

**MYANMAR-CHINA RELATIONS:
IMPLICATIONS FOR INDIA (1988-98)**

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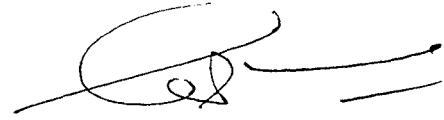
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Dedicated to
Ammi and Abbu
for their
love and patience.

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PREFACE

It is indeed strange that a country as big and populous and as geo-strategically important as Myanmar was accorded so little importance in global strategic concerns. Much of it could be accorded to its history. Renowned in pre-colonial era as the 'hermit kingdom' of Southeast Asia, it has remained, until recently, a recluse in a region of dynamic change. Over two and a half decades of General Ne Win's 'Burmese Way to Socialism' (1962-88) had brought one of the most 'naturally endowed' countries in the world to the rank of ten Least Developed Countries (LDC's). Previously at the fore front of regional and international politics – Myanmar had been one of the founder members of the Non-Aligned Movement – it became under Ne Win a totally isolated country, almost a blind spot in international concerns.

However, over the last decade (1988-98)- which is the period under focus of this study – Myanmar has shot back in focus. It was on 18 September 1988, that the State Law and Order Restoration Council (SLORC) came to power by staging a military coup and violently crushing the nearly six-month old pro-democracy movement. Facing international censure and struggling for survival, the SLORC was lent a helping hand by China, whose interests at that time conveniently coincided with those of SLORC's. Thus ensued a period of 'special relationship' between the two countries, which is the focus of this study.

This study attempts to examine the nature of Myanmar - China relations in the decade 1988-98. It seeks to investigate the growing convergence between the two countries in economic, military-strategic and political spheres. An attempt is being made to bring out the various factors that are fashioning the dynamics of relationship between the two countries.

The growing convergence between Myanmar and China is a matter of grave concern in the region especially for India as it significantly alters or could alter the delicate balance of power. The end of traditional buffer status of Myanmar would affect India's position in the region as China tries to get a foothold in the Indian Ocean via Myanmar and tries to undermine India's influence. Thus this study tries to bring about India's security-strategic concerns, born out of this 'special relationship' between Myanmar and China. It also seeks to examine the impact of the changing dynamics of Myanmar – China relations on the security and stability of Indian regions bordering Myanmar, particularly in the context of drugs, insurgency and refugee problems.

This study is divided into four chapters and a conclusion. After the introductory chapter, the second chapter examines the historical background of Myanmar-China relations. This chapter has been divided into four broad historical phases, from 1948-1988. The third chapter deals with Myanmar-China relations during the period 1988-98. It examines the relation in economic, military and political-diplomatic spheres. The fourth chapter studies the implication of the Myanmar-China relations for India. It also examines the Chinese motives and Myanmar concerns.

The study is mainly based on secondary sources and reports in newspapers and periodicals. Scholarship in this area has suffered because of authoritarian regimes in Myanmar who have clamped down on free flow of information.

There are simply far too many people whose contributions have gone into making me what I am today, to acknowledge them all here would be almost impossible. However there are some whose mention is an absolute must.

I owe a great debt to my Supervisor **Prof. Parimal Kumar Das**, for his guidance was not limited to this work alone. I also express my deep sense of gratitude to **Dr. Ganganath Jha** because without his supervision this work would not have been possible.

My sincere thanks are due to Kanchan, for patiently going through the final draft, mercifully not suggesting any major change and being a constant source of encouragement. Sangeetha, Ravi and Manmath have been a great help by painstakingly proof-reading the chapters.

Finally my family and friends especially Amit, Rajan, Nissim, Janardhan, Meena, Anupam, Manash, Sekar, Kanhaiya, Raman, Nalin, Anando, Gopal and Praveen have been generous with their affections. The staff of Sanjay Photostat has been extremely courteous and helpfull.

Andaleeb Razi
Syed. Md. Andaleeb Razi

CHAPTER – I
INTRODUCTION

Myanmar has come to acquire critical importance in the Asian strategic concerns in the 1990's. A series of developments, both internal and external, have raised concerns about the long term stability, security and independence of mainland Southeast Asia's largest country.¹ Much of Myanmar's strategic importance is born out of its geographical location, a country with an area of approximately 678,500 square kilometers and a population of over 48.8 million, lying at the juncture of three regions within Asia-East Asia, Southeast Asia and South Asia, Myanmar also has the unenviable position of being straddled by two Asian giants viz. India and China. It has a substantial coastline in the South along the Bay of Bengal and Andaman Sea, which provides access to the Indian Ocean. It is also located in a region which has witnessed tremendous economic development in the last two decades.

These critical geo-strategic facts make Myanmar vitally important in the scheme-of-things in the region. However, for around 40 years after its independence, Myanmar had tried to offset its geo-strategic significance, by following a policy of strict neutrality bordering on isolationism. A crucial policy stance which was geared towards saving Myanmar from making difficult decisions in its foreign policy choices and maintaining the regional balance of power by acting as a buffer between India and China.

However, this is not the case any more. Since the State Law and Order Restoration Council (SLORC) took power in 1988, it has demolished the foremost pillar of Myanmar's foreign policy: neutrality. The SLORC regime has abandoned the traditional policy of political equidistance from China and India, and is seen as

¹ J. Mohan Malik "Burma's Role in Regional Security - Pawn or Pivot?" in Robert I. Rotberg ed., *Burma: Prospects for a Democratic Future*, Brookings Institution Press, Washington D.C., 1998, p.109.

becoming a puppet of China as well as a base for future Chinese military operations, thus upsetting the regional balance. Thus, making Myanmar a 'cockpit of rivalry' in the region.

Myanmar China: Growing Convergence

Though none of Myanmar's neighbouring countries pose a direct security threat, the country suffers from centrifugal tendencies generated mostly by its own ethnic groups, which have obtained limited support mainly from China and Thailand in the past. Since independence in 1948, successive governments in Myanmar have battled around the country's periphery with half a dozen insurgencies and separatist movements based on ethnic identity.² Thus a major preoccupation of the *tatmadaw* (Myanmarese armed forces) has been the protection of the territorial integrity of the country from threats emanating within the country rather than external threats.

Until recently, Myanmar was able to accord low priority to its external concerns because of the policy of neutrality being adopted by the Ne Win government which made it a buffer between India and China. This is not the case any more. Since September 1988, when the military Junta ruthlessly crushed the pro-democracy movement and killed thousands (a sort of precursor to the Tiananmen massacre in Beijing in 1989), the country has been ruled by SLORC which enacted a dramatic turnaround in Myanmar's traditional foreign policy stance of neutrality and moved closer to China. In 1990, the SLORC presided over an election in which the opposition - National League for Democracy (NLD), won a landslide majority but was never allowed to take office. Instead the military Junta placed the charismatic and extremely

² Ibid., p.110.

popular opposition leader, Aung San Suu Kyi, under house arrest, and arrested thousands of NLD supporters and leaders. This sparked worldwide condemnation of widespread human rights abuses and pressure to democratic process which made Myanmar a pariah state in international community.

Faced with increasing international isolation and pressure following the suppression in 1990 of the democratic movement, the SLORC's position became even more desperate. There were major concern about maintaining political power, further domestic unrest, containing ethnic insurgency, and a xenophobic fear of a possible United Nations - sponsored military coalition action similar to Operation Desert Storm.

The SLORC desperately needed foreign exchange, capital equipment, and technical expertise to prevent the collapse of its ailing economy, and it needed assistance in defeating ethnic insurgency.³ At the same time China found its interests coinciding with the SLORC's needs and it moved in to lend a helping hand to the tottering SLORC regime. The military junta in Myanmar, extremely grateful for the support coming its way, established closer military, economic and political ties with the Communist regime in Beijing, which was similarly facing international ire over the Tiananmen massacre. Thus began Myanmar's slide into Chinese sphere of influence.

China is reported to have so far supplied more than US \$1.5 billion worth of arms to Myanmar, including fighter aircraft, radar equipment, naval patrol boats, heavy artillery, tanks, anti-aircraft missiles, guns and ammunition.⁴ Yangon has relied heavily on these weapons and equipment to end hostilities with insurgents in the border region. The army strength increased by 50% between 1988 and 1992. Most of the Chinese

³ Andrew Selth, "Burma and the Strategic Competition between China and India", *Journal of Strategic Studies*, XIX (1996), p.213.

⁴ William Ashton, "Chinese Bases in Burma: Fact or Fiction", *Janes Intelligence Review (JIR)*, VII (1995), p.84.

weaponry (including the Chinese made HN-5 anti-aircraft missiles) is now reportedly deployed along the Indo-Myanmarese border.⁵ The military regime has been spending more than 60% of its national budget on the military at a time when ethnic insurgent activity is at its lowest level for many years. Myanmar watchers argue that the SLORC has created a series of imagined external threats to secure military's grip on power, to preserve the cohesion of armed forces, and to provide the unity necessary for continued military rule.⁶ During 1991-92, as many as 200,000 Rohingya Muslims from Myanmar's Arakan state fled over the border into neighbouring Bangladesh when a brutal offensive was launched by *tatmadaw* against its Muslim minority. Thousands of refugees also poured into India and Thailand following the *tatmadaw's* stepped up counter insurgency operation (COINSOP) against the Myanmarese insurgents.

Myanmar's economic decline and international isolation also led to an upsurge in opium production and cross-border smuggling. Indeed, many of SLORC's peace agreements with ex-communist rebels, and other ethnic minorities in the northeastern border regions, allowed the former guerilla's to remain active in the drug trade within the infamous Golden Triangle region across the Myanmarese frontier with China, Thailand and Laos. Worse still, the SLORC's policies seems to have made drug money an integral part of Burmese economy.⁷ The drug trade is facilitated by endemic corruption on both sides of border despite the spectacularly cosmetic control exercises, drug burnings, and public executions. As Bertil Lintner, a veteran Myanmar watcher, has noted: "The unprecedented heroin explosion in Burma's north and China's

⁵ Bertil Lintner, "Burm-Arms for Eies", *Far Eastern Economic Review* (FEER), 16 December 1993, p.26.

⁶ William Ashton, "Burma's Chemical Weapon Status", *JIR*, VII (1993), p.284.

⁷ Bertil Lintner, *Burma in Revolt: Opium and Insurgency Since 1948*, Boulder, 1994, pp.314-329.

increasing political and economic influence over the entire country.... threaten the stability and social fabric of the entire region".⁸ Drug money is reportedly used to finance military hardware purchase from China and elsewhere.

Though some of the Chinese arms supplied to Myanmar are almost obsolete, yet they represent a significant boost up in Myanmar's military capability and to have an impact on regional balance of power. In addition high ranking official of the *tatmadaw* and Chinese Peoples Liberation Army (PLA) have strengthened ties on personal and official level. *Tatmadaw* officials are also receiving advanced training in military academies in China. Chinese premier Li Peng's visit to Myanmar in 1994 was the capstone of his policy to establish closer ties with the southern neighbour. He emphasized that the new ideological affinity (authoritarianism and free market economy) provided further impetus to the partnership between the two neighbours with long historical ties. The political implications of a Chinese nexus with Myanmar are not lost on Myanmar's neighbors, especially India, which is especially wary of a military nexus and its impact on regional security environment.

INDIAN CONCERNS

From New Delhi's perspective, it was not the Myanmar military buildup in itself which is the cause of concern, but the supplier. The growing military relationship between Beijing and Yangon not only marked the end of Myanmar's traditional non-aligned orientation, it also aroused India's apprehensions.⁹ It forced New Delhi, for the first time, to pay attention to events across its eastern frontier with Myanmar. As one observer puts it: "Just as China's support for Pakistan puts pressure on India to the

⁸ Ibid., p.84.

⁹ *FEER*, 28 November 1991, p. 11.

west, so closer Chinese ties with Myanmar adds to India's strategic concerns in the east."¹⁰ There is increasing concern in the Asian capitals that the regional security situation could deteriorate if the Myanmar military regime comes to replace Khmer Rouge as the new linchpin of Chinese strategy for the expansion of its influence in South and Southeast Asia.

The defacto military alliance between Myanmar and China in early 1990 coincided with a serious deterioration of relations between Myanmar and India. While China strengthened its political and security ties with the Myanmar military regime, the Indian government publicly aligned itself with the democratic movement led by Aung San Suu Kyi and condemned the military regime in Myanmar for its human rights violations. India provided refuge to key Myanmar opposition figures, while Yangon accused New Delhi of interfering in its internal affairs, and the two countries became increasingly suspicious of each other.

Furthermore, reports of Beijing's involvement in the development of a Myanmar naval base at Haingyi Island and a radar station at Coco Island, have introduced a whole new dimension to India's threat perception. The new facilities are close to the Indian territory of Andaman and Nicobar Islands in the Bay of Bengal, and raise the specter of possible military use by Beijing.¹¹ Different sources have mentioned a number of possibilities including the establishment of signal intelligence (SIGINT) facilities by China to monitor Indian missile launches conducted between Orissa and Andamans, maritime reconnaissance or communications and naval facilities for Chinese naval vessels, listening posts and a deep water port for Chinese nuclear submarines.¹² Hundreds of Chinese naval personnel are reportedly working as instructors and helping

¹⁰ Selth, op. cit, p. 226.

¹¹ *Jane's Defence Weekly (JDW)*, 27 November, 1993, p. 25.

¹² Tai Ming Cheng, "Smoke Signals", *FEER*, 12 November 1992, pp. 29-30.

to build five new ports and upgrade others along Myanmar's coast, from Victoria point in south to Sittwe in northern Arakan.¹³ Much to India's chagrin, its subcontinental rival, Pakistan, has stepped in to provide military and diplomatic support to the SLORC, and joined China in protecting Myanmar from criticism in international fora. Pakistani military instructors are also reportedly helping the Myanmar army to familiarise itself with the Chinese hardware operated by Pakistan.

China's inroads into Myanmar, when juxtaposed with Pakistan and Bangladesh and Pakistan's Myanmar connection are from New Delhi's perspective, serious encroachments into India's sphere of influence. Therefore, according to Indian strategists, China is now seen as constituting a threat in the north as well as the east and with Pakistan flanking India in the west. As one analyst puts it: "In dealing with China we have to consider what it is doing in the east rather than see it only as a northern threat."¹⁴ China's forays into Myanmar have been variously described as "a further demonstration of China's long encircling arms",¹⁵ formation of yet another "Chinese satellite",¹⁶ "removal of a useful strategic buffer on India's eastern border," "Tibetanization of Myanmar" and demonstration of Beijing's "westward thrust into Indian ocean well beyond its sphere of influence" which constitutes a direct challenge to New Delhi's strategic interests.¹⁷

A serious geopolitical rivalry for influence and domination in post-cold war Asia is intensifying between China and India and in this emerging scenario Myanmar could play the role of a pawn (for China) or pivot between the two countries. This

¹³ Bertil Lintner, "Chinese Arms Bolster Burmese Forces", *JDW*, 27 November 1993, p. 11.

¹⁴ Nirmal Mitra, "Coming Closer," *Sunday* (Calcutta), 23-29 August 1992, p. 59.

¹⁵ Surjit Mansingh, "On Overview of India-China Relations: From when to where", *Indian Defence Review*, April 1993, p. 75.

¹⁶ Hamish McDonald, "Mutual Benefits", *FEER*, 3 February 1994, p. 14.

¹⁷ Daljit Singh, "The Eastern Neighbour: Myanmar" *Indian Defence Review*, October 1992, pp. 29-35.

study attempts to examine the Myanmarese position in its relations with China over the last decade (1988-98). 1988 is significant as it was the year when the special relationship between Myanmar and China began and concretised over the next decade. Slowly the region woke up to the likely fallout of the relationship. Both India and ASEAN (by granting full membership in 1997) are trying to engage Myanmar and draw it out of the vice like grip of China.

CHAPTER – II
HISTORICAL BACKGROUND

Myanmar's foreign policy concerns over the years have been dominated by its proximity to the People's Republic of China (PRC) and an analysis of its policies since its independence in 1948 will show the primacy China assumes when viewed from Yangon. The Chinese intimidating physical presence looms large along an extended and vulnerable, 2171 k.m. long porous border which stretches from India to Laos.

