

**MYANMAR'S DEMOCRATIZATION AND ITS IMPACTS ON
RELATIONS WITH CHINA, 2010-2016**

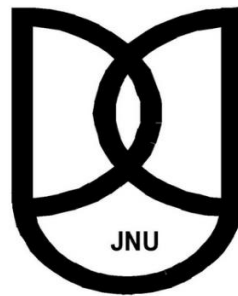
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DECLARATION

I declare that the dissertation entitled **Myanmar's Democratization and its Impacts on Relations with China, 2010-2016** submitted by me in partial fulfillment of the requirements for the award of the degree of **Master of Philosophy** from Jawaharlal Nehru University is my own work. This dissertation has not been submitted for the award of any other degree in this University or any other University.


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CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.


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DECLARATION

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Preface

After more than 50 years of oscillating between direct and indirect military rule, Myanmar's *tatmadaw* finally agree to withdraw from active politics following the 2010 general elections, and transferred its power to the constitutionally elected quasi-civilian party under U Thein Sein in March, 2011. Since then, the new government in Naypidaw embarked on a highly unanticipated democratization process by initiating landmark political and economic reforms. The overall reforms carried out during this period has been widely appreciated and brought a significant change in the country's internal politics vis-à-vis her external policies. Internally, with the advent of the new government, democratic norms and values increasingly appears to be taken into account at a totally new level. This shifted the country's internal environment away from the traditional elite centric and towards a citizen centric one. The change in domestic policies was also followed by striking developments at the external front as well. This significantly alters Myanmar's pariah image at the international political arena and paves the way for the isolated nation to reintegrate with the international community. However, despite the positive changes brought by U Thein Sein, the new dispensation in Myanmar also brought along with it a fundamental change in Naypidaw's policy towards her northern giant neighbor China on which she heavily depended upon for past two decades. The post-2011 Naypidaw's policies increasingly became a policy challenges for China and poses a detrimental threat towards her engagement in the strategically important and rich resource Myanmar.

This study emerges as an attempt to understand Myanmar's democratization, its underlining causes and the nature of its impact on Myanmar's relations with China. The dissertation is composed of five chapters.

The first chapter "Introduction" provides a brief overview of the background of the study. It then follows a theoretical approach in explaining the nexus between democratization and foreign policy. Finally, it highlighted the works of different scholars and their

findings, in order to get a basic understanding and the relevancy of the subject under research.

The second chapter “Historical Background” briefly studies Myanmar-China relations since 1988, in order to understand the nature of their relations, and identifies the difference in their approach by examining Sino-Myanmar policies objectives and the limitations in their relationships. The chapter then employs three famous strategies in IR theory, to understand the nature of Myanmar’s engagement towards China. It then summaries and provides the overall observation of the chapter.

The third Chapter “Democratization in Myanmar since 2010” provides an overview of Myanmar’s journey towards democratization by examining the military involvement in the politics of the country and the subsequent roles it plays in establishing what it calls “discipline flourishing democracy”. It then briefly examines both the internal and external changes brought by Thein Sein’s democratization and indentifies the potential factors responsible for the transitions.

The fourth Chapter “Myanmar-China relations under U Thien Sein” examines the changing trend in Sino-Myanmar Puak-Phaw relationship owing to the democratization and examines both the internal and external impacts that the new dispensation brought upon Myanmar’s Puak-Phaw relations with China. The chapter then focuses on Beijing’s new approach towards the changing Myanmar to ensure the survival of their bilateral ties in a period of increasing power contestation in the region.

The fifth Chapter “Conclusion” summarizes the main findings throughout the work and provides a concluding observation of such findings. It then evaluates the overall prospects of Myanmar China future relations.

