. Now with China's

---

<sup>12</sup> The Myitsone dam project, which is located on the River Irrawaddy in Myanmar's Kachin state has been under construction since 2009. Local Kachins have opposed it because of its ecological and environmental impact as well as its location on the Sagaing fault line. Besides, it will displace thousands of Kachins, even as the project's benefits would be reaped by China – 90% of the power generated was to go to China – not them. There has been strong opposition to the project too from Aung San Suu Kyi and the pro-democracy movement. Public outrage against the project snowballed in recent months even as violence by Kachin armed groups was threatening to spiral.

role in Myanmar triggering tensions within the military, the government has acted again to suspend the Myitsone project.

Analysts often focus on how much China has gained from the Sino-Myanmar co-operation. What has gone by largely unnoticed is the adroit manner in which Myanmar has used this co-operation. Its skilful deployment of the 'China card' prompted India and the ASEAN countries to modify their negative policies towards Myanmar within a few years of the start of the Sino-Myanmar strategic relationship. Myanmar has leveraged the Sino-Indian rivalry to its own benefit, wringing maximum concessions out of both countries. India, for instance, has stepped up investment in infrastructure in Myanmar and is supporting it with capacity building (Ramachandran 2011a). Its trade with Myanmar, though miniscule compared to Sino-Myanmar trade, favours Myanmar as does that of Thailand, Myanmar's largest market for exports (Malik and Kalita 2010). On the defence front, China remains the main arms supplier of arms to Myanmar, but Myanmar has diversified its sources and is making major purchases from Russia, Ukraine, Israel, India, Pakistan, Japan, North Korea, South Korea, Italy, Poland, Bulgaria, Serbia, Singapore and Slovakia. This together with its own growing indigenous defence industry - it manufactures a wide range of arms, ammunition and military equipment - is reducing the dependence on China.

Myanmar's assiduous courtship of Russia in recent years could prove a game changer. Like China, Russia is a permanent member of the UNSC and has used its veto against resolutions targeting Myanmar. Growing defence ties with Russia, including civilian nuclear energy co-operation, will make Myanmar less beholden to the Chinese veto. Myanmar's dependence on China can be expected to reduce further if the West lifts sanctions. There are signs of a rapprochement between the West and Myanmar.

By expanding the pool of partners with which it can engage or turn to for help in times of trouble, Myanmar has ensured that should its marriage of convenience with China run into serious trouble, it is not without options. Clearly, Myanmar is not quite the helpless Chinese puppet that some describe it to be.

## **Future Tense**

The Sino-Myanmar partnership has evoked deep concern among China-wary countries as Myanmar could facilitate China's permanent presence in the Indian Ocean. While there is a possibility of Myanmar conceding a Chinese demand for bases, such a scenario is not inevitable despite Myanmar's dependence on China. Its close ties with China are no guarantee that it will align with China in a confrontation with other regional powers.

For one, Myanmar's suspicions of Chinese intentions persist. Almost a quarter century of close bilateral co-operation and intense engagement between the two militaries has not dissolved Myanmar's distrust of China. In fact, the co-operation since 1988 has deepened distrust of China. In the circumstances, Myanmar giving in to Chinese demands that would involve compromising Myanmar's sovereignty seems unlikely. Some have argued that should regime survival be at stake or territorial sovereignty in jeopardy as in the event of a US-led invasion, Myanmar could find itself moving closer to China. Indeed, in the face of a western invasion, its generals might be willing to concede any Chinese demand, including bases, seeing Beijing's presence on its soil as a lesser evil. However, the chances of such a scenario unfolding will reduce as Myanmar's ties with other countries grow.

China will have to alter the nature of its co-operation with Myanmar in a way that it brings real benefits to the people of Myanmar too and substantially dispel the doubts of the military especially with regard to the backing it is providing to the ethnic militias. If not Sino-Myanmar co-operation could be headed for some turbulent weather. Anti-China anger is simmering in Myanmar and is in danger of exploding in the near future. Since this sentiment unites Myanmar, the possibility of present and future governments – military, civilian or nominally civilian – taking steps that show them standing up to China cannot be ruled out. This could see the government suspending more projects, cracking down on illegal Chinese businesses or even instigating mass violence against ethnic Chinese, as it is believed to have in 1967-1968.

Myanmar opted for an alliance with China in 1988 with great reluctance. Exceptional circumstances forced it to put its suspicions aside to enter into a partnership with China. As these circumstances ease, it can be expected to put some distance between itself and Beijing. It has begun taking the steps to ensure that this process will not be too difficult by building relations with an array of countries.

Given the enormous capital and energy that China has invested in Myanmar to build that relationship, it is not going to be a passive observer should Myanmar pursue more robust partnerships with other countries at Beijing's cost. There are ways that China can hurt Myanmar. Most of these, however, will end up hurting Chinese interests too. For instance, China could ramp up pressure on the government by stepping up its support to the ethnic militias. However, the ensuing unrest and instability near its borders will not leave it un-scalded. Beijing is likely to find itself having to accommodate Myanmar's multiple partners.