A focus on the first 40 years of the Myanmar-China relations may conveniently be divided into four broad historical phases.¹ Immediately after independence there was not much relation to speak of between Myanmar and Nationalist China even though U Nu tried to establish grounds for future intercourse between the two countries. The second phase can be said to have begun with the establishment of PRC in 1949 and its aggressive foreign policy responses which lay thereafter behind all Myanmar's China policies. However with the mellowing of Chinese stance, the Myanmar-China relations entered into an amicable phase with the high-point being reached with the border agreement of 1960. This phase ended with the Cultural Revolution. The Third phase which began with the negative after effects of Cultural Revolution diplomacy, persisted until the late 1970's after which there was a gradual return to diplomatic normalcy. The phase from 1988 onwards, saw the relationship going into a different mode altogether with a degree of convergence never seen before and which will be the focus of this study.

The Early Phase

Myanmar's relations, with the nationalist government in China can be said to be minimal at best. Even though Chiang Kai-Shek sent a representative to the

¹ Ralph Pettman – China in Burma's Foreign Policy (Canberra 1967), p.2-3

Myanmarese independence day celebrations, the relations couldn't develop any further because of the ensuing confusion after the independence and the respective regimes being preoccupied with internal problems.

However, the seeds for future trouble were sowed. The border issue which was to figure so prominently in relations between Myanmar and PRC was revived with the Nationalist governments refusal in 1948 to accept from the new state its annual rent of 1000 reposs for the Namawan Assigned Tract. This effectively abrogated the permanent lease that had operated since the Sino-British Boundary Agreement of 1897. But the initiative was never taken up, for the Chiang regime collapsed soon after.²

Beginning of Real Relations

The real relations can be said to have begun with coming of communists to power in 1949. Myanmar became the first non-communist country to recognise the PRC, and number of internal factors were responsible for this. First factor was the pressure from the politically significant left within Myanmar and U Nu relied on their support. Another factor was the pressure exercised by 40 odd Chinese associations in Myanmar led by Chinese trade associations who were in favour of extending recognition to PRC.³ Also it can be said that Myanmarese leadership was wary of international communist support to the Communist Party of Burma (CPB) therefore it wanted to forge closer relations with PRC. With the Chinese occupation of Tibet in 1950 Myanmar was also wary of a possible Chinese invasion.

² Ibid., p.2

³ Johnstone, W.C. – *Burma's Foreign Policy: A study in Neutralism* (Cambridge, Mass. Harvard University Press, 1963), p.53.

Myanmar's relations with China in the first half a decade can also be seen in the context of Chinese policy towards Myanmar and other Asian nations. From 1948-53, the Chinese along with the Soviets held the line that the new governments in South East Asia were not truly independent and were still under capitalist-imperialist western domination.

Chinese goal ostensibly was the liberation of all Asian's from Western domination and therefore in pursuance of that line, it vocally supported the Myanmar communist's aim to seize power by force.⁴ The Cominform endorsed the Soviet '2 Camp' thesis and denounced the idea of neutralism.⁵ Radio Peking sponsored daily broadcasts by Bo Aung Gyi in support of Thakin Than Tun⁶, the Chairman of CPB. This Chinese interest in Myanmar communist could be used if Myanmar foreign policy at any point of time turned hostile towards China.⁷

This instilled a fear in Myanmar leadership who took steps to appease the Chinese, for example, Myanmar made strong pleas in the UN for PRC's admission. However, these overtures were not reciprocated with same intensity by China. Though there is no official expression of the Chinese occupation of Tibet in 1950, it must have caused deep concern among the Myanmar leadership. Indian stance on the issue did nothing to alleviate Myanmar's fears. India by accepting Tibet as a part of China must have made Myanmar more aware of the fact that it must cultivate closer ties with PRC as Indian help couldn't be counted upon. Therefore in pursuance of this policy Myanmar opposed the UN

⁴ Ibid., p.58.

⁵ Pettman, op.cit, p.5.

⁶ Cady, John F., - *A History of Modern Burma*, (Cornell Univ. Press Ithaca, 1969), p.624.

⁷ Gurtoy, M., *China and Southeast Asia : the Politics of Survival. A study of Foreign Policy of Interaction* (Lexington, D.C., Heath, 1971), p.92.

resolution of February 1951 which called China an aggressor in Korea and abstained from the May 1951 resolution calling for strategic embargo against China and North Korea.⁸

The first issue that tested the tenuous relationship between Myanmar and PRC in the early years was the KMT problem. In 1950 some 1700 KMT troops under General Li Mi, General Lin Kuo Chuan and Major General Ma Chaw Yi crossed over to Keng Tung in easternmost Shan state of Myanmar. By 1953, their numbers had increased to an estimated 12000 by local recruitment.⁹ These KMT desperados were causing immense problems. They were reportedly helping Karen insurgents, harassing Myanmar citizens and smuggling opium. The aspect most dreaded by Myanmar leaders was that the presence of KMT could be used as an excuse by China to invade Myanmar. Therefore the resources needed to pacify other more important parts of the country were diverted to the remote areas of KMT operations.

Taking in account the serious implications of the problem, the matter was referred to the UN. A draft resolution of 26th March 1953 noted that the troops of “the KMT government Formosa” had infringed Myanmar’s territorial integrity and violated its frontiers and it called upon the General Assembly to recommend that the Security Council condemn the Republic of China and take all necessary steps “to ensure immediate cessation of the acts of aggression”.¹⁰

In response to this, a joint military committee consisting of Myanmar, Thailand, US and Nationalistic China was set up to consider ways of

⁸ Fifield, Russell, H., *The Diplomacy of Southeast Asia: 1945-58*, (New York, Cornell University Press, 1958), p.198.

⁹ Pettman, op.cit., p.11.

¹⁰ Colbert, Evelyn – *Southeast Asia in International Politics: 1941-56*, (New York, 1977), p.181.

implementing the UNGA resolution which called for peaceful evacuation of the troops. The evacuation operations were completed by the end of 1953 but Myanmar still protested that some 10,000 KMT troops still remained and only a few arms were surrendered.¹¹ Thus in 1954, Myanmar launched a campaign against KMT troops and evacuated around 6000 of them and the rest refused repatriation of which Nationalistic China disclaimed any responsibility.¹²

Myanmar-China relations were severely tested during the KMT crisis and PRC's show of patience and forbearance was received with gratitude by Myanmar leadership.¹³

1954 can be considered as a watershed year in the evolving Myanmar-China relationship. Till then, past was colouring the present relations but from 1954, U Nu's, till now frequent references, to past Chinese invasion and destruction became extremely rare.¹⁴ In 1954, the first trade deal was signed between the two countries which consisted of a 3 year barter agreement involving export by China of cotton goods, coal, silk, tea and high industrial products in exchange for 150,00 to 200,000 tonnes of rice per year, raw cotton, timber, beans and rubber.

This upswing in the relationship could also be attributed to a shift in the Chinese foreign policy paradigm. Till 1953, China was a vocal supporter of the Myanmar communists, when it appeared that the communists lacked the strength and skill to gain power, China changed its approach to developing friendly relations with nations of South and Southeast Asia. Then began the period

¹¹ Fifield, op.cit., p.207.

¹² Ibid., p.209

¹³ Tinker, Hugh, *The Union of Burma* (London, OUP, 1961), p.348.

¹⁴ Silverstein, Josef, *Military Rule and the Politics of Stagnation* (New York, Cornell University Press, 1977), p.170.

of the “Five Principles of Peaceful Co-existence” which lasted until sometime in 1957-58.¹⁵

India was the other factor which influenced the shift in Chinese policies towards its neighbouring countries. India’s growing influence in Asia was a challenge to China which then recast its policies to counter that influence.

The next and most vexing issue between the two countries was the border issue. It was a historical problem with conflict over three broad areas:

- a) All territory north of latitude 25° 35' along a line above Myitkyma.
- b) Namwan tract in Shan State.¹⁶
- c) A portion of Wa state well inside Myanmar border. Its boundary of 200 odd miles had been surveyed and fixed by the Iselin agreement between England and China but PRC sought to repudiate the agreement.¹⁷

Till 1952, the Chinese government considered the border issue as relatively unimportant. One possible reason could have been the optimism in China regarding the communist success. However, by 1953, a realisation dawned that the communists couldn’t succeed in Myanmar and this led to a shift in Chinese policy stance.¹⁸

Towards the end of 1954 Prime Minister U Nu visited Peking. Chou Enlai referred to several boundary questions which U Nu waived aside as matters which could be easily settled. The result was a vague joint-communiqué which accepted the incomplete delimitation of the boundary and sought to settle it in a friendly spirit through normal diplomatic channels.

¹⁵ Johnstone. *op.cit.*, p.159.

¹⁶ Trager, Frank N., *Burma: From Kingdom to Republic* (West Port, Green Wood, 1966), p.237.

¹⁷ *Ibid.*, p.239.

¹⁸ Johnstone, *op.cit.*, p.189.

Accordingly, several negotiations were held but results proved to be inconclusive. U Nu in February 1957 addressed himself to the settlement of the problem. In March, he went to Kunming on a goodwill visit to discuss the border issue with Chou¹⁹ U Nu was disappointed, as China had raised their demand upwards, Chou insisted that three Kachin villages amounting to 186 sq. miles (instead of 56 sq. miles agreed upon by Myanmar) unconditionally belonged to China. Chou also stated that if Myanmarese were to receive the Namwan tract (86 sq. miles) they had to yield some equivalent territory along the Iselin line in upper Irrawady watershed²⁰. It was clear that Chinese were stalling a final settlement.

After General Ne Win assumed power, he sought to reopen the negotiations on the border issue. The Chinese again used delaying tactics, their game plan till then had been to keep their stance on the boundary issue deliberately ambiguous in order to place some kind of informal restraint on Myanmar's foreign policy. However, China facing simultaneous problems with India and Indonesia decided to be more accommodative towards Myanmar.

Ne Win's visit to Beijing in January 1960 yielded the "Ten Year Treaty of Friendship and Mutual Non-aggression" and the 'Sino-Myanmarese Agreement on Boundary Question'. The basic features of this agreement were:

- a joint committee was to survey, mark and draft a Sino-Myanmarese treaty
- the three villages of Hpinaw, Gawlun and Kan Tang were to go to China but rest were to be decided according to the traditional custom line.
- Namwan tract was to be a part of Myanmar in exchange of equivalent area to China.

¹⁹ Fifield, *op.cit.*, p.202.

²⁰ Trager, *op.cit.*, p.245.

- Rest of the boundary was to be delimited according to the notes exchanged between China and British government in June 1941.
- Chinese renounced mining rights at Lufang ridge in Myanmar.

This agreement incorporated the increased demands that the Chinese had raised. However, the Myanmarese were happy that an agreement could be reached even if not on the beset of terms. Further this treaty went a long way towards addressing the Myanmarese security predicament on two counts:

1. A stable border along with friendship treaty meant that the Myanmarese could be safe from Chinese offensive.
2. It also gave Myanmar an effective leverage to deal with its own recalcitrant minorities whose status had to be established once and for all, as being within the Myanmarese state.

Following the boundary settlement, the relations were on a new high. Towards consolidating this, the PRC announced a credit of 30 million yen for trade promotion and technical assistance with no interest to accrue for the first ten years in January 1961.²¹ In October 1961, a more specific agreement was announced with 13 projects and 300 personnel.

Yangon reciprocated in equal measure, with Ne Win after taking over for second time in 1962 took steps to cut down Soviet aid, widely advertised Chinese assistance and asked western missionaries to leave the country. The British Council and American Information Service Offices were closed down.²²

²¹ Gurtov, op.cit., p.97

²² Mennon, M.S.N. – *Dragon Changes its Skin* (New Delhi, Perspective Publisher, 1974), p.131.

A new test of Myanmar-China relations occurred with the outbreak of India – China hostilities. During this period, the Chinese top brass paid frequent visits to Yangon where the Sino-Myanmarese treaty of Friendship and Mutual Non-aggression was reiterated, with the clear aim of the Chinese trying to limit the defence option of Myanmar, to hold it within their sphere of influence and preventing any understanding between Myanmar, India and the Soviet.

However, inspite of the consistent Chinese pressure, the Ne Win government was showing signs of independence both on the domestic and foreign policy fronts. First instance of this came in 1961 when the Myanmarese government granted asylum to two political refugees from PRC.²³ This was followed by the release of political prisoners known for their anti-China activities. Further the Prime Minister of Thailand, a country bitterly opposed to Beijing and a member of SEATO was warmly received in Yangon. However, most galling to Chinese was the Myanmarese declaration that it would receive western aid if offered.

On the domestic front, the Ne Win regime nationalized all foreign banks in 1963 and two of the Chinese owned banks, 'Bank of China' and the 'Bank of Communications' were affected. These banks were directly controlled by the Beijing regime and had overseas Chinese as their major clientele. However, China at that time could not oppose the move partly because of the delicate international situation and partly because in principle nationalization was part of the drive towards socialism. It was however, only in 1967 that the nationalization process of Ne Win was derided as a cover up to appropriate Chinese property.²⁴

²³ Hinton, Harold, C., *Communist China in World Politics* (London , Macmillan, 1966), p.418.

²⁴ *Peking Review*, "Ne Win Cliques Nationalization is a Big Fraud", 10(38), 15 September 1967, p.36.

In the mid sixties, Myanmar's relations with China were shaped by the Chinese aim to get more allies in the face of an ever increasing US presence in the East and Southeast Asia, conflict with Soviet Union on the northern border and with India in the west. A brief resume of China's high powered visits to Myanmar around this period would put the issue in perspective. Zhou Enlai in 1964, Liu Shaoqi in 1963 and 1966. However, Myanmar in the midst of Chinese security phobia maintained a studied silence Myanmar had slowly realised that neutrality was not going to be enough on its own. Therefore, Ne Win paid a visit to the USA where he made it clear that he was not in the Chinese camp.²⁵ It clearly troubled the Chinese who claimed that Myanmar had joined the camp of US imperialists. Another major irritant Myanmar-China relations was the CIA aided and opium trade fattened resurgence of KMT activities along the Shan state/Thailand border.²⁶

Later, Myanmar went on to conclude a boundary treaty with India on 10 March 1967, much to the chagrin of China. There were loud declarations by Peking insisting that there was a conspiracy between Ne Win and the reactionary Indian government to seize a large sector of Chinese border.²⁷

As far as the Myanmar perspective was concerned, certain experts believe that it made covert overtures to US to meet the Chinese hostility. According to Sidney. Simon, during the period of cultural revolutions worst excesses in 1967, leaders from Malaysia, Singapore, Myanmar, Cambodia and Brunei made it clear that they feared Chinese intentions and urged the US to

²⁵ Mennon, op.cit., p.132.

²⁶ Smith, Martin, *Burma: Insurgency and the Politics of Ethnicity* (London , Zed Books, 1991), p.224

²⁷ Astafayev and Dubinsky, *From Anti-Imperialism to Anti-Socialism: The Evolution of Peking's Foreign Policy* (Moscow, Progress Publishers, 1974), p.87.

maintain an Asian presence.²⁸ It appears that Myanmar tried to use the international situation to its advantage in trying to move away from the Chinese influence. This argument can be given credence if one believes the reports that Myanmar went ahead with the boundary treaty with India in spite of China's threatening attitude and the presence of Chinese forces in readiness across the border.²⁹

Cultural Revolution and its Impact

Myanmar's relation with China took a nosedive with the onset of Great Proletarian Cultural Revolution and the ensuing chaos within China. This period is characterized by the attempt to spread the Cultural Revolution world wide by the diplomatic corps and in some cases supported by the local Chinese community.

There were strong ties between the diplomatic corps and the school students of overseas Chinese. Out of an estimated 39,000 students in the 259 Chinese schools 22,000 attended pro-Beijing schools. To address this situation, the Ne Win government nationalized the schools in 1966. Even then, the Chinese embassy staff maintained close contacts with the students and with the onset of Cultural Revolution they stepped up their activities and enhanced the Maoist propaganda.

In mid 1967, the Chinese students began coming to class with Red badges and arms bands and it was publicly taken as a provocation by the Restoration Council which severely warned against it. However with the Chinese students

²⁸ Sedney W. Simon, "Some Aspects of China's Asian Policy in the Cultural Revolution and its Aftermath" *Pacific Affairs*, vol. XLIV, no.1, Spring 1971, p.36.

²⁹ Chavan, R.S., *Chinese Foreign Policy: The Chou Enlai Era* (New Delhi, Sterling, 1979), p.59.

protest and manhandling of a headmaster in one of the schools, a violent anti-Chinese riot broke out.