List of Abbreviations

AFPFLP	Anti-Fascists People’s Freedom League Party
ASEAN	Association of Southeast Asian Nations
BCP	Burmese Communist Party
BSPP	Burmese Socialist Programme Party
CPC	Communist Party of China
CPIC	Chinese Power Investment Corporation
CNPC	Chinese National Petroleum Corporation
CSR	Corporate Social Responsibility
FDI	Foreign Direct Investment
KIA	Kachin Independent Army
MNDAA	Myanmar National Democratic Alliance Army
NLD	National League for Democracy
NUP	National Unity Party
NCA	Nationwide Cease-fire Agreement
ODA	Official Development Assistance
PLA-N	People’s Liberation Army Navy
RC	Revolutionary Council
SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
USDA	Union Solidarity and Development Association
UWSA	United Wa State Army
USDP	Union Solidarity and Development Party
UNSCR	United Nations Security Council Resolution

Chapter 1

Introduction

Renowned in the pre-colonial era as the ‘hermit’ kingdom of South East Asia (Carey, 1997), Myanmar remains throughout most of her existence an isolated region, and was labeled a pariah state under the oppressive Junta (Taylor, 2009). Nevertheless, following the installation of a ‘civilianized military regime’ in March 2011 (Li, 2015), the USDP government under U Thein Sein initiated a nationwide political and economic reforms, that triggered a fundamental change in Myanmar internal politics vis-à-vis her foreign relations. One notable feature in Thein Sein reforms is the granting of the NLD (National League for Democracy) the permission to register as a political party (Gaens, 2013), this subsequently resulted in the victory of Aung San Suu Kyi’s National League for Democracy in the by-elections of April, 2012 (Bunte, 2012), thereby paving the way for Suu Kyi to advance as the main opposition in the parliament (Haacke, 2015). In a lead up to the democratization process the government launches general election in 2015 which led to the overwhelming victory of the NLD. The overall reforms during this period significantly transformed Myanmar’s pariah image in the international political arena and recalibrated her relations with the international community. Wherein the EU in response to the reforms suspended all existing sanctions with the exception of the arm embargo (Bunte, 2012), the US resume diplomatic relations by sending Derek Mitchell as the first US ambassador to Myanmar since the coup (Schoff, 2014), and began easing financial and investment sanctions (Haacke, 2015). Japan allocated new large scale ODA including first Yen loans to Myanmar in the quarter of the century (Bunte, 2015) and in response to the reforms ASEAN members also accepted Myanmar’s bid for ASEAN chair 2014 (Yi, 2013).

Despite of the intimacy in Myanmar-China relations prior to 2010; Thein Sein reforms affected the fraternal Puak-Phaw relations in political, economic and strategic terms (Yi, 2013). The initial impact from the reform came with the suspension of the US\$3.6 billion Myitsone Dam project, “on the ground of the government desire to honor the people’s

will” (Sun, 2011). This was followed by the suspension of other Chinese projects including the letpaduang copper mine in November 2012 (Nicolaus, 2015). Since then Beijing dramatically reduced its economic investment in Myanmar, it also cool down its political ties with the Tatmadaw while establishing relations with the democratic oppositions (Sun, 2012). The political transition and the subsequent nature of its impacts on Myanmar’s foreign relations with China vis-à-vis the West gave rise to a strong notion which perceived Nyapidaw political transition as being pro-west and anti Chinese.

1.1: Background of study

Myanmar (then Burma) officially known as the Republic of the union of Myanmar is strategically located at the junction between South Asia and South East Asia, and borders Indian and Bangladesh in the Northwest, China in the Northeast, Laos and Thailand in the East and Strait of Bengal and Andaman in the West (Keling, 2010). It occupies a total area of 676,000 Sq Km, and uninterrupted coastline of 1,930 km along the Bay of Bengal and the Andaman Sea (Burma.com, 2013). Myanmar is endowed with rich natural resources with an estimated reserve of over 2.5 trillion cubic meters of natural gas, 3.2 billion barrels of crude oil, rich timber resources and a high potential source of hydro power (Rask *et al.*, 2015). Ethnically, the South East Asian nation is highly heterogeneous and includes over 108 ethno linguistic groups and 135 recognized ethnic groups all grouped according to region under eight major national ethnic races viz; Bamar, Chin, kachin, Kayin, Kayah, Mon, Rakhine and Shan. According to the 2014 census Bamar’s constitutes the majority of the country population and stood at 68%, other major ethnic groups in Myanmar includes; Shans constituting 9%, Karens 9%, Kayin 7%, Rakhine 3.50%, Chinese 2.50%, Mon 2%, Kachin 1.50%, Indians 1.25%, Kayah 0.75% ¹ (Census, 2014). Apart from being a diversified ethnic nation, Myanmar is also composed of diversified religions, base on the 2014 census Buddhism constitute 87.9% of the total population, Christianity stood at 6.2%, Islam 4.3%, Tribal religion 0.8% and Hinduism at 0.5% (Census, 2014). Myanmar (then Burma) gained its