Predictions of Myanmar caving in to Chinese pressure because of its dependence on the latter are based on a perception of the country as it existed in 1988, an isolated and desperate country that was compelled by circumstances into a marriage of convenience with China. Myanmar today is neither friendless nor short of suitors.



## **References**

- Aung Lynn Htut. 2011. 'The Myitsone Dam Project and Burma-China Relations', Irrawaddy, 30 September [http://www.irrawaddy.org/article.php?art\\_id=22170](http://www.irrawaddy.org/article.php?art_id=22170) Accessed on 27 October 2011.
- Azad, M Abul Kalam and Ahmede Hussain. 2009. 'Myanmar brings in everything', Daily Star, 12 October <http://www.thedailystar.net/newDesign/news-details.php?nid=109365> Accessed on 29 September 2011.
- Ba Kaung. 2011. 'Burma Dam Decision "Bewildering": CPI President', Irrawaddy, 4 October 4 [http://www.irrawaddy.org/article.php?art\\_id=22191](http://www.irrawaddy.org/article.php?art_id=22191) Accessed on 27 October 2011.
- Bedi, Rahul. 2004. 'A new doctrine for the Navy', Frontline, vol. 21, no. 14, 3-16 July <http://www.frontline.in/fl2114/stories/20040716002104600.htm> Accessed on 27 October 2011.
- Bhatia, Rajiv. 2011. 'Myanmar: The Way Forward,' Hindu, 4 July <http://www.thehindu.com/opinion/lead/article2159068.ece> Accessed on 26 Oct 2011.
- Chongkittavorn, Kavi. 2010. 'Asean's New Dilemma: Burma's Nuclear Ambition', Irrawaddy, May 30 [http://www.irrawaddy.org/opinion\\_story.php?art\\_id=18583&page=1](http://www.irrawaddy.org/opinion_story.php?art_id=18583&page=1)
- Egreteau, Renaud. 2008. 'India and China Vying for Influence in Burma – A New Assessment', India Review, vol. 7, no. 1, 38-72
- Garver, John G. 2001. Protracted Contest: Sino-Indian Rivalry in the Twentieth Century. New Delhi: Oxford.
- . 2006. 'Development of China's Overland Transportation Links with Central, South-west and South Asia', China Quarterly, no. 185, pp. 1-22.
- Geng, Lixin. 2007. 'Sino-Myanmar Relations: Analysis and Prospects', Culture Mandala: The Bulletin of the Centre for East-West Cultural and Economic Studies, vol. 7, no. 2, <http://epublications.bond.edu.au/cm/vol7/iss2/1> Accessed on 30 Oct 2011.
- Holmes, James R and Toshi Yoshihara. 2008. 'China's Naval Ambitions in the Indian Ocean', Journal of Strategic Studies, vol. 31, no. 3, pp. 367-94.
- Holmes, Robert A. 1972. 'China Burma Relations since the Rift', Asian Survey, vol. 12, no. 8, 686-700.
- International Crisis Group (ICG). 2001. Myanmar: The Military Regime's View of the World. Asia Report no 28.
- . 2009. China's Myanmar Dilemma. Asia Report no. 177.
- Islam, Serajul M. 2009. 'Alarm bells on the eastern border', Daily Star, 17 October <http://www.thedailystar.net/newDesign/news-details.php?nid=110003> Accessed on 29 September 2011.

Ko Pauk. 2011. 'China now largest foreign investor in Burma', Mizzima, 22 February <http://www.mizzima.com/business/4914-china-now-largest-foreign-investor-in-burma.html> Accessed on 18 September 2011.

Kudo, Toshihara. 2006. 'Myanmar's Economic Relations with China: Can China Support the Myanmar Economy? IDE Discussion Paper No. 66.

Li Chenyang and Lye Liang Fook. 2009. 'China's Policies towards Myanmar A Successful Model for Dealing with the Myanmar Issue?', *China: An International Journal*, vol. 7, no. 2, September, pp. 255-87.

Lintner, Bertil. 1998. 'Burma and its Neighbours', in Surjit Mansingh, ed. *Indian and Chinese Foreign Policies in Comparative Perspective*, New Delhi: Radiant Publishers.

----- . 2011. 'China behind Myanmar's course shift', *Asia Times Online*. 19 October [http://www.atimes.com/atimes/Southeast\\_Asia/MJ19Ae03.html](http://www.atimes.com/atimes/Southeast_Asia/MJ19Ae03.html)

Lundholm, Gideon. 2007. 'China trumps India in Myanmar gas stakes', *Asia Times Online*, 11 September [http://www.atimes.com/atimes/Southeast\\_Asia/II11Ae02.html](http://www.atimes.com/atimes/Southeast_Asia/II11Ae02.html)

Malik, Mohan. 1997. 'Myanmar's Role in Regional Security: Pawn or Pivot?', *Contemporary Southeast Asia*, vol. 19, no. 1, June, pp. 52-73.

----- . 2001. 'Pakistani connection', *Pioneer*, 19 December <http://www.rebound88.net/sp/ngb/sindia-pak.html> Accessed on 29 October 2011

Malik, Neha and Pallavi Kalita. 2010. 'Boost Trade Ties with Myanmar', *Business Line*, 23 March <http://www.thehindubusinessline.com/todays-paper/tp-opinion/article987082.ece> Accessed on 23 October 2011.

