

## CHINA IN TRANSITIONARY MYANMAR

// Challenging paths to democratization and peace

The recent military coup in Myanmar reversed a decade-long experiment towards incremental political liberalization. At the same time, it also brought China's engagement there back into the spotlight, and initial Chinese reactions led to suspicions that Beijing had welcomed or even aided the return to military rule. However, the reality of China's role in Myanmar's democratic transition and simultaneous peace process is far more complicated, and instructive for its overall engagement in conflict societies.



*Demonstrators display placards accusing China of supporting Myanmar's military during a protest against the recent coup outside the Chinese Embassy in Yangon, Myanmar, Thursday, Feb. 11, 2021. (Foto: © picture alliance / ASSOCIATED PRESS / STR)*

### Pascal Abb and Monalisa Adhikari

On February 1, 2021, Myanmar's military conducted a coup against the civilian government under the leadership of Aung San Suu Kyi, which had won a landslide re-election victory in November 2020. Citing unproven claims of electoral fraud, the military arrested Aung San Suu Kyi and other leaders of the National League for Democracy (NLD). The coup triggered widespread protests across the country, which have in turn been met by increasingly violent crackdowns by security forces that claimed the lives of dozens of protesters.<sup>1</sup>

While resistance is still ongoing, and external diplomatic pressure has intensified, prospects for Myanmar's fragile democratization process look grim.

Amidst the turmoil, eyes soon turned to the position of China, with both protesters in Myanmar and international media raising suspicions that it stood to profit from the coup or may even be tacitly backing the new regime. This was mainly based on reports that China (and Russia) had initially blocked a joint UN Security Council statement on the coup, Beijing's history as the economic lifeline of the previous junta regime, and general concerns over its support for authoritarian governments. Within Myanmar, protesters accused the Chinese government of shielding the new regime, and even aiding the takeover with internet-blocking tools and engineering assistance, culminating in a march on China's embassy in Yangon.<sup>2</sup> On February 4, however, Beijing eventually cleared the way for a UN Security Council statement expressing "deep concern", calling for a release of the detained NLD leaders and continued democratic transition.<sup>3</sup> On February 16, clearly rattled by the growing anti-Chinese sentiment in the country, Chinese ambassador to Myanmar Chen Hai went even further, describing the coup as "absolutely not what China wants to see", reaffirming the UNSC call for Aung San Suu Kyi's release and urging national dialogue and reconciliation.<sup>4</sup>

This reaction may seem surprising, especially considering China's usual insistence on "noninterference" in the domestic affairs of other countries and lack of a normative commitment to democratization. However, it is understandable in light of a brief review of China's involvement in traditional Myanmar, which reveals a far more complex array of interests and illustrates

Year	Event
2011	President Thein Sein takes office in March, having won the 2010 election, the first in 20 years. He invites EAOs to peace talks along with making concessions on democracy, freeing political detainees, and relaxation of media censorship.
2015	In October, Thein Sein's government signs the Nationwide Ceasefire Agreement with eight EAOs. In the November election, the National League for Democracy wins 80% of contested seats.
2016	Aung San Suu Kyi takes charge as "State Counsellor" and de facto head of state.
2017	In August, Myanmar's army begins an ethnic cleansing campaign against Rohingya Muslims, sending thousands fleeing into Bangladesh. Aung San Suu Kyi's defense of the military's actions brings widespread condemnation by Western states.
2018	Myanmar and China sign a memorandum of understanding (MoU) to jointly pursue the China-Myanmar Economic Corridor (CMEC) within the framework of BRI.
2020	The National League for Democracy wins a landslide victory in the November elections.
2021	Citing unsubstantiated claims of electoral fraud, Myanmar's military seizes power on February 1st, detaining Aung San Suu Kyi and President Win Myint. The coup ignites widespread protests across the country.

how its engagement in fragile states is forcing China to adapt its foreign policy priorities and methods.