¹ Republic of the union of Myanmar; The population and housing census 2014, ministry of immigration and population. The 2014 Myanmar population and housing census, The Union report: religion, volume 2-c, accessible at http://myanmar.unfpa.org/sites/asiapacific/files/pub-pdf/UNION_2-C_religion_EN_0.pdf

independence from the British on 4 January 1948, and was named the union of Burma, with Sao Shwe Thaik as its first president and U Nu as its first prime minister; it then joined the NAM (Non-Align Movement) in 1961 and ASEAN (Association of South East Asian Nations) in 1997.

Although, initially established as a democratic republican nation, the parliamentary democracy system in the Union of Burma survived only for 14 years (Keling 2010). On 2nd March 1962 the Tatmadaw under the leadership of the then Commander-in-Chief, General Ne Win carry out a military coup in the name of the Revolutionary Council and took control of the State (Myoe, 2011), this event “caused Myanmar to force the closed door policy towards foreign countries and self imposed isolation from the rest of the world” (Keling, 2010). After 12 years under direct military rule, in 1974, Gen. Ne Win introduced a new constitution called the ‘new basic law’ which constitutionalised the BSPP (Burmese Socialist Programme Party), and new national elections was held, in a lead up to the elections the Junta transfers power to the newly elected BSPP government and dissolve the Revolutionary Council (Smith, 1991). In reality, the transfer was only from Gen. Ne Win to U Ne Win, and the military continue to rule the country legally and so concentrated all the power under Ne Win party (Devi, 2014). Since, 1974 the BSPP government led by U Ne Win employed the socialist economic system or ‘Burmese way to socialism’ this greatly contributed in undermining Myanmar economic conditions. In March 1988 a pro-democracy movement started, as a reflection of political frustration and economic hardship brought about by Ne Win policy of economic autarky (Tomar, 1992). A general strike began on 8 August, 1988 which popularly came to be known as 8888 uprising. The Tatmadaw responded by violently cracking down the uprising, thereby, resulting in the total breakdown of law and order. On 18 September, 1988 the Tatmadaw led by its Chief of Staff General Saw Maung announced the army had taken over the government. A State Law and Order Restoration Council (SLORC) comprises of 19 senior military officials was established (Tomar, 1992). Since then, the Tatmadaw ruled the country directly under the SLORC until 1997 and as the SPDC from 1997 until the installation of the “civilianized military” USDP government in March 2011.

Throughout the military rule from the 1960s to the 1980s Myanmar disappears from international affairs and the regime resist all elements of external influence, and emphasizes its policy of independent and non-alignment (Devi, 2014). The regime entry into Myanmar politics also greatly disrupted the implementation and consolidation of democratic process and provides little or no space for opposition groups to maneuver. However, the violent crackdown of the 8888 uprising and the subsequent annulment of the 1990 election results, internationalized the issue of Myanmar's internal instability, thereby resulting in the imposition of western sanctions and diplomatic isolation. As a result of the isolation, the economic and political condition of Myanmar greatly suffer, therefore the SLORC decided to reverse the isolationist policy of Ne Win and embarked towards developing its ties with China (Arnott, 2000). Hence, the unfavorable conditions in Myanmar works at the advantage of its northeastern neighbor China who has always regarded "Myanmar as a country of considerable geostrategic as well as geo-economics significance" (Haacke, 2011). Since then China has been the only lifeline for Myanmar in providing economic and political aid, and practically became a security guarantor, and in return for such contribution Myanmar granted China the right to access its rich resource and strategic location (Myoe, 2011).