In the last week of June 1967, the Chinese embassy, the Xinhua news agency, office of the civil aviation authority of China and the office of the economic counsellor were attacked and ransacked. The Communist Party of Myanmar (CPB) adopted a line that was pro-China. A little later Myanmar expelled three Xinhua personnel. The Chinese government reacted, with characteristic zeal and claimed that the Myanmarese had committed monstrous crimes against the Chinese.³⁰ The Myanmarese government however went ahead and punished the anti-government overseas Chinese.

There was indignation on the Chinese side where a million people reportedly attended a demonstration in front of the Myanmarese embassy in Beijing and an effigy of Ne Win was burnt. Chinese media described Ne Win as 'Myanmarese Chiang', accused Restoration Council of 'fascism', 'sham socialism' 'looting and massacres', the regime was dubbed as 'traitorous, 'dictatorial' and 'warlordish'.³¹

It has been suggested in certain quarters that anti-China fervour was whipped up in Yangon by the Ne Win regime in an effort to deflect the public attention from the 1967 rice crisis, whereby shortage, famine and growing number of anti-government demonstrations were reported in towns and villages across Myanmar.³² While the possibility of this cannot be overlooked, one has to keep in mind the relative strength of Myanmar vis-à-vis China in judging whether

³⁰ "Burmese Government must cease anti-China Activities" *Peking Review* vol. 2 no.32, 27, December 1968, p.25.

³¹ Smith, *op.cit.*, p.226.

³² *Ibid.*, p. 225.

Myanmar could have taken the risk. It was in this scenario that the Chinese aid contract to Myanmar was terminated.

Myanmar-China relations hit the nadir with China protesting persistently throughout, '67 and '68 even as Myanmarese authorities continued to try local Chinese accused of subversion and conspiracy. The problem was somewhat alleviated when beginning in 1968, China agreed to accept local nationals, who wished to leave Myanmar's. Some 1500 Chinese are believed to have left Myanmar in 1968.



Return to Diplomatic Normalcy

The repatriation was one of the signs of a possible change in Beijing's attitude. The relations showed a slight improvement from the end of 1968, when statements about Myanmar and Ne Win were toned down. The Chinese chargé d'affaires participated in the 19 July Martyr's Day ceremony honouring Aung San and Myanmarese officials attended the reception held by the Chinese military attaché in Yangon commemorating the founding of Chinese army on 1 August .

However, the negative content in the relationship continued possibly owing to the uncertainty in Beijing or because of the Myanmarese hesitancy to Chinese gestures. In mid August 1968, Radio Peking broadcast a vigorous denunciation of Ne Win by CPB's 1st Vice-Chairman Ba Thien Tun and new protests concerning overseas Chinese were lodged in Yangon.

Nevertheless by late 1969, diplomatic protocol and niceties were being observed even as unfriendly news commentaries and statements were reduced in frequency and stridency. The first definite step towards normalization was taken by Ne Win in his 6th November 1969 address to a BSPP seminar, where he

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refused to put the blame on China for the communist insurgency and expressed desire to heal the wounds of 1967.³³ Again in the first half of 1970 when new clashes occurred in the Shan state with possible Chinese encouragement, no formal accusations were made in Yangon.

Making further gestures of reconciliation, Ne Win sent national day greetings to Zhou Enlai in October 1970.³⁴ A new Myanmarese ambassador to China took up the post in November 1970 and a delegation was also sent to Canton Autumn Trade Fair. In response the Chinese invited Ne Win to Beijing in August 1971. According to some sources Ne Win was unhappy with the outcome of the visit, being unable to extract assurances regarding the termination of aid to communists. There is little evidence to suggest that the Chinese aid to CPB was altered in any way except some marginally less vocal support.

While this was definitely troublesome to Myanmar, on the positive side the economic and technical cooperation agreement which had been suspended in 1967 was revived in 1971. Various trade and cultural delegations from both sides, visited each other. This upswing in the relations can be attributed to the dying stages of Cultural Revolution whereby the old line was being steadily replaced by new conciliatory line. However, China couldn't straightaway cut off links with Myanmarese communists and nor did it want to completely discard its communist trump in Myanmar. The withdrawal of Cultural Revolution did not result in a dramatic shift from the previous policies. The actual shift took place over a period of time and was evolutionary in nature. The shift was evident in the leadership style in China from Mao to Hua Guofeng to Deng Xiaoping.

³³ Gurtov, *op.cit.*, p.148.

³⁴ *Ibid.*

A new era in Myanmar-China relations began with the visit of Zhou Enlai's widow and National People's Congress Vice-Chairman, Madame Deng Ying Chao's visit to Yangon in February 1977. This visit was aimed at ensuring a certain continuity to Zhou's policy, who tried to keep Sino-Myanmarese relations at an even keel even during the Cultural Revolution.³⁵ On the other hand, it could also be seen as emphasising the Maoist policy of supporting revolutions across the border, as there was surge in communist insurgency during the period.

Here, Myanmar read both positive and disturbing signals. Ne Win's visit to Beijing in April 1977 reflected the Myanmarese eagerness to improve their relationship as well as their apprehensiveness. Both sides made positive statements affirming their resolve to follow the 'five principles of peaceful coexistence', lauding Myanmarese neutrality, opposition to imperialism and repeated reference to 'Paukphaw' (Kinsmen) like friendship.³⁶ However on the negative side Ne Win warned of detrimental relations unless certain problems were treated with 'frankness', referring to the Myanmarese communist's, China connection.³⁷

It was, however, concluded rather expansively (by Ne Win) that his talks with the Beijing leaders had given him renewed confidence in the future Myanmar-China relations. The ambiguity could also be explained in terms of the Chinese resolve to retain influence with both parties i.e. the communists and the Yangon regime to counter the growing Soviet competition for influence in the region.³⁸ As the Cambodian imbroglio continued to hotten up and Hanoi

³⁵ Wayne, Bert "Chinese Policy Towards Burma and Indonesia: A post-Mao Perspective" *Asian Survey*, September 1985, p.966.

³⁶ *Peking Review*, vol.39, No.3, 23 September 1977, p.26.

³⁷ *Indian Express*, (New Delhi), 4 May 1977.

³⁸ *Sunday*, (Delhi), 1 May 1977.

irreversibly behind USSR, Chinese were sorely in need of the Myanmarese to retain influence in Southeast Asia and to have a say in the Cambodian affairs, as their grip was loosening following the diplomatic isolation pro-Beijing Khmer Rouge. Therefore, Deng's visit to Yangon in early 1978 was a natural corollary to this situation.

Deng's visit to Yangon was significant in a number of ways. First of all, from the Chinese point of view, it seems to have paid off as far as their aim to have a leverage in Cambodian affairs was concerned. For Ne Win became the first head-of-state to visit Cambodia in November 1977³⁹ and that he continued to take an active interest in the Cambodia-Vietnam problem presumably on behalf of China. From the Myanmarese point of view, playing alongside China, had to have its rewards. The rewards in this case were with regards to the CPB.

A significant shift was taking place regarding Chinese support for the communist insurgency in Myanmar. First of all, Deng was very flexible on the policy of continued support to all Marxist – Leninist movements. Further irresponsible statements by CPB during the Cultural Revolution like terming Deng as 'rightist Chieftain' cost it dearly after Deng assumed power. The official Chinese publications which previously had published battle news and CPB documents ceased all mention of CPB.

The Myanmarese government quickly and shrewdly exploited the rift by lending its good offices to China in Cambodia by opening a diplomatic channel as Cambodia by then had become the focus of intense Chinese interest. The quid pro quo appears that Beijing further reduce its support to CPB in return for the help on Cambodian issue.

³⁹ *The Hindu*, (Madras), 2 February 1978.

In effect in 1978, the entire China based central office of the CPB was forced to return to Myanmar . even the CPB's clandestine broadcasting station based in Yunnan since 1972 had to move to Pangshang. The direct Chinese aid to CPB was also reduced further.⁴⁰ Confirmation of this fact came on 15 August 1979 on CPB's 40th anniversary where Thakin Ba Thien Tin, in a lengthy speech, emphasised that the party must be self-reliant and CPB had made many mistakes in past forty years.

To show its gratitude, Myanmar withdrew from NAM at Havana when the movement in 1979 became closely identified with Soviet Union. A clear anti-Soviet trend emerged in Myanmar, as it endeared itself to China, starting with the purge of pro-Soviet elements in the ruling BSPP in 1977. The East-European missions were placed under surveillance and relations with USA were improved. The relations with India as against China took a downswing with the closing of Indian consulate in Mandalay as Indian government's pro-Soviet position on Cambodia and Afghanistan became clear. U Nu was allowed to come home from exile in India following his public statements supporting Myanmarese withdrawal from NAM.⁴¹

Zhao Ziyang visited Myanmar in 1981 and assured that China would not interfere in Myanmarese internal affairs and would try to prevent those problems left over from past interfering with good relations. Peace talks with CPB were initiated in May 1981 on Chinese initiative but due to CPB's ingratitude they broke down. Thus CPB earned further Chinese displeasure and the aid was reduced even further. This can be seen from the fact that no major offensive by

⁴⁰ *Far Eastern Economic Review*, vol. 136, no.23, 4 June 1987, p.33.

⁴¹ Josef Silverstejn, "Burma in 1980: An Uncertain Balance Sheet", *Asian Survey*, February 1980, pp.220-222.

CPB took place after 1980.⁴² Obviously the Chinese chose the friendship of government rather than of rebel communist parties in the regions ostensibly in an effort to endear itself to ASEAN.

A measure of inter-governmental interaction can be seen by the fact that at least 10 Chinese delegations including trade, economic, sports etc visited Myanmar and a similar number of Myanmarese delegations visited China in a short span of 10 months between December 1983 to October 1984.⁴³

Following the Chinese decision to reduce aid to CPB it became marginalised and Yangon focus shifted to other insurgents especially Karens While Beijing remanded strictly aloof.⁴⁴

Around this time, the focus of Myanmarese regime shifted from sporadic ethnic disturbances to total societal unrest. There was mass agitation over economic stagnation and political powerlessness. Demonetisation of 80% of currency in fall of 1987 further aggravated the problem. In this scenario of widespread unrest military took over power in the name of SLORC⁴⁵ and crushed all opposition ruthlessly. Faced with international isolation and the need to ensure its survival at home SLORC turned towards China, which was all too willing to lend its support. Thus, in 1988, started a period of closeness between Myanmar and China, which had no precedents in the history of bilateral relations between the two countries.

⁴² *Indian Express*, (New Delhi), 30 October 1984.

⁴³ Ibid.

⁴⁴ *Far Eastern Economic Review*, vol.128, no.23, 13 June 1988, p.23.

⁴⁵ SLORC has since been renamed as SPDC (State Peace and Development Council) in 1997 without any major change in the structure. This study shall use the term SLORC, which was the name of the military regime during the period under study.

CHAPTER – III

MYANMAR-CHINA RELATIONS: 1988-98

The recent stage (1988-98) of Myanmar – China relationship assumes significance when viewed in the light of the degree of closeness between the two countries never seen before. However, this state of affairs was not an abrupt development. By the late seventies itself, Myanmar – China relationship can be said to have entered a new phase. The bitterness that had been engendered by the cultural Revolution was now a thing of past. The Chinese were trying to assuage Myanmar's sensibilities and there was a gradual return to a more tranquil relationship. The eighties saw an increasing degree of closeness between them based on the greater convergence of their foreign policy interests. However, this smooth run of affairs was upset by 1987 when the developments within Myanmar began to impinge on the relationship.

When anti-government demonstrations and protests broke out in Myanmar in early 1988, leading to unprecedented challenges to the regime and violent suppression by force, the Chinese were faced with a new and a difficult situation. On the one hand, they did not want to jeopardize their good relations with the government, and they obviously had an interest in the continuation of the status quo. On the other hand, it soon became obvious that the disturbances were a serious threat to the government, that they could continue, and the discontent was so deep in Myanmar's society that the opposition might well be successful.¹ The incidents took place in the context of the larger problem of economic stagnation and political powerlessness afflicting Myanmar's society. Against this general background, the demonetisation of 80% of the currency in the fall of 1987 had alienated many groups, especially students.²

¹ Bert, Wayne, "Chinese Policy Towards Democratisation Movements : Burma and the Philippines" *Asian Survey*, Vol.XXX, No.11, November 1990, p.1069.

² Ibid.

The violence escalated until it spread out of Yangon to the other areas of Myanmar and the protestors virtually shut down the Myanmar society. Eventually forcing the government to make a series of leadership changes. Sein Lwin nick-named the 'butcher' and believed responsible for much earlier violence, took over after the resignation of Ne Win and President San Yu. He too was forced to step down and Dr. Maung Maung took over, but the protests continued unabated throughout August and September 1988. Maung Maung promised a referendum on a multi party system, but protestors demanded nothing less than an interim government. Although the students were not able to organise and put forward leaders capable of taking power, their growing potential for take over encouraged the military led by General Saw Maung, Defence Minister in the 'civilian' Government of Dr. Maung Maung to stage a coup in Yangon on 18 September, 1988.³

This coup was aimed at reasserting army control over the country by the faction loyal to the recently retired U Ne Win. Following the 18 September crackdown, the new military Junta, known as the State Law and Order Restoration Council (SLORC), committed itself to four main tasks; restoring law and order; facilitating transport and communications; alleviating food, clothing and housing shortages; and holding genuine multi-party elections.

To accomplish the first and second tasks, the SLORC strengthened the armed forces, which rose from some 185000 on the eve of September 1988 crackdown, to 230000 in 1990, and 320000 in 1994 (the projected target for the year 2000 is 500 000), many of the new recruits being teenage boys (that is, aged sixteen and over).⁴ Some elite units, for example the 22nd Light Infantry Division,

³ Ibid, p.1070.

⁴ FEER, 18 October 1989, p. 23.

a division considered most loyal to U Ne Win and the former BSPP leadership, were equipped with new weapons, many of them acquired from the Chinese. To resolve the food, clothing and housing shortages, the SLORC liberalized the economic system in October and November 1988, opening up trade for the co-operative and private sectors, accepting foreign – owned enterprises and joint ventures, and promulgating a new foreign investment law which purported to give foreign investors tax relief the right to remit hard currency, and guarantees against nationalization.

Nation wide multi-party elections were held on 27th May 1990 in fulfilment of the SLORC's fourth declared task. To the consternation of the Junta, the main opposition party, the National League for Democracy (NLD), led by Daw Aung San Suu Kyi, won a landslide victory at the polls, winning over 85% of the contested seats. In the face of this electoral disaster, the SLORC played for time announcing that it would not transfer power until a new constitution had been drafted and adopted, and a new government formed. Its commitment to accomplishing its 'four main tasks' remained intact, the SLORC declared but, before a multi-party political system would be instituted, a new state constitution had to be agreed upon by the representatives of the political parties, the national races (that is, the ethnic minorities), peasants, workers, technocrats and the intelligentsia, civil servants and other 'special invitees' at a specially convoked National Convention.

While these portentous events were taking place in Yangon, the rank and file of the CPB army, mainly made up of Wa Tribesmen and Kokang Chinese (with some Shans and Kachins), mutinied and ousted the party's aging Maoist Burman leaders, forcing them, into ignominious exile in China on 17 April 1989.

-The CPB then split into four different regional armies based on ethnic lines, all of which discarded the former party's communist ideology. Between April and November 1989, negotiations with the SLORC succeeded in bringing the armies into 'standfast' agreements (that is, a cease-fire with the retention of weapons and recognition of the authority of the Yangon Government) in return for unprecedented access to border trade, the main source of contention between the CPB leadership and Yangon, especially in drugs (raw opium and heroin being the principal exports of the Wa and Kokang regions), and the promise of generous development aid⁵

Between March 1989, and March 1996 the SLORC succeeded in entering into similar standfast agreements with most of the ethnic insurgent groups leaving only a few of the insurgent groups still fighting. While these agreements were being negotiated, however the SLORC had to try to maintain control over the civilian population in the crucial central Burman heartland. As Bertil Lintner, the renowned Myanmar watcher pointed out:

"The general political situation in the country was extremely serious from the (Yangon) governments point of view: eager to fight the SLORC, thousands of dissidents were at precisely (this) time (that is 1989) desperately looking for a source of arms and military training. It was of the utmost importance to the SLORC to neutralise as many of the border insurgencies, no matter what the consequences".⁶

In the immediate aftermath of the September crackdown, various opposition groups came into existence. The most important of these was the

⁵ *JDW*, 8 July 1989, p.25.

⁶ Lintner, *Ethnic Insurgents and Narcotics*, p.20.