#### **Myanmar's „twin transitions“**

Chinese involvement in Myanmar has been a constant in the country's post-colonial history, but its more recent influence is best understood by first recounting Myanmar's "twin transitions". The first of these is Myanmar's democratization process, moving from junta rule to a quasi-civilian government in 2011, and eventually free elections in 2015, which resulted in an NLD victory. This process was not just gradual, but also partial, as the military retained an automatic allocation of 25% of parliamentary seats and control of security-relevant ministries.

A parallel process sought to end Myanmar's long history of internal violence. Insurgencies by various ethnic armed organisations (EAOs) representing minority groups like the Shan, Kachin and Karen have continued unabated since the early days of independence, on grounds of discrimination and exclusion at the hands of the Bamar majority.<sup>5</sup> Over the years, these EAOs have enjoyed de-facto statehood in Myanmar's borderlands, where they exercise governance and have acquired greater legitimacy than the central government.<sup>6</sup> In 2011, the new quasi-civilian government under Thein Sein launched an elaborate peace process and outreach to the EAOs with a ceasefire agreement and longer-term, institutionalized dialogue on the underlying grievances.<sup>7</sup>

In this complex and shifting environment, Chinese policy towards Myanmar has sought to accomplish three, often contradictory aims: first, ensuring that Myanmar remains more closely aligned with China than the West, which dictates support for the central government of the day; second, encouraging its openness to Chinese investments, especially in recent years under the Belt and Road Initiative (BRI); and third, pursuing security in the conflict-prone borderlands, which often involved direct arrangements with EAOs opposed to the central government.<sup>8</sup> This forced China to adapt to the changes in Myanmar, while its own agency in turn influenced both transition processes.

#### **China's role in Myanmar's democratic and economic opening**

From 2011, Myanmar's democratic transition deeply changed the country's political economy.

For one, the attendant loosening of Western sanctions diluted the previous Chinese quasi-monopoly on foreign investments and spurred competition especially from the US and Japan.<sup>9</sup> New civic freedoms were used by local groups to articulate concerns about Chinese investments, including land grabbing, massive displacement of local people, violation of labour rights, and environmental degradation.<sup>10</sup> Civil society pressure, as well as the military's quest to reduce Myanmar's overdependence on China, led the Thein Sein government to cancel high-profile Chinese investments like the multi-billion dollar Myitsone hydroelectric dam in Kachin state.<sup>11</sup> From this angle, democratization posed a significant threat to the business model of Chinese state-owned enterprises that specialize in such projects, and Myitsone in particular caused a major diplomatic rift.

On the other hand, Myanmar's newly emerging democratic opposition also created unexpected opportunities for China. In 2012, another contentious investment project, the Letpadaung copper mine, was met by similar local opposition and eventual occupation

by protesters. Following a violent police crackdown, the government assembled an investigation commission, chaired by Aung San Suu Kyi (then still opposition leader). In her findings, she recommended that locals should be paid compensation, while the mine should however resume operations – specifically in order to maintain good relations with China.<sup>12</sup> This, and her personal intervention with local protesters, exposed her to fierce criticism from her base,<sup>13</sup> but was instrumental in keeping the project going and did much to endear Aung San Suu Kyi with Chinese observers, who praised her “wisdom” and “fairness” in the matter.<sup>14</sup> The key value which Aung San Suu Kyi held in Chinese eyes was that her domestic popularity and legitimacy far eclipsed that of the military or its political wing, which also made her a much more effective advocate for China-Myanmar cooperation.<sup>15</sup> After taking over as de facto national leader in 2015, these hopes received further boosts when she signed Myanmar up for the BRI in 2018. Meanwhile, her defense of the military expulsion of the Rohingya caused a massive rift with her traditional supporters in the West, while China still awarded her with regular meetings with Xi Jinping and the honors usually afforded a fellow head of state.<sup>16</sup> In summary, China-Myanmar relations across both the political and economic realms actually improved under the NLD government, and alignment seemed well on track.