Sino-Myanmar Puak-Phaw (Kinship for Burmese) relation turns highly intimate since the late 1980s and in 1994 upon the visit of the then Chinese premier Li Peng to Myanmar, the SLORC referred to China as "the Myanmar's people most trusted friend" (Dittmer, 2010). During this period Myanmar-China Puak-Phaw experienced a significant progress in the field of economic, political, military and strategic ties. Trade relation grew from US\$350 million in 1988 to US\$5 billion in 2010. However, a huge trade imbalance is recorded where Myanmar imports from China grew significantly and out weight its exports². Apart from trade China also heavily invest in industries and infrastructural projects in Myanmar. Some of the major Chinese project in Myanmar includes; Yeywa hydro power plant, Sittwe seaport, Petro-China project on major gas pipeline from A-1

² Tushihiko Kudo, 2006: Myanmar economic relation with China; can china support Myanmar's economy?

"While Myanmar export to China increase by 1.3 times, from US\$113.7 million in 1988 to US\$169.4 in 2003, its import from China expanded 7.1 times from US\$136 million in 1988 to US\$967.2 million in 2003, resulting in huge trade deficit of US\$979.7 million in 2003, which was 4.4 times larger than Myanmar trade deficit in the same year".

shwe field of the coast of Rakhine, the controversial Myitsone Dam project, Letpaduang copper mine etc. (Kudo, 2006). By 2010 Chinese investment in Myanmar stood at US\$6.4 billion spreading across 32 projects (Yi, 2013). The geostrategic advantage of Myanmar also greatly suits the PRC in its quest for realizing its strategic objectives in Myanmar, wherein it build “an electronic intelligence station on the Great coco island, improve and militarized port facilities in Bay of Bengal at Sittwe, Kyaukpyu and Mergui, and constructed a major naval base on Hainggyi island near the Irrawaddy delta” (Ullah, 2009). China has also been a primary source of arm procurement for the Tatmadaw throughout this period. An important feature in Sino-Myanmar relations since 1988 had been the diplomatic protection provided by the PRC. In face of widespread international criticism for its poor record on human rights and governance, the Tatmadaw on numerous occasions, since 1988, effectively utilized the PRC political influence to protect itself from possible outside interference (Myoe, 2011).

Regardless of the intimacy in Sino-Myanmar relations, the regime leadership in Myanmar was always wary and concern about her heavy dependence on China and sought to maximize her bilateral ties with other countries such as India, Russia and the regional organizations such as ASEAN (Myoe, 2011). Myanmar-China relations enter a new phase when Nyapidaw embarked towards rapid democratization following the establishment of the USDP government in 2011. The plan to democratize was endorsed by the Junta way back in 2003, when the then Prime Minister Khin Nyunt announced its ‘roadmap to democracy’ (a seven step by step approach to establish democracy) and even “ [...] China showed support and express that it was the best route to democracy and national reconciliation” (Sun, 2012). On May 10, 2008, as the fourth step in its roadmap, the SPDC held a constitutional referendum in the midst of Cyclone Nargis, which according to them was to ensure the creation of a “discipline flourishing democracy” (Gaens, 2013). However, the 2008 constitution was highly undemocratic in nature as it empowers the military to participate in the national political leadership of the state by reserving one quarter of seats in both house of the parliament, and prevented Suu Kyi from becoming president (Frumin, 2010). New election laws were also announced to dictate the terms of 2010 multi party elections, under which the military empowered itself to head and appoint all members of the national election commission and bans all

prisoners including political prisoners from voting and running (Aljazeera, 2010). Unsatisfied with the new laws the NLD boycotted the elections³ and the military backed USDP (union solidarity and development party) won nearly 80% of the contested seats. On 30 March, 2011, the newly elected USDP formed the government under U Thein Sein and set “the reintegration of Myanmar with the international community to be its primary objectives” (Maung, 2016). In the preceding months U Thein Sein carries out numerous political, economic and administrative reforms, thereby initiating the process of rapid democratization in Myanmar.

Ever since Thein Sein reforms, Myanmar-China relations entered a new phase, under which major Chinese infrastructure projects in Myanmar were subjected to review. The most notable was the suspension of the US\$3.6 billion Myitsone Dam project in the upper Irrawaddy River on 30 September, 2011. Apart from the Myitsone dam project other controversial Chinese infrastructure projects in Myanmar include the letpaduang copper mine project and the Sino-Myanmar gas pipeline (Nicolaus, 2015). Furthermore Sino-Burmese Puak-Phaw relations is frustrated by Myanmar’s reluctance to cooperate with China strategic initiatives, audacity of Myanmar’s military to attack Chinese territory during its conflict with ethnic minorities (Kokang offensive, 2015), Myanmar’s lack of support for China on the issue of the South China Sea in the 2012 ASEAN summit (Sun, 2012). Apart from the setback on Chinese economic engagement in Myanmar, democratization also brought along with it a significant development in its integration with the international community, thereby further undermining its Puak-Phaw relations. The post 2011 reforms witness the lifting of US sanctions, reintegration with ASEAN countries and the subsequent chairing of the 2014 ASEAN summit⁴, the