Democratic Alliance of Burma (DAB), a front set up on 19 November 1988 and comprising 23 ethnic resistance armies, underground student groups and other Myanmarese anti-government organization, which vowed to wage an armed struggle against the SLORC regime. Two years later, on 18 December, 1990, a parallel government, the National Coalition Government of the Union of Burma (NCGUB), was established at Manerplaw under the aegis of the Karen National Union, the strongest of the ethnic groups fighting the Yangon Government. Led by Dr. Sein Win a successful NLD candidate in the May 1990 election and a first cousin of Daw Aung San Suu Kyi, the NCGUB immediately allied itself with the DAB.⁷ At the same time, Yangon was forced on the defensive by a new Chin insurgency along the border with India and New Delhi, at this time, taking a firm stand in favor of Myanmar's pro- democracy movement.

The open-door policy, including the sale to foreign interests of the rights to exploit Myanmar's natural resources, increased Yangon's foreign exchange reserves (minus gold) from less than US\$10 million in September 1988 to US\$550 million in September 1990, enough to cover four months of imports.⁸ But efforts to improve the people's living condition met with only limited success, with majority of the people still suffering from high commodity prices and runaway inflation. The SLORC recognized that resolution of these problems was crucial for its survival. A sound economy and a strong army were two sides of the same coin in their view. But, given suspension of aid and the imposition of an unofficial embargo which cut off the supply of arms from traditional western sources (Germany, USA, Yugoslavia and Israel being the most prominent here), it was

⁷ *FEER*, 3 January 1991, pp.10-11, *Asia Week* (Hong Kong), 4 January 1991, pp.16-17.

⁸ *FEER*, 11 December 1989, p.22, 8 August 1991, p.57.

forced to turn to the neighbouring countries⁹ One of the first of these neighbours to recognize the SLORC was the PRC, which soon became Myanmar's most significant trade partner and its main arms supplier. The combination of the SLORC's need to consolidate its grip on the country, the collapse of the CPB (which eliminated the elements previously used by China to manipulate Myanmar – China relations), Beijing's modernization drive, and the end of Cold War, all meant that Myanmar and the PRC could now embark on a much closer relationship.

China and the Democracy Movement

Before the analysis of the actual content of the Myanmar – China relationship during this period, a study has to be made of the Chinese responses to the democracy movement in Myanmar and the way it evolved gradually over the various stages of movement. This will help in bringing out the Chinese concerns and how the foundation for the future course of discourse was laid. During the early stages of the protests in Yangon, there was no Chinese reporting or acknowledgement of what was occurring. Chinese meetings with Myanmar officials or commenting on Myanmar affairs continued to laud Sino-Myanmar relations in a business-as-usual fashion.¹⁰ The early protests began in March 1988, but on May 4, when Myanmar foreign minister U Ye Gaung made a five day visit to China, vice-premier Wu Xueqian expressed satisfaction at the steady development of the Sino-Myanmar relations. The Chinese Foreign Minister Qian Qichen asserted that the bilateral ties between China and Myanmar could be regarded as a model of country – to – country relations and that the two

⁹ *FEER*, 5 October 1989, p.18.

¹⁰ Bert, *Op. Cit*, p.1070.

countries shared identical views on many international issues; he indicated Chinese appreciation of Myanmar's foreign policy stances. Premier Li Peng also praised the past and present of Sino-Myanmarese relations and accepted an invitation to visit Myanmar. Interestingly, Li also mentioned the reform programme in China and the determination to continue it, although Yu Ye Gaung was silent on the subject.¹¹ However by the time Myanmarese Dy. Prime Minister visited China in late May the Chinese media had become a bit more forthcoming with the view that reforms were necessary in Myanmar. But, the Chinese at that time limited their criticism to just this discreet remark.

The stage two in the Chinese response to the democracy movement in Myanmar could said to have begun with the beginning of large scale riots in Myanmar. The Chinese press for the first time began reporting on the disturbances in Myanmar. However, the severe atrocities being committed by *Lon Htein* (riot police) was nowhere being mentioned and the clear message was that the students were at fault for perpetrating the violence. The Chinese press, under the guise of factual and objective reporting, continued to give only a partial account of what was happening in Myanmar.¹² Although it showed greater candour than before, it still did not admit the magnitude and pervasiveness of the disturbances, nor did it discuss police violence or attribute anti regime motivations to the demonstrators. Instead, the conflicts were portrayed as mere localised disputes between police and citizens over specific issues and problems.

Next stage can said to have begun by late July, when, the Chinese had little choice but to admit that the riots were a response to a stagnating economy and the

¹¹ Foreign Broadcast Information Service, Daily Report/China (FBIS-DR/CHI), 6 May 1988.

¹² Bert, op.cit, p.1072.

discredited political leadership, and that the protestors wanted political and economic reforms. On July 24, Xinhua reported on the proffered resignations of Ne Win, President San Yu, and four other leaders, Ne Win's indirect acceptance of the responsibility for the events of March and June, and his proposal for a nation-wide vote on establishing a multi-party system.

China's reporting still did not acknowledge the popular antagonism towards the government and the mass nature of the protests. It kept on implying that the demonstrations were aimed at making incremental changes and not the action of a public fed up with the government and everything it stood for. However, Beijing did report troops firing on the demonstrators, the increasing size of the protests, and the spread of demonstrations to 29 cities and towns.

By mid-August 1988 the situation in Myanmar had become so bad that that the Chinese were reporting many of the same interpretation of the disturbances and needed solutions as was the western press. On August 13, the hated Sein Lwin was forced to resign and Maung Maung took over, he withdrew the army from the streets and announced that a referendum on the type of political system Myanmar was to have would be held, but the demonstrations continued to grow. Still, Chinese reporting underestimated the size of demonstrations, although it now conveyed the general nature and the intensity of the protests. Beijing reported that the troops were firing on the peaceful demonstrators, and for the first time it began to deal in depth with the causes of the demonstrations, the effect on the leadership and the established institutions, and the mobilization the opposition leadership. The Chinese had moved from straight reporting to commentary and analysis and were asserting that the repression was of no avail

since the demonstrations were continuing without a break.¹³ While the Chinese press reported that anger was believed to have lessened after Sein Lwin's resignation, it also said the consequences of the bloody August events were yet to be resolved and that Myanmar was at an important crossroads. More specifically, Beijing noted that the students were demanding a multi-party system and attention should be paid to this.

Once Beijing began to shift its position, it moved quickly to adjust its analysis to the chaos in Myanmar, in contrast to the image it had previously painted of a legitimate government in control and dealing with just a few disruptive students. By describing conditions in which protestors had practically shut down the administration, where the institutions were disintegrating, and by explaining that cause of this strenuous protest was the erroneous policies of the government and the refusal to carry out reforms, Beijing in effect had almost supported the students against the government.

However, a swift change of stance occurred when the Chief of Staff, General Saw Maung suddenly captured power and imposed martial law in Myanmar on 18 September 1988, promising to hold multiparty elections in the future. The Chinese reported the Myanmarese state radio quoting Saw Maung to the effect that Myanmar would continue to pursue an active and neutral foreign policy. For the Chinese, this was the signal for the continuation of past policies, which helped to make the change of regime acceptable. Now, even though China continued to report on the protests in Myanmar, it began describing it as somewhat diffused. The last detailed report on the crisis in Myanmar appeared on October 20, in the *Peoples Daily*. From that date on, Chinese commentary on

¹³ FBIS-DR/CHI, 15 August 1988, pp.12-13.

the internal situation ceased abruptly and the coverage concentrated on issues of a normal relationship especially the growing cross-border trade and visiting delegation and leaders.

This detailed analysis of the Chinese responses to the democracy movement in Myanmar is necessary because of the impact it had on the future course of interaction between the two countries. Chinese responses can be studied in the light of its primary interest in its relationship with Myanmar, that of maintaining its influence regardless of the ideological colour of the government in power. The Chinese favour a government that would prove to be a reliable and a stable ally and safeguard China's economic and security interests. Therefore, China moved from disinterested reporting to open criticism as it realized that the ruling regime could be losing its grip over the situation and the democracy movement might well be successful. However, a swift volte face was soon enacted when Saw Maung took power and brutally crushed all opposition. Thus began a degree of closeness with the SLORC regime to the extent that China made no comment on the elections in 1990 and subsequent violation of its mandate by the SLORC regime.

On the other hand the ruling regime in Myanmar was too preoccupied with the disturbances on the domestic front to pay any attention to its foreign relations. However faced with international condemnation and ostracisation, the SLORC regime was extremely grateful for whatever support that was coming its way and in this situation the unequivocal support extended by China was greatly welcomed. This resulted in the ruling regime being highly indebted to China and

ensuring close cooperation between the two countries in all spheres of interaction.¹⁴

Political and Diplomatic Cooperation

Ever since its seizure of power in September 1988, the SLORC has received strong political and diplomatic support from the PRC. Not only was it one of the first countries to accord the SLORC diplomatic recognition, but its ambassador in Yangon maintained particularly close contacts with the junta leaders, helping to coordinate the disintegration of the Communist Party of Burma after the CPB army mutinies of March-April 1989. Following the arrival of CPB Chairman U Ba Thien Tin and other Central committee members in China, on 17 April 1989, Beijing refused to allow them to establish a political base, and played a key behind the scenes role in the negotiations which led to the standfast agreements with the splintered CPB army remnants between April, and November. At the same time, by allowing a continuous flow of consumer goods and weapons across the border, the PRC was critical in enabling the SLORC to consolidate its hold on power.

The SLORC'S reliance on Chinese assistance in the aftermath of the September 1988 coup turned Myanmar into one of the PRC's closest allies, a situation which continues up to the present as evidenced by the remark made in December 1995 by the SLORC chairman, Senior General Than Shwe, to the visiting chairman of the Chinese People's Political Consultative conference, Li

¹⁴ *New Strait Times*, 12 November 1990.

Ruihan, when he stated that 'China was the Myanmar (Burmese) people's most trusted friend'.¹⁵

In the wake of the June 1989 Tiananmen crackdown on pro-democracy protest in Beijing, SLORC secretary-I Brigadier General (now lieutenant General) Khin Nyunt met with the Chinese Ambassador to Myanmar, Cheng Rushing, and, on behalf of General Saw Maung, expressed Myanmar's understanding and sympathy for the Chinese government stand on the counter-revolutionary rebellion. He said that the Myanmar government supported the Chinese government's opposition to external interference and expressed the hope for a further development in Sino-Myanmar relations.¹⁶

On the diplomatic front, China and Myanmar also co-operated closely in international fora. At the Third Committee of the 1990 UN General Assembly in New York, a draft resolution introduced by Sweden censuring Myanmar for contempt of its citizens basic rights had to be withdrawn due to fierce opposition by China and other Asian countries, which considered it as rank interference in Myanmar's internal Affairs.¹⁷ A similar draft resolution was re-introduced at the third committee of the 1991 UN General Assembly, but this time it was unanimously approved without a vote. China dropped its opposition after Sweden agreed to delete a sentence expressing concern at the continued deprivation of liberty of a number of democratically elected political leaders. Intense international pressure following the award of the 1991 Nobel Peace prize to Daw Aung San Suu Kyi, leader of Myanmar's main opposition party, and the fact that India, a major Asian country and an opponent of the 1990 draft resolution, had

¹⁵ *The Hindu* (New Delhi), 13 January 1996.

¹⁶ FBIS-DR/CHI, 19 June 1989, p.10.

¹⁷ *New York Times*, 25 November 1990.

agreed to co-sponsor the 1991 draft resolution, were both critical in determining China's decision.¹⁸ On the human rights issue, Myanmar has always sided with China, making similar arguments about the need to take account of a country's specific historical, social, economic and cultural conditions, and asserting that there should be no outside interference in the domestic affairs of a sovereign state.

Economic AND Technical Cooperation

Economic and technical co-operation between Myanmar and China has been greatly enhanced since the advent of the military rule in September 1988. Following the violent suppression of the democracy movement in 1988, the world reacted vehemently towards Myanmar. The USA, EU, Australia and most importantly Japan which once provided 83% of the total aid to Myanmar, cut off all aid.¹⁹ This, in effect, isolated Myanmar internationally and branded it as a pariah State. U Hset Maung, economic advisor to SLORC, stated that Myanmar has to rely on its own resources following stoppage of all financial assistance from all institutional development and aid agencies. It was at this juncture that China came forward to help it in a big way.²⁰

However this closeness in the relationship was not a sudden development. A gradual rapprochement had begun in the late seventies itself, providing China with a new leverage to expand its economic and strategic influence to reach the shores of Bay of Bengal. This shift in the Chinese policy towards Myanmar basically stemmed from Deng Xiaoping's new 'open door' policy to forge new relationship with the south-western neighbour on the basis of economic co-

¹⁸ Ibid, 30 November 1991.

¹⁹ *Bangkok Post*, 9 February 1993.

²⁰ Ibid.

operation away from ideological confrontation.²¹ The main hurdle between Beijing and Yangon had been the CPB's control over the Myanmar's north east. But with the withdrawal of Chinese support to the CPB, Yangon managed to neutralise the communist insurgency bringing Myanmar and China closer to engage in potentially the most flourishing border trade between the two countries. In a significant development, both Myanmar and China signed an agreement on 8 August 1988 to legalise the border trade between the two countries. This event was a major breakthrough for the new military junta in Yangon.

China had already made its intention clear much earlier in 1985 when the former Vice-Minister of Communication, Pan Qi wrote an article in the official *Beijing Review* titled 'Opening to the Southwest: An Expert Opinion' explaining the possibility of opening a trade route through Myanmar, to the Indian ocean.²² After the signing of an agreement between Myanmar Exports Import Corp (MEIC) and Yunnan Province Trade Authority on 8 August 1988, Myanmar agreed to barter 1500 tons of maize valued at US \$180,000 in exchange of Chinese consumer goods like milk powder, soap and toothpaste. Most of the export import trade transactions are done at the black market rate of Kyats 100: Rmb 15. The official rate for Kyats 6.50 is US \$ 1. There is no bank for such exchanges in the towns on Yunnan – Myanmar border. Both currencies are freely converted in the open black market. According to a US estimate, the illegal border trade takes place at as high as US\$ 1.5 billion a year. Recent official estimates have put the volumes of trade as much lower, but the World Bank estimates

²¹ Stobdan, P., 'China's Forays into Burma: Implications for India', *Strategic Analysis*, 16(1), April 1993.

²² J.N. Dixit, "Li Peng in Myanmar: Message for India" *Indian Express*, 10 January 1995.

continue to be around US\$ 1.5 billion a year. This estimate excludes the amount involved in the narcotic trade in the Myanmar sector of the Golden Triangle.

China has been vigorously involved in rebuilding Myanmar. Many of the latter's roads bridges, railways, airports, hydroelectric and various other projects have been virtually conceived, controlled, supervised, financed and supplied by the PRC. In 1989, Chinese engineers helped Myanmar repair and reconstruct bridges which had been damaged or destroyed by the pro-democracy protestors. At the same time, the construction of a number of TV relay stations for the state broadcasting corporation, Myanmar Television, was carried out with technical assistance from China.

Among the larger projects, the PRC has been involved in, is the renovation of the famous old Myanmar Road and the Ledo Road. In January 1993, construction of a thirty-five miles road from Yinjiang, Yunnan to the Myanmar towns of Taihone, Moe Mauk and Bhamo began and the road is currently open for use. Also roads leading from the Lungchuan and Tengchung districts in Yunnan to Myanmar towns have been constructed.²³

Similarly, the Lungchuan district authority in Yunnan has constructed a fifty six mile road from Lianghe to Bhamo which has opened in April 1993. On 15 May 1993, the SLORC held an inauguration ceremony for opening the Myitkyma-Sadon-Sailaw – Mangmin Road.²⁴

In addition, China has helped rebuild the Myanmar internal water transportation system. Not only has China supplied Myanmar with fifty powered

²³ Mya Maung, "On the road to Mandalay: A Case Study of the Sinonisation of Upper Burma", *Asian Survey*, Vol 34, No.5, May 1994.

²⁴ Ibid.

vessels (out of seventy two ordered) but also has provided two loans worth US\$70 million to enable it to make these purchases.²⁵

The PRC has also been responsible for building bridges in crucial areas. In May 1991, SLORC Foreign Minister Ohn Gyaw signed an agreement with Chinese Vice Foreign Minister Qi Huaiyuan to build two bridges across the Shweli River linking Muse to Wanding and Ruili. The first bridge was completed and opened for use in October 1992. The construction of the second bridge linking Wanding and Kyukok, also begun in 1992, was completed in May 1993.²⁶ These bridges have come to be locally dubbed as the 'gun bridges' as they have been an important linkage for China's arms supplies to the SLORC. In January 1993, for instance, a series of Chinese arms shipments reportedly used these two bridges to cross over into Myanmar, with the deliveries reported to include light infantry weapons, rocket launchers, mortars, recoilless rifles and armored personnel carriers.²⁷ Similarly in October 1994, the entire area was cordoned off, and at night more than 500 army trucks crossed from China into Myanmar.