### China amid Myanmar's transition to peace

China's agency in Myanmar's peace process is marked by similar complexities and contradictions. On the one hand, it has long maintained influence over EAOs active in the borderlands, who rely on the cross-border trade of raw materials, import taxation and mining operations to sustain themselves.<sup>17</sup> Outside the confines of formal political and economic relations both at the state and provincial level, private (and often illicit actors) in China act in concert with corrupt officials and EAOs to traffic drugs, arms, logging, wildlife, charcoal, and jade, fueling the local conflict economy.<sup>18</sup> Accordingly, “Chinese” agency in this area is made up of a plurality of actors, including the Yunnan provincial government, financial institutions, and private businessmen, many of whom flout the policies of the central government.

This has undermined the military's statebuilding effort in the borderlands, and has been a core irritant in its relations with China.<sup>19</sup> During transition, China also reportedly used its influence to dissuade EAOs from signing the National Ceasefire Agreement (NCA), which anchors the peace process, to deny the Thein Sein government a crucial political accomplishment and thus penalize it for its cancelling of Myitsone.<sup>20</sup> However, it remains a crucial player in the process, act-

ed as formal witness to the signing of the NCA, eventually brought nonsignatory EAOs to the table in a separate format (the Panglong conference), and facilitated bilateral talks with the government.<sup>21</sup> This tactic also serves to maintain Beijing's own role within the process.

In terms of material interests, China is at best ambivalent to the agenda of the peace process. This especially concerns the key point of building a federal governance structure, which would give ethnic communities more control over their land and resources. Chinese investments especially under the BRI undercut this agenda as they are agreed bilaterally with the central government, despite being predominantly located in ethnic regions.<sup>22</sup> These challenge the authority of EAOs, while patterns of land acquisition, modalities of trade, contractual obligations on labour rights, the absence of transparency and failure to engage local ethnic communities remain additional sticking points.

How the coup will affect the peace process, and these linkages, remains to be seen. One possibility is that the military seeks to build legitimacy by taking charge of it, actually making concessions on federalism, and taking on board local sentiment against Chinese



China's Myitsone hydroelectric dam project in northern Myanmar was suspended in 2011 after locals and environmentalists demonstrated against its environmental impact, displacement of residents and location on the Sagaing fault line. (Foto: picture alliance / dpa | Myitkyina News Journal).



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investments. Another is an alliance between anti-military opposition groups, drawn both from Bamar-dominated democratic parties and minorities, for which there are some indications in rising EAO support for the protests. This, too, could implicate China, given that it is seen as shielding the junta from international action. In any case, this dimension also underscores how much the coup complicates China's situation in Myanmar, and its ongoing need to engage with very different constituencies locked in conflict with each other.

## Conclusions

The above review is a drastically shortened account of China's involvement in Myanmar, but evidences its complexities. Beijing invested significant political capital in Myanmar's new civilian leaders, an exercise that would not have been undertaken if there had been a preference for military rule. While building ties with the NLD, however, China also maintained parallel official relations with the military,<sup>23</sup> and held on to its influence over EAOs. This designates a clear pattern in BRI-era Chinese diplomacy: trying to engage with all political forces that are seen as open towards cooperation with China, regardless of their ideological colour or conflicts with each other. The overwhelming interest is to preserve a friendly environment for the long-term bets China is placing under the BRI, the underlying strategy is opportunism, and the toolkit for exercising influence is getting increasingly diverse.

From this perspective, the coup was a disruptive event, which is also shown by official Chinese reactions to

the crisis. Measured by the standards of China's usual "noninterference" rhetoric, statements by Chinese diplomats at the UN and the local level qualified as a clear rebuke, and are in fact another sign that this principle is being hollowed out. There is also little evidence of China acting as an "autocracy promoter" that is purposefully undermining transitional democracies,<sup>24</sup> only of indifference towards political developments that do not touch upon its narrow economic or strategic interests. While not being actively hostile to democratization, there should also be no illusions that Beijing sees any intrinsic value in it, or – as its deeply ambivalent role in the peace process suggests – agendas of national reconciliation that do not further its own interests.

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