³ “NLD election boycott official” The Irrawaddy August 19, 2010

“leaders of the main opposition party NLD decided to boycott the November 7 elections”, said ohn kyang a party spokesperson, “because the 2008 constitution and the election commission election law do not guarantee democracy and human rights in Burma”.

⁴ ASEAN library development forum 2014, <http://asean-summit-2014.tumblr.com/>

Union minister for foreign affairs, U Wunna Muang Lwin as Chair of ASEAN for 2014, hosted and chaired the ASEAN foreign minister retreat. The retreat is the first in the series of ASEAN foreign minister

suspension of restriction imposed by the EU on Myanmar (other than arms embargo) (Bunte, 2012). A significant increase in aid to Myanmar from different sources such as; aid from UK stood at US\$95 million, EU annual development assistance quadruple to about US\$123 million, aid and investment from Japan to about US\$395 million, US\$2 billion multi-year development program from the World Bank, all this greatly undermines China confidence and vulnerability. However, as Myanmar remains huge economic and strategic importance for China, the PRC therefore has been proactive in maintaining a strong relationship with Myanmar. As the PRC lost faith on the Tatmadaw, it turns its interest towards NLD and opposition groups (Sun, 2012). In August, 2015 the PRC invited Aung San Suu Kyi for a state visit, thereby marking the first Myanmar leader to visit China since the Southeast Asian nation's new government was formed in late March 2015 (Sun, 2012). The Change in Nyapidaw approaches towards China does not seem to alter PRC goals in a period of rapid democratization and increasing power contestation in the Indo-Pacific region.

1.2: Theorizing the nexus between democratization and foreign policy change

Democratization can have impact on foreign policy as new actors from the opposition may take on a larger role in foreign affairs (Wirajuda, 2014).

Although the term democracy had its origin from ancient Greece, it gained much popularity in the latter half of the 20th century and accelerated further in the 21st century by globalization. However, as democracy entails a wide range of meaning, it is difficult to come up with a clear definition and therefore it increasingly occupies an important subject of debate within and among societies. Nevertheless, its practice is regarded as an essential to progress on a wide range of concerns and to protection of human rights (Gali, 1996). Democracy in its finest form, then, according to Huntington, ‘‘is the selection of leaders through competitive elections by the people they govern’’ (Huntington, 1991). In modern sense it can be defined as a highly inclusive level of political participation in the selections of leaders and policies, through regular and fair elections, such that no social group is excluded, and in the process, ‘‘ [...] democracy entails with it a high level of

meeting under Myanmar chairmanship in 2014, under the theme ‘‘moving forward in unity to a peaceful and prosperous community’’.

civil and political liberties, freedom of expression, freedom of the press and freedom to form and join organizations” (Sorensen, 1993). Such form of government has increasingly become one of the fundamental pillars of most modern nation’s states, and “the process that liberalizes a nation political system in order to become democracy is termed as democratization” (Nicolaus, 2015). In the words of Gali, democratization is the process which leads to a more open, more participatory and less authoritarian society (Gali, 1996). In this way, we can define democratization as the process of political transition from an undemocratic form towards a semi-democratic form or from semi-democratic form towards a more democratic form of government.