Plans for infrastructure development have continued; Chinese authorities in Yunnan have planned to build a 1350 km, rail line through Myanmar, Laos and Thailand linking Kunming with Bangkok. In July 1993, a Chinese delegation visited Myanmar and signed new agreements involving trade, transportation and development of other infrastructure. China also agreed to construct a hydroelectric plant at the Chin Shwe Haw and provide help in building hotels in Yangon as well as rails, locomotives and other spare parts worth millions.²⁸ Moreover, the engineers of China's National Machine Import and Export Corporation have also

²⁵ *Summary of World Broadcasts: Far East Weekly* [SWB/FEW] January 3, 1996.

²⁶ *The New Light of Myanmar*, 30 May 1993.

²⁷ *FEER*, 11 February 1993, p.28.

²⁸ *The New Light of Myanmar*, 9 July 1993.

been involved in building a much larger and modern international airport near Mandalay. Thus the improving infrastructure has clearly resulted in bringing about a tremendous rise in visitors and investments to Myanmar with majority of it being from China. Encouraged by this transformation, the SLORC regime declared 1996 as the 'visit Myanmar' year.

The trade relations between Myanmar and China is so structured in favour of China that it has been termed as relationship of "neo-colonial type" by some authors.²⁹ Ever since China and Myanmar signed in August 1988, a cross border trade agreement, Myanmar has been swamped by cheap Chinese consumer goods, while raw materials and precious stones like jade are flowing into China. Chinese trade ministry officials have referred to the scope for increased import of Myanmar's raw material and mineral products and a simultaneous increased export of Chinese equipment and machinery, electronics, light industry and textile products to Myanmar.³⁰

After the first official border trade agreement in August 1988, another Yunnan delegation arrived in Yangon to sign a memorandum of understanding with Myanmar's Ministry of Trade on bilateral commerce, which involved agreements between Myanmar and the Yunnan provincial authorities to open department stores to market each other goods, to promote tourism and to form joint ventures to mine tin and market coal in Shan and Kachin states respectively.³¹

Since the August 1988 opening of the border, trade between Myanmar and China has taken three main forms:

²⁹ Udai Bhanu Singh "Recent Trends in Relations between Myanmar and China", *Strategic Analysis*, 1 April 1995.

³⁰ *New Strait Time*, 27 December 1994.

³¹ *FEER*, 3 October 1991, p.24

1. Trade agreements between the Chinese provincial government and the local SLORC authorities (such as the one negotiated in Yangon in December 1989).
2. Small scale border trade between commercial companies in towns on both sides of the border involving no written contracts, but being agreed through face-to-face negotiations.
3. Free trade on both sides of the border.³²

As regards this last it was reported in 1989 that more than 200 Chinese items were being sold in Myanmarese markets, the cross border trade providing China with a wide variety of raw materials and Myanmar with badly needed consumer goods.

The rapid growth of cross-border trade between Myanmar and Yunnan can be seen from Table-1 (Appendix-1). This shows that the total value of the official Yunnan – Myanmar import-export trade grew from 37.8 million Yuan (US \$ 16.25 m) in 1984 to 1066.978 million Yuan (US\$ 222.65 m) in 1990, a year in which the New York Times reported Yunnan's cross border trade at US \$ 200 million. 90 percent of it with Myanmar and the remainder split between Laos and Vietnam.³³ If one tries to take account of unofficial trade as well, this figure would certainly be higher. In 1987, a Chinese report estimated the value of the trade at US \$1 bn, a sum that had doubled two years later after the SLORC coup and the collapse of the CPB.³⁴

According to various sources in 1987 the value of Sino-Myanmarese trade was US \$ 150.65 m, with China's exports worth US \$64.42 m and imports worth US

³² Ibid.

³³ Nicholas D. Kristoff 'China Province Forges Regional Trade Links' *New York Times*, 7 April 1991.

³⁴ Smith, Martin, *Myanmar: Insurgency and the Politics of Ethnicity* (London, Zed Books, 1991), p.361.

\$86.23 m. by 1988 this had risen to US \$ 255.62 m (exports US \$ 140.83 m and imports US \$117 m), and had increased again to US \$ 392 m by 1991 (exports US \$ 286 m and imports US \$ 106 m).

Further corroboration of this remarkable growth emerge from the data from the Economist Intelligence Units 'Country Report' on Myanmar given in Table-2 (Appendix-2). These indicate a striking rise after 1988, when Myanmar's officials export trade with China stood at a paltry US \$ 1.81 m (a time when the lucrative smuggling trade across the border was still in the hand of the ethnic insurgents) to US \$ 24.6 m in 1989, US\$ 150m in 1993 and an estimated US \$ 202 m in 1995. By then, China's exports, consisting largely of light industrial goods (which made up the bulk of the border trade and accounted for 70 per cent of all Sino-Myanmarese commerce by 1995), capital equipment and raw material for the construction of power stations, roads and bridges, and telecommunications facilities had reached an estimated all time high of US \$480 million.

Military Co-Operation

Alongside the burgeoning trade links which bound the military regime in Yangon to the Chinese after 1988, was another, more sinister connection: arms. Deprived of its traditional sources of supply and desperate to expand and re-equip its armed forces lest the combinations of popular uprisings in the Burman heartland and the minority insurgencies in the non-Burman periphery overwhelm its authority, the SLORC turned to the PRC to modernize its armed forces.

In August 1990, just a year after the pro-democracy protests in Yangon, a massive US\$ 1.2 billions deal was signed with Beijing for the provision of 60 medium size tanks, 125 multi-barreled anti-aircraft guns, several batteries of 120

mm and 105 mm howitzers, six 30 knot Haina- class fast patrol boats (a further four were delivered in 1993) a squadron (12 planes) each of F-7 jet fighters and F-6 attack fighters capable of air-to-ground Combat (that is, highly suitable for counter-insurgency operations) a number of shoulder fired Hongying HN-5 (and HTM5-A) missiles, nine armoured personnel carriers and a range of other military hardware.³⁵ Special payment terms were arranged with the cash strapped Yangon regime. Only 30% (US\$ 400 m) being demanded in hard currency (a sum which was paid from sale of timber and other natural resources), the rest being divided between 10% in grants and soft loans and 60% in short and long term barter trade.³⁶

The arms agreement also included a training programme for some 400-600 Myanmar personnel at army bases and military colleges in nearby Yunnan. In 1989, even before the agreement was signed, several groups of army officers from four armoured and artillery units had received training in China. Under the provisions of the August 1990 deal, this training was now greatly expanded, with 180 field – grade army officers (mostly lieutenants and captains) as well as airforce and naval personnel (400-600 in all), embarking on specialized courses, with the latter receiving instruction in how to operate the Chinese fighters and naval crafts.³⁷ For the first time since the immediate post independence period, foreign military personnel were based in Myanmar, with five instructors from the Chinese Air Force (a lieutenant, three sergeants and a warrant officer) arriving at Myitkyma air base in early September 1990. They were followed later by seventy Chinese naval personnel-half of them middle rank officers – sent to train local

³⁵ Bertil Lintner, *FEER* 3 October 1992, p.24. *FEER*, 16 December 1993, p.26.

³⁶ *FEER*, 6 June 1991, p.12.

³⁷ *FEER*, 13 September 1990, p.28. 6 December 1990, p.28

crew and maintain newly installed radar equipment, some of it destined for new bases at Haingyi in the Irrawady river estuary near Bassein, Ramree Island south of Sittwe (Rakhine [Arakan] state), Zadetkyi Kyun (St Mathew's Islands) off the Tennasserim Coast in the Southeast, and Coco Island, 300 Kilometers south of the Myanmar mainland in the Andaman Sea.³⁸

Despite the size of 1990 deal, the SLORC felt the need to conclude a further US\$400 m. arms purchase from China in November 1994. This involved the purchase of twenty helicopters, fifty heavy artillery pieces, a further sixty armoured personnel carrier's, six more Hainan class patrol boats and a number of smaller gun-boats (both acquired to guard Myanmar's newly developed offshore oil and gas fields, and fisheries, in the Andaman Sea), air-to-surface missiles, AK-47 assault rifles and 800 parachutes.³⁹

The SLORC regime has reportedly placed orders for some 10,000 7.62 mm type-56 assault rifles, 40 mm anti-tank grenade launchers and 82 mm mortars (types 67 and type 55) as well as 57 mm and 75 mm recoilless guns (type 56 and type 52). A number of RPG-7 anti-tank rocket launchers have also been added. Ammunition has been supplied for all these weapons together with 62 mm and 66mm HEAT projectiles.⁴⁰

China has also provided SLORC with about 1000 vehicles, including 6.5 ton Atolus trucks, 5 ton Jeifang Trucks, 2-ton Lanjian trucks and about 300 other heavy duty machines which includes Chinese type-72 tanks recovery vehicles and Hanyang tank transporters.⁴¹

³⁸ *JDW*, 15 June 1991, p.1053.

³⁹ *Ibid.*, 3 December 1994, p.1

⁴⁰ Selth Andrew 'The Myanmar Army', *JIR*, No. 1995, p.516

⁴¹ *Ibid.*, p.517.

By then, the completion of a large new bridge over the Shweli River, near the Myanmar - China border, in October 1992, had greatly expedited the delivery of arms by land (the initial August 1990 shipment has been brought to Yangon by sea) and by the end of 1993 arms were flowing into Myanmar from China' at a faster pace than at any time since August 1990.⁴²

Such massive reliance on Chinese supplies has had its problems. Despite, all the training provided, the Myanmarese military found much of the new equipment unfamiliar and difficult to handle with artillery pieces frequently misfiring, armoured vehicles breaking down, and the Chinese army trucks not nearly as reliable as the previous Japanese supplied Hino and Nissan vehicles.⁴³

It was partly for this reason that other suppliers have been sought in Singapore, Pakistan, Portugal, Israel, South Africa, North and South Korea and the Czech republic.⁴⁴ In late October 1995, overtures were even made to the Russians when Lieutenant General Tin Oo, the army Commander-in-chief visited Moscow and signed a deal for Russian made helicopter gunships, the first two of which were delivered to Yangon by air in November 1995.⁴⁵

However, Myanmar's dependence on the PRC goes far beyond the arms acquisition. Experts believe that the SLORC leadership depends on the PRC for advice on diplomacy and internal security as well. The PRC, for example, has been playing a crucial role in mediating the return of over 250,000 Rohinghya's who fled to Bangladesh following the Myanmarese army's offensives in 1992 and have been hesitant to return despite efforts by the UN Human Rights Commission.

⁴² FEER, 16 December 1993.

⁴³ Lintner "Myanmar's Chinese Connection" *International Defence Review*, November 1994, p.26.

⁴⁴ Selth, op.cit., pp.248-9.

⁴⁵ FEER, 21 December 1995, p.14.

Similarly, improvement in Sino-Thai relations has been an important factor in facilitating Myanmar's repeated pursuit of the Kachin armies as well as Khun Sa's Mong Tai.

Officials Visits and the Strengthening Of Bilateral Co-Operation

Frequent visits of high ranking officials and political leaders have been the principal way in which Sino – Myanmarese bilateral co-operation has been strengthened during the SLORC period. Since September 1988, more than ten Myanmarese delegations have gone to Beijing, while no less than 15 Chinese delegations have come to Yangon. Among these, the visits of General Than Shwe and Saw Maung to China, as well as Premier Li Peng's to Myanmar, have been particularly significant.

During the period 18-27 October 1989, Lieutenant General (now Senior General) Than Shwe, then army commander-in-Chief (now SLORC Chairman), led a 24 member Myanmarese delegation to Beijing where they were welcomed by General Xu Xin, Deputy Chief of the General Staff of the Chinese People's Liberation Army (PLA) who enthused that 'the visit of the Myanmar goodwill delegation will further strengthen Sino-Myanmar friendship and the mutual contact between our defence forces... We are very happy to learn about the desire of the Myanmar side to boost economic and trade relations and the contacts between our two defence forces'. General Than Shwe, in turn, spoke of the need to further strengthen the Sino-Myanmarese friendship and the promotion of greater exchanges between the two defence services, adding "since Myanmar is

now practicing an open door policy, many opportunities have emerged to expand economic and trading relations between the two countries".⁴⁶

The twin concerns of military cooperation and border trade thus loomed large during the visit, and these concerns were returned to when then SLORC Chairman General Saw Maung (in office, 1988-92) accompanied by senior Myanmar officials and his Trade Minister, Brigadier General David Abel, paid his first goodwill visit to China on 20-25 August 1991. Both the delegation hosts PRC chairman, Yang Shangkun and the CCP General Secretary, Jiang Zemin stressed the importance of strengthening the friendship between Myanmar and China through the adherence to 'Five Principles of Peaceful Coexistence', which had been first signed between Zhou Enlai and U Nu back in June 1954 and in return, General Saw Maung opined that no matter what changes had taken place in the international order, their friendly relations would continue to grow.⁴⁷ In the presence of the Chinese premier, Li Peng, who had given an account of China's economic reforms, the General set forth Myanmar's domestic and foreign policies, emphasizing that his country attached great importance to developing friendly relations with its neighbours.⁴⁸

While these exchanges were taking place, the main work of the visit was being done by the Myanmar Trade Minister David Abel and his Chinese counterpart Li Langing, Minister of Foreign Economic Relations and Trade, who signed an economic co-operation agreement in a ceremony witnessed by Yang Shangkun and General Saw Maung. At the same time, Brigadier-General Myo Thant, Director of Signals of the Myanmar Defence Ministry, signed a further

⁴⁶ FBIS-EAS/DR, 31 October 1989, p.37.

⁴⁷ SWB-FE/DR, 22 August 1991, p.A-3/2

⁴⁸ Ibid., 23 August 1991, p.A-3/3.

agreement regarding Myanmar Television stations Channel project with the Vice President of the Chinese Sinit Company, Wang Zhong.⁴⁹

In this fashion, Chinese assistance in the telecommunication field already extended in 1988 for the construction of TV transmission and relay stations was carried a step further with the dissemination of government propaganda being deemed to be crucial to the survival of the SLORC regime.

On their way back to Myanmar, the SLORC Chairman and his party, stopped in the Yunnanese Capital, Kunming, to visit the Kunming Electrical Machinery and Electro cable plants, which were both heavily involved in exports of power generation equipment to Myanmar. The Myanmar leaders also held talks with the Governor of Yunnan Province on matters concerning border trade and economic and technical cooperation particularly the construction of all weather cross border roads vital for the transport of heavy goods between Myanmar and Yunnan.⁵⁰

In December 1994, premier Li Peng finally visited Yangon, the first visit by a Chinese head of government since the SLORC seized power six years earlier. He stiffened the SLORC leadership's resolve not to make any deals with the NLD leader, Daw Aung San Suu Kyi, then languishing in her sixth year of house arrest, with an eye to ending the western trade and investment embargo, stressed instead that 'China is willing to promote trade and economic cooperation with Myanmar, on the basis of equality and mutual benefit'. During a formal reception by the SLORC Chairman, Than Shwe, he praised "the time tested traditional good neighbourly relationship between China and Myanmar, [which] is developing steadily and has broad prospects", eliciting a panegyric from Than Shwe who

⁴⁹ Ibid., 27 August 1991, p.A-3/1

⁵⁰ SWB-FE/DR, 27 August 1991, p.A-3/1.

spoke of historical significance of Li Peng's visit and the way in which frequent exchanges of visits between the leaders of the two countries would promote 'the continuing development of friendly relations.'⁵¹

⁵¹ FBIS-DR/CHI, 28 December 1994, p.18.

CHAPTER – IV
IMPLICATIONS FOR INDIA

Before going into the implications of Myanmar-China relationship on India brief overview of Myanmar-India relationship over the years is necessary.

Myanmar-India Relations: A Historical Overview

India is separated from Myanmar by a border that runs for 1,643 km along the low Patkai hills. The nature of this border, unlike the Himalayas, allows ethnically similar people to straddle the mountain ranges on both sides. Nearly all the original settlers of India's Northeast came from lands further to the east. This ensures a strong cultural similarity with Southeast Asia that is felt even today. It also led in the past to an overlapping relationship with Myanmar and provided a route to China. In the modern era, these links were strengthened by the common British rule since the early 19th century. Another common condition characterising India's relations with Yangon since Independence are the insurgency movements that prevailed in this part of India and Myanmar. All guerrilla groups in north-east India have used Myanmar at various times and for a number of reasons, as a source for, training, as sanctuary, for obtaining ideological guidance and moral help.