Maung Aung Myoe. 2006. *Regionalism in Myanmar's Foreign Policy: Past, Present, and Future*, Asia Research Institute Working Paper Series No. 73. <http://ssrn.com/abstract=1317171> Accessed on 29 October 2011.

Mc Carthy. Stephen. 2008. 'Burma and Asean: Estranged Bedfellows', *Asian Survey*, vol. 48, no. 6, November/December, pp. 911-35.

Mc Donald, Hamish. 2011. 'Surprises in Burma's Guided Democracy', *Sydney Morning Herald*, 15 October <http://www.smh.com.au/opinion/society-and-culture/surprises-in-burmas-guided-democracy-20111014-1lp1s.html> Accessed on 23 October 2011.

Mohan, Raja. 2004. 'Debating China's Peaceful Rise: The Rhyme of the Ancient Mariner', *Economic and Political Weekly*, vol. 39, no. 33, 14-20 August, pp. 3699-702.

Narayanan, Raviprasad. 2010. 'China and Myanmar: Alternating between 'Brothers' and 'Cousins'', *China Report*, vol. 46, no. 3, pp. 253-65.

Ramachandran, Sudha. 2006. 'Engaging Myanmar's Generals: Advantage India?', *Indian Foreign Affairs Journal*, vol. 1, no. 2, April-June, 58-73.

----- . 2011a. 'India hedges its bets in Myanmar', Asia Times Online. 28 June [http://www.atimes.com/atimes/South\\_Asia/MF28Df03.html](http://www.atimes.com/atimes/South_Asia/MF28Df03.html) Accessed on 23 October 2011.

----- . 2011b. 'Indian navy pumps up eastern muscle', Asia Times Online, 20 August [http://www.atimes.com/atimes/South\\_Asia/MH20Df02.html](http://www.atimes.com/atimes/South_Asia/MH20Df02.html) Accessed on 23 October 2011.

Roughneen, Simon. 2009. 'Burma threatens Thailand's stability: Bangkok Governor', Irrawaddy, 9 December [http://irrawaddy.org/article.php?art\\_id=17375&Submit=Submit](http://irrawaddy.org/article.php?art_id=17375&Submit=Submit) Accessed on 11 October 2011.

----- . 2011. 'Toys for the Boys or a Real Arms Race?', Irrawaddy, 7 March [http://www.irrawaddy.org/highlight.php?art\\_id=20885](http://www.irrawaddy.org/highlight.php?art_id=20885) Accessed on 11 October 2011

Seekins, Donald M. 1997. 'Burma-China Relations: Playing with Fire', Asian Survey, vol. 37, no. 6, June, pp. 525-39.

Selth, Andrew. 2001. Burma: A Strategic Perspective, Working Paper Number 13, San Francisco: Asia Foundation.

----- . 2007. Chinese Military Bases in Burma: The Explosion of a Myth, Griffith Asia Institute Regional Outlook, Volume 10, (Griffith University, Brisbane, 2007).

----- . 2008. Burma and the Threat of Invasion: Regime Fantasy or Strategic Reality?, Griffith Asia Institute Regional Outlook, vol. 17.

Shee, Poon Kim. 2002. 'The Political Economy of China-Myanmar Relations: Strategic and Economic Dimensions', Ritsumeikan Annual Review of International Studies, vol. 1, pp. 33-53

Storey, Ian. 2006. 'China's "Malacca Dilemma"', China Brief, vol. 6, no. 6, April 12 [http://www.jamestown.org/programs/chinabrief/single/?tx\\_ttnews%5Btt\\_news%5D=31575&tx\\_ttnews%5BbackPid%5D=196&no\\_cache=1](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=31575&tx_ttnews%5BbackPid%5D=196&no_cache=1) Accessed on 7 October 2011.

----- . 2009. 'Emerging Fault Lines in Sino-Burmese Relations: The Kokang Incident', China Brief, vol. 9, no. 18, 10 September [http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=35468](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=35468) Accessed on 7 October 2011.

Tin Maung Maung Than. 2003. 'Myanmar and China: A Special Relationship?', Southeast Asian Affairs, vol. 2003, pp. 189-210.

Xinhua. 2010. 'China, Myanmar forge partnership, ink deals on Myanmar president's maiden visit', 27 May [http://news.xinhuanet.com/english2010/china/2011-05/27/c\\_13897797.htm](http://news.xinhuanet.com/english2010/china/2011-05/27/c_13897797.htm) Accessed on 25 Oct 2011.

Yeni, 2011. 'Stemming the Chinese Tide', Irrawaddy, 13 July [http://irrawaddy.org/article.php?art\\_id=216866](http://irrawaddy.org/article.php?art_id=216866) Accessed on 15 October 2011.

Yhome, K. 2011. 'Emerging Trends in China's Myanmar Policy', in M. Rasgotra, ed. China-South Asia, ORF China Studies Series IV, New Delhi: Academic Foundation.