A nation restructures its foreign policy orientation in the context of changing international and domestic situations (Myoe, 2011). Democratization is largely subjected to political, economic or social reforms and such reforms are very likely to be citizen centric in nature, this is because, “[...] the ideal of political power in democracy is based on the will of the people” (Gali, 1996). Under such circumstances, “Democratization can have effect on foreign policy, by improving domestic legitimacy” (Nicolaus, 2015); in fact such legitimacy is fundamentally important for a regime undergoing change. Carbone asserts, a regime under the process of democratization is require to show certain level of accountability to secure its legitimacy among its citizens, “[...] in order to generate a feeling of legitimacy amongst its citizenry, who are likely to abandon their support of the system if they feel there is no liberalization occurring” (Carbone, 2009). A regime accountability to secure legitimacy may in turn result in the growing influence of general public interest and such interest “in state-society relations could either expand or constrain the liberty of the foreign policy makers in setting the state foreign policy agenda and priorities” (Wirajuda, 2014). Under such circumstances, the foreign policy of a nation among others is very likely to be under the influence of the general interest especially if such policies were shaped by a government of the past known for suppressing the rights and interest of the general public. Wirajuda asserts, “in general, democratization allows for freedom of expression and political rights for citizens while executive power is constraint and accountable to other institutions if not by public, under such circumstances, the number of actors involved in foreign policy decision-making process is likely to increase” (Wirajuda, 2014).

A foreign policy of a nation under democratization is also liable to be under the influence of external change bought by democratization itself. According to Wu, “One of the basic reasons behind a regime transition to democratization lies in its intention to secure domestic legitimacy of the regime” (Naiteh Wu, 2001), and “when a nation is viewed to be domestically legitimate then this improved the nation’s international image” (Wirajuda, 2014). The increments from democratization process could in turn “strengthen the state by increasing her international legitimacy” (Carbone, 2009). A nation securing International legitimacy is quite unlikely to faced condemnation or isolation from the international community. According to Nicolaus, “in the absence of criticism, condemnation and isolation from other nations who protest a lack of domestic legitimacy, a country gained more leverage to be active in foreign relations, whereby it can realize its foreign policy objective and strategic interest” (Nicolaus, 2015). In the period of globalization, the term democratization is intertwined with sustainable economic development (Haus, 2003), wherein political transition of a nation towards democratization have the tendency to receive more FDI and aid especially from the more developed democratic countries. Jensen asserts, “Democratic state tend to be more stable and credible than autocratic ones, and would benefit more from increase FDI inflows (Jensen, 1993). This is because “most multinationals cannot count on the autocratic potential for sudden policy reversal, in other words the lack of credibility is prevalent in autocratic regimes (Castro, 2014). Although the reason behind a nation embarkation towards democratization varies the increase in FDI and aid sources have the potential to increase the leverage of a nation undergoing democratization, under the circumstances the prospect for changing its foreign policy increases.

1.3: Overview of Myanmar’s democratization in Puak-Phaw perspective

Despite the positive changes bought by Thein Sein reforms, the nature of Myanmar’s democratization is however highly contested, especially when viewed towards Sino-Burmese relations perspective. The subsequent changes in Nyapidaw’s approach towards Beijing and the recalibration of her external relations with the west in particular, led observers to view the reforms under different lens. There were those who observe it as anti-Chinese and saw Myanmar as pivoting away from China and towards the US (Tao,

2017). Some even blame “China for mishandling its relations with the Tatmadaw and its neglect for Burmese civil society” (Jaishankar, 2015). In contrast, there were also those who observe the reforms as a rebalancing strategy in Myanmar’s foreign policy to manage domestic pressure and international opportunities rather than a pivoting away (Chow, 2016). According to Maung, “Myanmar changing approach towards China since the reforms is fuelled by its foreign policy goal of reintegrating with the international community”, he further reiterated, “However such shift in Nyapidaw’s policy towards China is by no means to seek independence of China but rather for there to be a mutual interdependence between the two countries (Maung, 2015).

As the objective of the research lies in examining the nature of impact Myanmar’s democratization imposed on its relation with China; an overview of Myanmar’s democratization, its underlying causes and its subsequent impact on its relations with China will be analyze by taking into account the previous works of different scholars and their findings on the subject under research, to get a basic understanding of the subject and its relevancy.