Northern Myanmar also lies along an important route to China. From the 4th century BC, one arm of the Southern Silk Route originating from Chengdu passed through Kunming in Yunnan province, northern Myanmar and into north-east India. From here the route went on to the port of Orissa or further inland through central India to the west. When China was cut off from the sea in World War II, it was this route that ensured the constant supplies to the Chinese army fighting against Japan. All this has ensured that Myanmar remains strategically

important for India. In the recent years, this strategic significance has increased even further with the ever increasing Chinese presence in Myanmar.

Myanmar's intrusion into India in the late 18th early 19th century led to the First Anglo-Myanmarese war in 1824-26.¹ Following this, the British extended their rule into Myanmar, governing it first from Calcutta and later from Delhi. Till 1937, Myanmar was a province of British India.² Throughout the 19th and early 20th century, labour and administrative personnel moved from India into Myanmar to support the British colonial rule. At the beginning of World War II, Indians numbered one millions out of a total population of 16 million. 45% of Yangon's population was Indian. This large population as a part of colonial baggage was strongly resented by the Burmans. There were occasional anti-Indian riots and a major one took place in 1938. This led to a strong and persisting Myanmarese prejudice against Indians at the economic, political, religious and racial levels.³

However, just after the independence of the two countries, political relations between them remained cordial despite some left over irritants. Both Aung Sau, the Myanmarese independence hero and U Nu its first Prime Minister, were close to Jawaharlal Nehru and kept close links with Delhi. India's relations with Myanmar since 1948 passed through approximately four stages.

The period 1948-1962 was one of the friendship and cooperation. India provided military and monetary help to Yangon to help counter the insurgencies. In the mid-1950s, U Nu and Nehru jointly visited the Naga hills to settle the border in that area. Finally, in accordance with India's overall foreign policy, Nehru advised all expatriate Indians to take up the citizenship of their adopted

¹ David I. Steinberg, "Myanmar as Nexus: Sino-Indian Rivalries on the Frontier", *Studies in Conflict and Terrorism*, vol.16, no.1, 1993, p.3.

² Bertil Lintner, "Burma and its Neighbours", *China Report*, 28(3), 1992, p.239.

³ Steinberg, *op.cit.*, p.4

land or to return home. This ended all speculation of dual loyalties, an issue that was of major concern to Myanmar. Disadvantaged in several ways and in dwindling numbers the Indian community still remained influential in some areas of commerce.

The next stage from 1962-88 comprised two and a half decades of Ne Win's totalitarian regime. General Ne Win's martial rule beginning in 1962 exploited the latent anti-India feeling to the hilt. Under the overall policy of "The Burmese Way to Socialism", all trading and commercial activities were nationalized. This left most of the Indian population without any means of livelihood and effectively forced them out of the country. More than 200,000 Indian Left, leaving behind their business and with their possessions confiscated.⁴ The changed population profile was reflected in the census of 1983. According to this, Myanmar was 0.5 percent Hindu and 3.5 percent Muslim. A breakdown of people from the Indian subcontinent is as follows:

Indians	428,428
Pakistanis	42,140
Bangladeshis	567,985
Nepalese	73,511 ⁵

During the Ne Win regime, Myanmar cut itself off from the rest of the world and went into a self imposed exile. Relations with India were brought to a low level of diplomatic contact and level of interaction between the two countries reached its nadir.

⁴ Ibid., p.4

⁵ Burma 1983 Population Census, quoted in Dipankar Banerjee, 'Myanmar and Indian Security Concerns', *Strategic Analysis*, August 1996, p.692.

The democracy movement in Myanmar in 1988 was the next turning point. New Delhi along with the majority of world opinion expressed support for the democracy movement. It severely criticised the excesses of the military regime against the unarmed pro-democracy protestors. Lata it clearly outlined its open door policy to the Myanmarse refugees, of whom the students were in a majority. The Indian Foreign Minister told the Parliament that "strict instructions have been issued not to turn back any genuine (Myanmarse) refugee seeking shelter in India.⁶ All India Radio stepped up its Myanmarse language broadcasts, which were highly critical of the SLORC. There was allegations that Indian government had provided financial support to the rebel government set up by Myanmarse dissidents.⁷ This prompted General Than Shwe, the commander-in-chief of the army and the then vice-chairman of the SLORC, to give the statement that India was a country which "encourages and supports internal insurgents", and "interferes in (Myanmar's) internal affairs, acts which are not compatible with the expected behaviour of a friendly neighbour".⁸ The impact of these developments severely affected mutual relations, which actually did reach a nadir at this point.

There were other reasons for the increase in bilateral tensions after 1988. As part of its expansion of the Myanmarse armed forces (with Chinese help), for example, the SLORC created a new regional military command which encompassed sagaing Divisions and Chin State. Both are in northwestern Myanmar directly facing India. In 1991, Myanmarse soldiers penetrated 30 kilometers into Mizoram to capture dissident Myanmarse students based there. Also, India did not feel that Myanmar was doing enough to help control anti-

⁶ *FEER*, 1 June 1989

⁷ *Bangkok Post*, 1 February 1991.

⁸ *JIR*, January 1994, p.39.

Indian insurgents operating across the 1643 kilometer long border between the two countries. The military build-up, the role China had played in supplying the Myanmar Army with weapons and the cross-border insurgencies added to Indian concerns.

India however, realized the futility of extreme stances as the SLORC regime, inspite of international condemnation and sanctions did manage to hold on to the power and even consolidate its position. Realizing that more extreme the Indian stance, more the SLORC regime would be pushed into China's embrace, a gradual shift in the stance was brought about.

A new beginning was made with the Foreign Secretary J.N. Dixit's visit to Myanmar in 1993. Since then, attempts have been made to develop a constructive dialogue with the SLORC without giving up India's traditional policy of support to democratic principles. The policy is one of constructive engagement, first adopted by the ASEAN, but now increasingly being followed by other Asian countries. The policy is paying small but positive dividends. At the popular level support for India continues because of its strong backing to pro-democracy forces. At the same time, the government has deliberately avoided meddling in Myanmar's internal affairs. This change in policy was reflected by then Foreign Minister Pranab Mukherjee's statement in March 1996 when he said that India was committed to a policy of non-interference in the "internal affairs" of another country and that India considered the "pro-democracy movement" in Myanmar an internal affair.⁹

However, before an analysis of the implications of the emerging Myanmar-China nexus over the last decade, one has to do an in-depth analysis of

⁹ *The Hindu*, 19 March 1996.

the motives that are driving China and concerns which are central to the SLORC thinking, and have resulted in Myanmar gravitating increasingly towards China.

China: Key Objectives ×

Relations between China and Myanmar have never been closer than they are today. Despite growing regional concern about Chinese intentions, Beijing's reluctance to clarify matters has further complicated the situation.¹⁰ However observers of Chinese and Myanmar affairs have attributed several motives to China's desire to expand its economic and strategic influence down to the Bay of Bengal. A major one, of course, is the Chinese economic planner's desire to open the old Burma Road to link up the poorer, inland provinces such as Yunnan, which have lagged behind the booming coastal provinces, with the fast growing economies of Southeast and South Asia.¹¹ China apparently also seeks an over-land route through Myanmar to a port from which it can export cheap consumer goods to mainland Southeast Asia, India and other developing countries further afield.¹² Such an outlet would also reduce transport time for some of Chinese's trade and would avoid the alalacca strait choke point in the event of a conflict in the South China Sea.

The significance of the old Myanmar Road for economic growth was outlined first by a former vice-minister of communications, Pan Qi, in an article entitled "Opening to the Southeast: An Expert Opinion" in *Beijing Review* of 2nd September 1985, which outlined the possibilities of using Myanmar as an outlet

¹⁰ *Sunday*, (23-29 August) 1992, pp.58-59.

¹¹ P.Stobdan, "China's Forays into Burma: Implications for India". *Strategic Analysis*, xiv (1993), p.23.

¹² *The Economist*, 23 January 1993, p.27.

to Indian Ocean. The article even mentioned how the railhead of Myitkyina and Lashio in upper Myanmar could be used for exporting Chinese goods to South Asia. Soon afterwards, a small Chinese flotilla, led by the Commander of the South China sea fleet, made port calls at Dhaka, Colombo and Karachi in early 1986. The Chinese naval officers on board were quoted as saying that this was to show how China does not recognize that the Indian Ocean belongs to India alone.¹³

The three decades of self-imposed isolation, or what the regime described as the “Myanmarese Road to Socialism” had turned the region’s most prosperous country into an economic basket case. Since 1990, the Chinese have found Myanmar a ready market for their cheap consumer goods such as textiles, bicycles, cigarettes, beer, utensils and agricultural products. The annual Sino-Myanmarese trade is estimated to be more than US \$1.5 billion, excluding a lucrative cross-border illicit traffic in drugs from Myanmar’s side of Golden Triangle.¹⁴ To strengthen and increase its trade links with Myanmar, China is also providing its southern neighbour with economic aid and technical help in developing its physical infrastructure. Chinese authorities in the Southwest province of Yunnan have plans to build a 1350 km railway through Laos and Myanmar to Thailand which will link Kunming with Bangkok. Hundreds of Chinese experts are already working on major highway, railway and bridge construction projects in Myanmar which will significantly increase the volume of trade between China and its Southeast and South Asian neighbours in the years ahead.

¹³ Swaran Singh, “The Sincization of Myanmar and its Implications for India” *Issue and Studies*, No.1, January 1997, p.127.

¹⁴ Bertil Lintner, “Rangoon’s Rubicon,” *FEER*, 11 February 1993, p.28

From the strategic viewpoint, arms sales and/or military cooperation have always been an important means of funding the Peoples Liberation Army's (PLA's) modernization drive and of expanding China's influence abroad. For example, through its military assistance, Beijing has recently come to acquire considerable political influence over Myanmar and Laos. Arms sales also raised China's profile in South Asia, thereby affording Beijing the opportunity to mediate the conflict between Myanmar and Bangladesh over Rohingya Muslim refugees (Beijing has already demonstrated its crucial role in the settlement of other key regional disputes in Northeast and Southeast Asian sub-regions: e.g. the Korean peninsula, Cambodia and the Spratlys).

Closer Sino – Myanmar ties are now seen as “of great significance to the national security of China”. Arguing that China's sea lanes of communications are subject to military blockades or interruption in the East and South China seas, Chinese defense planners now routinely stress that “a route from Yunnan to Yangon could become an important transport line for goods and materials”.¹⁵

Chinese forays into Myanmar are also a reflection of China's transformation from a continental power into a maritime power increasingly dependent upon external trade, on ever-growing volumes of imports and exports through oceanic routes, and on overseas markets for capital and investments. 85% of China's external trade is transported by sea. This, in turn, necessitates the development of a blue – water naval capability to protect vital sea lanes of communication. A major hurdle in the Chinese ambitions to dominate the Malacca straits and to ensure the safe passage of goods through the vital sea lanes was the

¹⁵ Larry M. Wortzel, “China Pursues Traditional Great – Power Status” *Orbis*, xxxviii, 1994, p.164.

lack of any maintenance bases in and around the Indian Ocean for its naval ships. With Myanmar offering its port facilities for repair and maintenance, a key strategic objective that is, an opening to the Bay of Bengal / Andaman Sea via China's southeast frontier has now been realized.

The Chinese defense establishment is concerned about India's ambitions to dominate the Indian Ocean and its increasing military capability to project power.¹⁶ Despite the constant fluctuations in the Sino-Indian relations (relations again looking up after the negative fallout of Pokhran-II in May 1998), Chinese strategic literature continues to list India as one of China's most likely opponents in the regional conflicts on China's southern borders in the 1990's and beyond (the others being Vietnam and Taiwan).¹⁷ Chinese strategists are also increasingly questioning India's view of its status in the Indian Ocean. A high ranking PLA officer and Director of the Chinese Academy of Military Sciences, General Zhao Nanqi, was quoted in 1993 as saying that China would extend its naval operations further than the South and East China seas to check the attempts by India to "dominate" the Indian Ocean and other regional waters. Accusing India of seeking to develop a navy to rival that of "large global powers", General Zhao said that "this is something which we cannot accept... we are not prepared to let the Indian Ocean become India's Ocean"¹⁸ Having established its naval dominance in the Pacific, the Chinese navy's expansion into the Indian Ocean should be seen as the "the realization of one of the Beijing's dreams which is that its navy can operate in two major oceans" and thus herald China's emergence as a 'truly global power'.¹⁹

¹⁶ Ibid., p.161.

¹⁷ *The Hindu*, 22 November 1993.

¹⁸ *Time*, 10 May 1993, p.39.

¹⁹ *Hindustan Times*, 13 January 1993.

Last but not the least, China's naval surges into the Indian Ocean are a part of Beijing's grand strategy for the 21st century. With its present rate of economic growth, China will become a major importer of Middle Eastern oil in a decade.²⁰ Resource scarcity in the 21st century could see nations engaged in intense competition, confrontation and conflict, and the navy may well be called upon to protect vital sea routes. In fact competition for resources as already provoked elbow-bashing in the region – for example the rush to extend claim and counter-claim to the oil and gas that lies under South-China Sea, Sea of Japan, East China Sea and Central Asia. Growing demand for imported petroleum may well explain Beijing's naval interest in Myanmar regarding security of shipping routes through the Indian Ocean to the straits of Malacca and the South China Sea.

China's naval buildup is thus being undertaken with a view to securing the country's oil supply routes. Given the geostrategic significance of the Spratly Islands for sea lane defense, interdictions, and surveillance, whoever dominates the Malacca straits and South China Sea will determine the destiny of the whole region. And there is little doubt that China, by developing a blue water navy and naval bases in Myanmar is positioning itself to dominate both. In addition to Myanmar, China plans to secure permission from other friendly countries, such as Pakistan and Iran, to establish naval bases in the Indian Ocean and the Persian Gulf.²¹

According to Wortzel, "China is embarking on a new 'Long March' to become the first among roughly equal great powers that can enjoy freedom of action through a strong military presence and posture in a neo-imperial

²⁰ Mamdouh G. Salameh, "China, Oil and the Risk of Regional Conflict", *Survival*, xxxvii, 1995-96, pp.133-146

²¹ *International Herald Tribune*, 10 March 1993.

manner...”²² China’s goal more often than not is not conquest or direct control but freedom of action, dominance, and influence through coercive presence in its foreign relations. Beijing’s growing economic and political ties with the outside world have not weakened the hold of traditional notions of hegemony, cultural supremacy and sovereignty. According to a noted China watcher, Beijing is seeking to “place itself at the top of a new hierarchical pyramid of power in the region – a kind of new ‘tribute system’ whereby patronage and protection is dispensed to other countries in return for their recognition of China’s superiority and sensitivities. International relations scholars recognise this as a classic benevolent hegemonic system, although China adheres to a more coercive definition of hegemony (*bachuanzhuyi*)”²³

Apparently, both geo-economic and geo-strategic calculations lie behind China’s long march into Myanmar.

The View from Yangon

Since 1948, Myanmar has tended to look inwards, rather than to relations with other countries, but it has always been acutely conscious of its delicate position between India and China. Together with Thailand, these two countries have long been the primary focus of Myanmar’s external attention. It is even said that Ne Win’s strong opposition to birth control stems from his fear that Myanmar may be eventually swallowed by its populous neighbours. Of the two regional powers, however, it is China, which has always loomed largest in the minds of Myanmar leadership.

²² Wortzel, op.cit., p.158

²³ David Shambaugh, “Containment or Engagement of China”, *International Security*, xxi, 1996, p.187.

Ever since the Mongol invasions in the thirteenth century, successive governments in Myanmar have been very wary about its northern neighbour. Wars with India and Thailand have been more frequent but China has always been viewed as Myanmar's greatest external threat. It was larger, militarily more powerful and with far greater resources than any government in Myanmar could command. It has also been viewed as inherently unstable, aggressive and expansionist. After independence in 1948, the Myanmar government went out of their way to maintain good relations with China, even to the extent of leaving the Non-Aligned movement (NAM) in 1979,²⁴ but the relations were always strained.

Open conflict almost occurred over their disputed border in the 1950s and as a result of KMT forces, which established themselves in Myanmar's northeast around the same time. Until its collapse in 1989, the Maoist CPB enjoyed Beijing's support for its 40-year insurgency against Yangon. It was a major step, therefore, when the SLORC opened its arms to China in 1988. To understand the reasons for this departure from longstanding national policy, it is important to consider the circumstances under which the decision was made and implemented.

In late 1988, the SLORC was suffering widespread condemnation for its brutal suppression of the democratic revolution that year. Almost all major aid donors announced that they would be suspending official development assistance and withdrawing support for Myanmar's loans in international financial institutions. Multilateral aid agencies also took steps to deny direct assistance to the military regime. There was strong criticism of the SLORC in the United Nations and other international fora, like the European Parliament. This criticism

²⁴ Myanmar was a founding member of NAM, but withdrew at the 1979 meeting in Havana, when under Cuban pressure the movement became closely aligned with USSR. Myanmar feared that to remain a member would offend China.

was renewed after the arrest of charismatic opposition leader, Aung San Suu Kyi in July 1989, and SLORC's repudiation of the 1990 general elections, which had resulted in a landslide victory for the Opposition National League for Democracy (NLD). Throughout this period, the SLORC fanned an uprising by the civil population to restore democratic rule in Myanmar, possibly aided by some of the ethnic insurgent groups which had long been waging guerilla wars against the central government. At one stage, the xenophobia which had always, characterised the Ne Win regime reached the level of paranoia, with the SLORC apparently fearing that it might become the target of a UN-sponsored military coalition action, similar to the Operation Desert Storm against Iraq.²⁵

Despite its defiant rhetoric, the SLORC was in dire straits. It required modern arms and military equipment to ensure its continuing grip on political power, to defeat ethnic insurgents and to defend itself against possible attacks from abroad. It needed foreign exchange, capital equipment and technical expertise to keep Myanmar's ailing economy from total collapse.²⁶ It also needed diplomatic support against its more powerful critics, particularly in influential groups like the UN. The SLORC was quick to grasp the political and economic assistance offered by some ASEAN countries, notably Thailand, but this was not enough.

At this point, Chinese interests conveniently synchronized with a range of SLORC's major concerns and the military junta in Yangon moved to establish closer military, economic, and diplomatic ties with the communist regime in Beijing which had found itself in a similar predicament following the Tiananmen

²⁵ Andrew Selth, "Myanmar and the Strategic Competition between China and India", *The Journal of Strategic Studies*, vol.19, no.2, June 1996, p.221.

²⁶ *Ibid.*, p.222.

massacre. Thus began Myanmar's slide into China's embrace. China was prepared to provide immediate diplomatic protection (including in the UN Security Council), arms, project aid, technical assistance and finance, all on very generous terms. It was also able to provide heavy equipment to resuscitate Myanmar's industry, and cheap consumer goods, which the SLORC hoped would dampen down popular discontent. Faced with these attractions, Ne Win and the SLORC jumped at the opportunity to abandon Myanmar's commitments to neutrality and economic autarky, and thereby ensuring their own survival. It was seen by the embattled military regime as a simple matter of survival.

This decision to sup with its traditional enemy has delivered the SLORC from the immediate crisis it faced and allowed it time to consolidate its power base. Since 1988, Myanmar has been able to re-equip and even expand its armed forces. The Navy and Air Force in particular have benefited from Chinese assistance, as the SLORC has changed Myanmar's military structure from one suited only to counter-insurgency operations to one more capable of defending the country against conventional external threats.²⁷

The United Nations has continued to pass consensus resolutions each year condemning the SLORC for its human rights abuses, but the threat of multilateral military action against Yangon, if it was ever a serious option, has disappeared. The SLORC has become confident enough not only to maintain pressure on urban dissidents but also to launch major military campaigns against those insurgent armies and narcotics-based rebel groups which have refused to negotiate cease-fire agreements. Faced with the reality of continued Chinese aid and financial assistance to Myanmar, members of the International Community, like Australia, have

²⁷ Bertil Lintner, 'Regional Rivals Leading Burma Astray' *JDW*, 15 June 1991, pp.1053-54.

abandoned calls for an economic boycott of the SLORC. Indeed, some countries (such as Singapore, Thailand, South Korea and Taiwan) are now anxious to increase trade links with Myanmar before the Chinese corner all the best markets.²⁸

Over the longer term, the SLORC's dramatic shift towards China has made Myanmar's position strategically important in the region. The SLORC's policies have caused considerable disquiet among its neighbour, but that too has been manipulated by the regime for its own benefit. Fears that Myanmar might, willingly or unwillingly, be drawn further into China's sphere of influence have been useful in obtaining political and economic concessions from several countries, including some of the SLORC's most strident critics.

An example is the relaxation of India's policies towards Myanmar which seems to be in direct response to a judgement in New Delhi that continued criticism of the SLORC and continued support for Myanmar dissidents would simply push Myanmar further towards China. The SLORC also seems to have successfully played on ASEAN concerns. Broadly speaking, ASEAN did not join in the international condemnation of the SLORC for its suppression of the 1988 pro-democracy demonstrations, but in recent years the frequency and level of contacts between Myanmar and the ASEAN countries have greatly increased, with Myanmar being granted full membership of ASEAN in July, 1997. Commercial interests are clearly important but, to a significant extent, these initiatives also stem from ASEAN concerns about China's close relationship with Myanmar and the strategic implications of such a partnership for the wider region.

²⁸

Selth, *op.cit.*, p.223.

Implications for India

History shows that peace prevails when large nation – states of the size of China and India maintain and respect buffer states between them. War erupts when one or the other continental – sized nation annexes the buffer state (as China did in Tibet in 1950) or converts it into a client state (as China seems to be doing in Myanmar in the 1990s).²⁹ Tibet and Myanmar were long seen as the two buffer states of India and China. Tibet fell in the 1950s and its annexation led to a war in 1962. Will Myanmar also fall into China's embrace? That is the major concern of the Indian government and defense planners in the 1990s and beyond.

In terms of India's security, apart from various real and imagined exigencies, there are six primary threats emanating from the increasing Chinese indulgence in Myanmar: the linked threat of spread of small arms, the menace of drug trade, refugees and AIDS infiltrating across India's borders, the resultant insurgencies, and most importantly the fear of China's naval buildup in the Bay of Bengal.³⁰

Myanmar has always been beset with serious drug problem. However, opium production has undergone a phenomenal rise since the SLORC took power. The current production is estimated to be over 26,00 tons (with 200 tons of heroin), up from 800 tons a decade earlier.³¹ This is not only because recent years have enjoyed very favourable weather conditions for poppy crops; the PRC's policies towards Myanmar have also been regarded as an important factor for this

²⁹ J. Mohan Malik, "Myanmar's Role in Regional Security – Pawn or Pivot?" in Robert I. Rottberg ed. *Myanmar: Prospects for a Democratic Future*, (Washington D.C., Brookings Institution Press, 1998), p. 117.

³⁰ Swaran Singh, op.cit., p.129.

³¹ John Badgely, 'Myanmar in 1993: A Watershed Year', *Asian Survey*, February 1994, p.154.

recent “explosion of the drug trade”.³² Myanmar produces as much as 70% of the world's opium, three or four times as much as any other country. Poppy is grown mainly in remote areas of the Shan, Kachin and Kayah states bordering China, Laos, and Thailand and generates a livelihood for over 2 million people.³³ Traditionally, the PRC supported Myanmar Communist Party controlled the production and export of heroin until it was disbanded in 1989. But even now, Chinese drug-lords have continued their trade through external connections with Chinese in mainland China, Hong Kong, Taiwan, Thailand etc., and do business on the basis of strong personal and family relationships and secret society networks which involve no paperwork.³⁴ This makes it particularly difficult to either detect or estimate the trade's scale or ramifications.

What has made this widespread illicit trade particularly dangerous is its simultaneous growth with other problems such as weaponization, crime and AIDS. For India the serious implications is the spread of drugs and allied problems in the northeastern part. After the agreement between various rebel groups and the SLORC regime the flow of the drug trade has been diverted to India also. A number of new heroin refineries are believed to have been set up along the Indian border. “Trucks carrying *Pyitzu* (heroin base) and raw opium from the northeast down to Mandalay and from there the drugs are sent by boat, truck and even by air upto the western border areas”.³⁵ There is also a fear that with increasing Chinese pressure against drug trafficking, substantial amount of drugs originating in the Myanmar part of the Golden Triangle will be redirected towards India. Already cases of drug addicts and AIDS victims are on

³² Lintner, *FEER*, 26 January 1996, p.22.

³³ Swaran Singh, op.cit., p.123.

³⁴ Ibid.

³⁵ *FEER*, 5 November 1992.

an increase in the state of Manipur, where the number of drug addicts has gone up from 600 in 1988 to an estimated 15000 in 1991.³⁶ Large quantities of heroin also cross through Mizoram, on their way to Bangladesh.

Ever since the CPB insurgency in Myanmar's Northeast area along the Chinese border collapsed, Myanmar has brought changes in troop deployment. The numbers of battalions covering Myanmar's border with Bangladesh and India have increased from five in 1988 to 32 in 1992. In the recent years Myanmar has built up over 75,000 troops along the Bangladesh border.³⁷ Bangladesh is already facing serious influx of refugees from Myanmar. After the Myanmar government launched Operation Naga Min (Dragon King) over 200,000 Myanmar Muslims known as Rohingyas fled to Bangladesh from Arakan region of Myanmar. The Arakan crisis and the flow of massive number of Rohingyas to Bangladesh was a serious threat to South Asian peace and security.³⁸

Refugees from Myanmar have also sneaked into India through Moreh, a smugglers town in Manipur. Massive fight against Karen and Kachino with Chinese help has resulted in the increased influx of refugees into Indian states of Nagaland and Arunachal Pradesh. In the recent years thousands of Myanmar Nagas have been pushed into Nagaland.

The problem of Drug trafficking and proliferation of small arms is inextricably linked to the problem of insurgency. Thus, increased drug trade and the availability of small arms in large numbers in Myanmar has increased the vulnerability of India's northeastern region and several ethnic insurgency movements have reemerged. Many of the insurgent groups of northeastern India

³⁶ Ibid, 8 March 1991.

³⁷ *The Hindu*, (New Delhi), 26 January 1992.

³⁸ *FEER*, 26 March 1992.

like the NSCN, Manipur Peoples Liberation Army etc. have their training and logistics bases in Myanmar. Invariably the weapons captured from these insurgents have Chinese markings on them. The activities of the Indo-Myanmar Revolutionary Front (IBRF) formed by three underground organizations in the northeast have posed serious threat to India's security on the eastern frontier. Linked with the problem of drug abuse and intravenous drugs is the spectre of AIDS. The Northeastern states of India especially Manipur show one of the highest incidents of HIV positive cases in the country.

Given India's long adversarial relationship with China, anything that promotes China's interests in its immediate neighbourhood or expands China's influence worries India. New Delhi is reportedly not opposed to the reopening of the old Burma Road if the only purpose is to promote trade and economic links between Southwest China and South Asia.³⁹ The aspect that worries Indian strategists is the growing military connection between China and Myanmar and its implications for India's broader strategic objectives in the northern Indian Ocean region. New Delhi's desire is for a stable, neutral, and peaceful buffer state of Myanmar between India and China. A Tibetanization of Myanmar is seen as detrimental to India's security interests because Myanmar also provides a potential invasion route for the Chinese.

The Chinese naval activity in the Bay of Bengal has dramatically soared in recent years and is a source of grave concern for India. In August 1994, for instance, Indian Coast Guard captured three mysterious Chinese trawlers (namely, Da Yuan-111, 112 and 114) with fifty five crew members aboard in the Andaman

³⁹ Jasjit Singh, "Future of Sino-Indian Relations", *Strategic Analysis*, xvi, March 1994, p.1512.

Sea. On being intercepted, the trawlers first made an attempt to escape but surrendered when challenged by Coast Guard Ships, which opened fire. Suspicions, were raised when the Chinese claimed that rough weather had thrown them off course, even though the weather was clear at that time. It was also later said that one of the trawlers (Yuan -114) was equipped with modern electronic gear, though an attempt was made to hush up the incident.⁴⁰ Similarly in October 1994, the US aircraft carrier *Kilty Hawk* was involved in a three day standoff with a Chinese Han-class nuclear submarine in the Yellow Sea which the Pentagon later described as a clear sign of China's expansionist policies.⁴¹ Other similar incidents of Chinese naval stand offs, straying trawlers, and fast patrol boats giving chase to other countries, ships on the open seas have continued to be reported on a regular basis.

The Chinese involvement in upgrading the naval facilities in Myanmar is causing considerable alarm in the region and India is watching the developments with increasing unease. In late 1992, US satellites detected a new 150 ft. antenna for signals intelligence at the naval base on Coco Island, a Myanmarese possession in the Indian Ocean. Coco Island is located barely 30 nautical miles from India's naval base on the Andaman Island Any sophisticated signals intelligence equipment on Coco Island would also be able to observe India's missile tests at Chandipur-on-Sea on the northern coast of the Bay of Bengal. India is known to have made several diplomatic representations to Yangon on the issue.⁴²

⁴⁰ *The Times of India* (New Delhi), 21 December 1994.

⁴¹ *JDW*, 7 January 1995, p.5.

⁴² Bertil Lintner, "Myanmar's Chinese Connections", *Strategic Digest*, November 1994, p.52.

Recent intelligence reports indicate that the Chinese are pressing the Myanmar government to allow them access to three major, strategically located listening Islands along Myanmar's coast: on Ramree Islands south of Sittwe in the Western Arakan State, on Coco Island in the Indian Ocean, and at Zadetkyi Kyun (or St. Mathew's Islands) off the Southeastern Tenasserim coast. The last is especially sensitive: this long, rugged island is located off the coast of Myanmar's southernmost point, Kawthaung or Victoria Point, close to the northern entrance of the strait of Malacca.⁴³ In addition, China has also been involved in dredging and expanding Myanmar's five major ports across its western coast, and has also reportedly been building a secret naval base off the southern coast near the Andamans, Although its feasibility in terms of actual operations is unknown.⁴⁴

The Indian naval establishment is of the view that Myanmar is in danger of becoming an unwitting stalking horse for China's strategic ambitions in the Indian Ocean. Given India's growing dependence on the Persian Gulf oil and the fact that 97% of India's trade is carried by sea, "the Chinese presence at [India's] doorstep could be a constant irritant."⁴⁵

Sino-Indian relations since the late 1980's have seen many ups and downs. An early thaw in 1990's was followed by the negative fallout of Pokhran-II in May 1998. However with recent diplomatic parleys, relations have again begun to look up. But mutual suspicions and basic insecurities continue to bedevil the bilateral relationship. Of particular concern to New Delhi is the challenge of China's growing economic and military power might pose for India's own

⁴³ Ibid.

⁴⁴ *JIR*, August 1995, p.367.

⁴⁵ Ruben Banerjee, "China : Worrying Approach", *India Today* 30 April 1994, p.70

aspiration for regional leadership.⁴⁶ While China has sought economic and political engagement with India, it has continued its policy of military containment and strategic encirclement of India by seeking a ring of regional strategic alliances with India's neighbours. This has involved "the building of Pakistan as a counterweight to India, employing Myanmar as a strategic observatory and base and gaining a foothold in India's other neighbours – Bangladesh, Nepal and Sri Lanka".⁴⁷ In the future, the chances of an economically and militarily powerful China taking greater interest in India's neighbourhood are assured, particularly if its designs are frustrated in its back-yard, Southeast Asia, by Japan and / or ASEAN.

Indian analysts believe that the alternatives before the Asian countries are either to accept Chinese hegemony or take steps to contain and balance the Chinese power. Moreover, sooner or later, the region will have to evolve counterweights to China and India is seeking to maneuver itself into a dominant position in order to offer itself and, more importantly, be seen as a military counterweight to the Chinese power in Asia.

Foreign policy analysts are now optimistic that a shared interest in containing China's growing economic and military influence would cement Indian-American, Indian-Japanese and Indian-ASEAN ties. To this end, India is seeking to establish closer ties with the East Asian countries. New Delhi has already become a member of the ASEAN Regional Forum (ARF) and has repeatedly expressed its desire to join APEC. Evidence suggests that ASEAN and

⁴⁶ C.Uday Bhaskar, "Role of China in the Emerging World Order", *Strategic Analysis* xvi, 1993, pp.3-19.

⁴⁷ Brahma Chellaney, "The Dragons Chicanery behind the Smile," *Pioneer*, (New Delhi), 23 October 1996.

Japan share India's concerns about the Chinese navy's access to Myanmar's bases.⁴⁸ True, it will be some time before China can take full advantage of its burgeoning military ties with Myanmar. Monitoring sites and refueling capabilities in the Bay of Bengal / Malacca Straits will undoubtedly have the effect of extending China's reach into the Indian Ocean.

India's Counter – Strategy

For New Delhi, the security implications of China's arms supplies to Myanmar coupled with instability and insurgency movements in India's northeast, and an increase in drug trafficking on the largely unguarded Indo-Myanmar border became too serious to ignore. Consequently, since early 1993, India has been pursuing a two-pronged strategy to counteract the Chinese moves.

On the one hand, there has been a significant shift in New Delhi's Myanmar policy to counter balance China's influence there. Much like ASEAN, New Delhi has now decided to follow a policy of "constructive engagement" with Yangon, thus abandoning its earlier stance of isolating the Myanmar military regime. A working relationship with Myanmar is no longer seen as undermining India's support for the "democratic aspirations of the Myanmar people". From the long term perspective "fighting for restoration of democracy in Myanmar is (still seen as) a fight for India's security" but in short term, India's strategy is to promote economic links both to obtain a share of the Myanmar market for Indian goods, reduce Myanmar economic dependence on China, and end Myanmar's support for ethnic insurgents in northeast India and to counter China's influence⁴⁹. The reversal in India's Myanmar policy since March 1993 is a clear

⁴⁸ Bertil Lintner, "Myanmar: Arms for Eyes," *FEER* 16 December 1993, p.26.

⁴⁹ Rita Manchanda, "Reasons of State", *FEER*, 6 May 1993, p.12.

sign that India is willing to come to terms with the SLORC without renouncing its support for the pro-democracy cause.

The second prong of India's strategy is to find complementarity of interests with those southeast Asian countries which share New Delhi's perception of "the China threat" Historically, Southeast Asian countries have seen "the China threat" as emerging from east through Indo-China and the South China Sea. However, Chinese expansion into the Indian Ocean amounts to opening of a new front for the Southeast Asian countries, in the west as well. To assuage Southeast Asian countries' fears about India's own military buildup, New Delhi has established defense ties and conducted joint naval exercise with Malaysia, Indonesia, Singapore and Philippines. Already, indications are that New Delhi's new 'look East' policy has paid off. A Senior Indonesian military officer told FEER that his country was "worried about the close relationship between Myanmar and China".⁵⁰ Jakarta, always wary of Beijing's extra-territorial ambitious, has established a joint India-Indonesia involvement council conducted joint naval exercises not far from Coco Island and exchanged high level military visits. Meanwhile, India has moved further to strengthen its military and economic ties with its old Southeast Asian ally, Vietnam. During Indian Prime Minister Narasimha Rao's visit to Vietnam in September 1994, the two sides decided to forge closer political, economic, and military ties. India welcomed Vietnam's membership of ASEAN in 1995, and Myanmar's induction in 1997, into an enlarged ASEAN as it may result in curbing the latter's dependence on China.

⁵⁰ FEER, 3 March 1994, p.27

Interestingly, “even those ASEAN nations not traditionally close to India have been more accommodating to New Delhi in recent years”.⁵¹ Thailand is a case in point. A close ally of China during the Cambodian conflict, Bangkok is now increasingly uncomfortable with Beijing’s arming of its western neighbour and the Chinese military presence in its western maritime littoral.⁵² The reasons are obvious. The ethnic conflict in Myanmar has spilled over into Thailand exacerbating tension between the two countries. The dramatic expansion of Myanmar’s armed forces has caused concern in Thailand. In 1994, a Thai military delegation visited India and expressed an interest in purchasing military equipment. There is some evidence to suggest that the region’s smaller nations, Singapore and Brunei, are also increasingly viewing India’s powerful military as a useful counterweight in maintaining a geopolitical balance of power.⁵³

Clearly, China’s forays in Myanmar have brought about a strategic consensus between India and the Southeast Asian countries on the need to counter Chinese expansion into the Indian Ocean. Most observers agree that Beijing seems to be motivated more by economic reasons (i.e. maintenance of open sea lanes of communications) and the benefit of a securer flank, and less by the need to develop a base for aggression. Whatever the case, the fact remains that in recent years Myanmar has moved too close to China for India’s or ASEAN comfort.

It does not matter whether economic interest or strategic interests dictate China’s expansion. The significant factor is that Beijing’s Myanmar policy is a manifestation of a Chinese desire to dominate both the Pacific and Indian Oceans. It is also demonstration of the potential for Chinese naval presence in the Indian

⁵¹ Sandy Gordon, “South Asia after the Cold War”, *Asian Survey*, xxxv, 1995, p.889.

⁵² *FEER*, 22 April 1993, p.9.

⁵³ *FEER*, 8 February 1994, p.14.

Ocean, should it ever wish to establish one in the future. The net result is that Myanmar, occupying as it does, a critical strategic position between the two Asian giants, has become a source of friction in Sino-Indian equation. What is more Myanmar has added a maritime dimension to the traditional Sino-Indian rivalry, which could have serious implications for the region as a whole.

CHAPTER - V

CONCLUSION

This study of the complex relationship between Myanmar, China and India has attempted to outline the new strategic environment in the region. It tries to draw attention to the critical shift in the regional power relationships which has flowed from the SLORC's formal assumption of power in Yangon and its subsequent embrace of China. This examination of increased Chinese influence on Myanmar India relation takes a close look at Myanmar's perspectives thereby giving a clearer picture.

In this study, two broad and distinct phases can be discerned in the Myanmar-China relations, with a clear change taking place in mid-1988. In the 1949-88 period, fear of the potential or real support of China for the Communist Party of Burma, at that time the country's most powerful insurgent group, dominated Yangon's thinking towards the PRC. Myanmar's decision to recognise China in December 1949, the first non-Communist country to take this step, must be seen in this context. So too must its leaning towards the PRC during the Cold War, despite its avowed neutralist foreign policy. Both were done to avoid offending the PRC and to court its friendship. On its part the PRC, after taking a hostile attitude towards Myanmar in the early years, decided to use the CPB as a weapon to turn Myanmar into a political follower in the era of the Cold War. The visit of Zhou Enlai to Yangon in June 1954 marked a turning point in the relations between the two countries, ushering in a period of 'delicate friendship' which lasted, but for the five-years interruption (1967-71) caused by the excesses of Chinese Cultural Revolution until the present period of military rule in September 1988.

Since then, relations between Myanmar and PRC have shifted rapidly towards increasing closeness, a shift dictated largely by the change in internal politics of the two countries and the end of the Cold War. Following the trade and military agreements of 1988-90, Myanmar looked to the PRC for consumer goods to ease popular grievances

and for weapons to fight ethnic rebels and the 'destructive [democratic] elements' within the country. The PRC, for its part, focused principally on the economic and strategic dimensions of relations with Myanmar. Through the extended Myanmar Coast line in the Bay of Bengal and Andaman Sea, China is trying to gain a strategic foothold in the Indian Ocean. Myanmar, for PRC, could also act as a conduit for the export of its industrial and consumer goods to the hitherto untapped markets of South and South-east Asia. The land and rail routes from Yunnan to Myanmar could act as an outlet to trigger markets for products from land locked Yunnan.

Myanmar's foremost concern in its dealing with giant neighbour, ever since the Communist came to power in 1949, has always been the survival of the Yangon government, a concern which has, if anything intensified now that it is clear there will be no swift end to the informal western investment and arms blockade, eventhough talks about constructive engagement of the Yangon military regime are being raised from various quarters.

The challenge Myanmar faces in the late 1990's, however, lies not in the survival of a government but in the future of the nation itself. At no time since independence in January 1948, has Myanmar experienced such a grave crisis. For three and a half decades, the Myanmar have remained under an authoritarian rule and deprived of political freedom. Popular hatred of the present regime has increased following its arbitrary decision not to transfer power after the May 1990 elections.

Despite the 'standfast' agreements, ethnic insurgency is still a threat in many rural areas, and national disunity has been deepened by the anti-government sentiments of the civilian population and the establishment of a parallel government. Military expenditure, direct and indirect, is estimated at more than 60% of the national budget. The combination of Ne Win's disastrous 'Burmese way to Socialism' (1962-88) and

thirty-five years of military rule have transformed a once prosperous nation into a 'least-developed country' with a per capita income of less than US \$250. Current economic policies are at best only *ad hoc* measures to raise money for present needs. All major aid donors, with the partial exception of Japan which has allowed Yangon some modest debt-relief, have suspended aid until democratic government is installed. At the same time, US pressure is ensuring that Yangon is deprived of the multilateral aid which it so desperately needs to restructure its economy and float its currency.

Despite ASEAN's 'constructive engagement' - Myanmar became a full member of the regional organisation in 1997 - and the support of China, Myanmar is still diplomatically isolated. Thus the ruling military regimes increasing closeness with China to ensure its survival and seek diplomatic support in international fora is bound to come at a very high price.

From Yangon's perspective, too much dependence on China is not in Myanmar's national interest. While the Chinese embrace might ensure SLORC's survival, the military regime has chosen a very dangerous and difficult path. The SLORC has achieved more over the past seven years than was initially expected, but it remains to be seen whether it will be skilful enough to escape Beijing's close embrace, without major costs. This Chinese embrace restricts Myanmar's freedom of action and results in a significant dilution of national sovereignty.

A few years of trade and military aid have turned the erstwhile non-aligned state of Myanmar into China's closest ally - an objective which the three decades of Beijing supported insurgency and CPB's armed struggle failed to achieve. The transition back to a more neutral and economically independent Myanmar will be neither quick nor easy particularly if this shift is opposed by China. The latter's hold over Myanmar is already strong, and its strategic weight is steadily increasing as its

economy grows and its defence forces are modernised. Also, the bilateral relationship is developing a life of its own, and is already affecting areas which may be beyond either the SLORC's or even China's ability to control.

One of the most obvious sources of future difficulty is the rising opposition in Myanmar to Chinese influences. Several sources have reported the growing discontent in northern Myanmarese towns are a massive influx of ethnic Chinese, mainly from the border province of Yunnan, who have taken over houses, hotels and businesses and forced the local inhabitants to move to the outlying areas. Also, the insensitive behaviour and conspicuous wealth of Chinese traders and ethnic Chinese narcotics traffickers in northern centers like Mandalay have already aroused considerable resentment. Forced relocations of Myanmarese have taken place, prices have risen and traditional cultural values have suffered. The domination of Myanmarese markets by cheap Chinese consumer goods has put many local industries and entrepreneurs out of business. There is also growing unhappiness about the plunder of Myanmarese raw materials. As Mya Maung has put it, the Myanmarese are seeing 'a resurrection of the colonial plural society - in which alien groups dominate the society and economy at the expense of economic hardship and cultural decay for the Burmese'.

Public opinion does not often count for much in Myanmar, but the SLORC will need to balance carefully the country's development needs against the risk of a popular backlash. Allowed to grow unchecked, this anti-Chinese feeling has the potential to cause demonstrations at least as violent, and as damaging to bilateral relations, as those which occurred in Yangon in 1967.

Other potential sources of tension between Myanmar and China include the SLORC's complacent attitude towards narcotics trafficking and its reluctance to acknowledge the spread of AIDS. These problems are already over-flowing the border

into Yunnan, and are expected to become major concerns for the local Chinese authorities in the future. As they do, the SLORC is likely to come under considerable pressure from China to act, but there is no guarantee that the SLORC will be willing, or indeed able, to take the comprehensive measures that will be necessary. Some of the most powerful narcotics producers in the area are the ethnic insurgent groups, like the United Wa State Army, with which the SLORC has struck special deals. Also it is believed that many senior figures in the *tatmadaw* directly or indirectly benefit from the drug trade. If so, they can be expected to resist any serious measures that are implemented to control it.

A major reason why the Myanmar regime turned to China was that it was spurned by its Asian neighbours. Now that it is no longer spurned, attempts are underway to wean Myanmar away from China's influence. In the long term, Myanmar's strategic interests lie in counter-balancing China's influence and power through its ties with India and ASEAN. Indeed, there have been indications that the SLORC has started looking towards India as a bargaining chip in its dealings with China. On the other hand, India is also seeking to engage Myanmar to prevent it from going further into China's embrace.

India has made a series of efforts with Myanmar, starting from the historic visit to Yangon by then Indian foreign secretary J.N. Dixit in March 1993. This was in response to a visit by Myanmar's Director - General of the Foreign Ministry in August 1992 and was followed by other inter-ministerial delegations. In May 1994, Indian Army Chief General B.C. Joshi paid a visit to Myanmar, and the following month, the two countries signed an agreement to open their border trade, with India clearing RS. 10 million for widening the Moreh - Imphal highway and equipping Moreh with modern facilities for facilitating trade. Both have agreed to joint economic

developments on their border, to build a bridge across the river Tiau, to supply Indian electricity to several remote Myanmar villages, and to take joint security measures against insurgents and drug dealers.

However, little progress has been made, inspite of acceptance of the fact that building blocks with SLORC is gradually proving to be the most potent method for reducing China's influence in Myanmar. The slow progress and cautious approach on the Indian side has persisted because of official neglect and pressure from domestic lobby in favour of the democratic movement in Myanmar. Nevertheless attempts are being made to engage Myanmar even further.

Furthermore sustained economic growth, greater involvement in regional affairs, and membership of ASEAN and ARF will provide the Myanmar regime with powerful leverage and strong incentives to desist from making policy choices which arouse regional concerns.

The continuation of the political status quo within Myanmar also cannot be taken for granted. Aung San Suu Kyi and the remnants of NLD continue to focus international media attention towards the SLORC's lack of popular mandate. Remote though it may seem, one cannot rule out the possibility of the SLORC being overthrown by a popular movement for a democratic regime. In the information age, days of authoritarian, militaristic regimes are numbered. The ever-shrinking ranks of authoritarian regimes in Asia show that time is on the side of democratic forces world wide.

For its part, ASEAN and India need to consider whether the time has come to replace the policy of "constructive engagement" with "comprehensive engagement" one which seeks to engage the SLORC as well as the opposition forces. "Comprehensive engagement" would also offer the Myanmar regime the

opportunity to develop a fuller range of diplomatic, security and economic contacts with Asian and Western countries. It would not only be able to seek new trading, investment and financing opportunities in the West and East, but also develop a more balanced policy towards China and India.

If all these conditions are met, and that is indeed a big "if" the destabilising implications of Myanmar's recent pro-Beijing tilt in foreign policy can be contained and managed. However, events over the last few years do not lend much credence to SLORC's ability to walk a fine line on issues of national and international importance. Given Myanmar's dependence on China for the military hardware, training, spare parts, financial assistance, and industrial equipment, Beijing can apply considerable pressure on the regime, be it military or civilian to prevent its defection from China's camp. Notwithstanding the attempts by India and ASEAN to engage Myanmar, China still remains Myanmar's main trading partner, arms supplier, and a steadfast supporter in international fora.

The changing relations between China, India and Myanmar become more complicated as these countries seek to follow their expanding national interests in the emerging Asia-Pacific region. The situation remains delicate and might become further complicated as both China and India are likely to become possessive visualising Myanmar as their essential foothold for building blocks with other Southeast Asian countries. It is in this wider new post-Cold War strategic framework, that the SLORC will emerge as a far more decisive actor in moulding relations which will have a direct bearing on the peace and security of the entire Asia-Pacific region.

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APPENDIX

Appendix 1

Table 1

Trade between Yunnan Province of the PRC and Myanmar 1984-90

Year	Value of imports and exports (Yuan m.)	Increase (%)
1984	37.88	
1985	109.72	189
1986	172.39	57
1987	396.60	130
1988	789.52	99.89
1989	965.00	26
1990	1066.978	11

Source: *Beijing Review*, 19-25 August 1991, p.38.

Appendix 2

Table 2
Burma's Trade with the PRC 1958-95

Year	Exports to China (US\$ m.)	Imports from China (US\$ m.)	Total
1958-67	134.1	215.6	349.7
1968-77	23.455	113.003	136.458
1978-87	50.95	173.85	224.8
1988	0.81	7.7	9.51
1989	24.60	51.43	76.03
1990	26.13	102.51	128.64
1991	96	315	411
1992	119	285	404
1993	150	357	507
1994	142	368	510
1995	202	480	682

Source: Economist Intelligence Unit, 'Country Report: Myanmar', 4th Quarter 1995, p.49; 1st Quarter 1996, p.31.