1.3.1: Democratization in Myanmar

The dramatic reforms initiated by Thein Sein includes; the release of more than 6000 prisoners including political prisoners, enactment of labor union laws, criminalization of forced labor and the creation of dispute settlement mechanisms, the abolition of press censorship (Gaens, 2013). As a part of nation building the government also instituted Myanmar national Human rights commission in Sep 2012 (Aung, 2013). Apart from this, Thein Sein also made several attempts to bring an end to the long civil war between Myanmar government and ethnic insurgents in the country. Consequently in January 2012 a cease-fire agreement with the Karen National Union (KNU) was signed, and in 2015 a draft for a nationwide cease-fire agreement (NCA) was signed by the government and rebel’s representatives (Bunte *et al.*, 2015). The political transition in Myanmar also significantly improves her image in the international political arena and bought significant development in Myanmar external relations, wherein the US restore relation at ambassador level, IMF and world bank lift restriction, EU lifted travel bans on top government officials, Australia ended travel restriction, Norwegian government no longer

discourage investment, Japan considers debt relief and resume economic assistance (Taylor, 2012). Bunte asserts, such transition has transformed Myanmar's political environment by opening a new political space for civil society and opposition groups (Bunte *et al.*, 2015).

Although, the reforms in Myanmar are greatly appreciated, the intention behind the decision of the quasi-military government to carry out such reforms is highly contested. To some the reforms are seen as a “[...] survival strategy of the regime to overcome the dangers of factionalism and to increase the regime durability through power sharing” (Croissant *et al.*, 2013), while to others “they are fuelled by the military desire to established domestic and international legitimacy” (Pederson, 2012). Overall, the difference in understanding the cause of Myanmar democratization can be grouped under two factors viz; internal (instability and intention of institutionalization) and external factors (sanctions, isolations and Condemnations). Aung argued “nobody knows exactly why Myanmar suddenly changed, but it is a fact that the military leaders understood the nature of the people and knew when and what they should do in order to avoid any sudden popular uprising such as the 2007 Saffron Revolution, in fact the military government wanted to be recognized” (Aung, 2013). Another argument in the internal front include “the political liberalization in Myanmar process was merely an attempt at consolidating the military's power by transforming the system to indirect military rule with civilian window dressing” (Croissant *et al.*, 2013). Both the two arguments stress, the regime interest for political transition lies in its intention of securing domestic legitimacy. For many Scholars external factor seems to be the only secondary cause. This is because “[...] the sanctions that the Western world placed on Myanmar began in the late 1980s, causing doubt as to whether this was the deciding factor to democratize, especially since Myanmar has other international partners like China, the ASEAN states and Russia, which render the effect of Western sanctions ineffective” (Croissant *et al.*, 2013).

The sanctions imposed on Myanmar repressive regime and its fear of being heavily relying on China are two prominent factors constituting the external fronts, and although the validity of the external fronts are often contested it cannot be fully ignored.

According to Chow, a major factor in propelling Myanmar's political reforms was fuelled by its concern for over relying on China (Chow, 2016). Marco Bunte in his work entitled "Myanmar's reforms and recalibration of external relations" argued that "[...] Myanmar's economic reliance on China and the military's fear of China growing influence made economic and social reforms imperative and triggered decisions to seek a reengagement with the west" he further reiterated "[...] although the impact of the sanctions on Myanmar has been contested for years, Myanmar needed to end the isolation to create new opportunities for its business sector and the general population at large" (Bunte, 2015). Another argument on the external front incentivizing Thein Sein reforms is made by Yun Sun, according to him "Myanmar's desire to mitigate its overdependence on China, to improve relations with U.S. and to repair its reputation at ASEAN motivated its reform at home" (Sun, 2012). In a similar line, Myoe asserts "the USDP government was desperate to break free of prolonged international isolation and over dependence on China and to reduce China's presume influence and interference in Myanmar affairs". He further reiterated that "during this period the government also seriously wants to develop the country and to make it acceptable to the international community" (Maung, 2015). Nevertheless, in its entirety both the internal and external factors are responsible in mitigating the reforms in Myanmar. Sun argued that multiple internal and external factors contributed to the dazzling reform process, singled out alone none of them probably would have led to the same result, but together they made the reform not only necessary, but also possible (Sun, 2012).

1.3.2: Impact of Myanmar's Democratization on Sino-Myanmar relations

Sun argued "in the face of intimate political and economic ties between China and Myanmar before the 2010 elections, China did not anticipate the dramatic political reform (Sun, 2012). He further reiterated, "[...] in the eyes of the Chinese government the new Myanmar government would be only "marginally and negligibly different from the military government" and after its legitimacy was strengthened by the elections, Naypyidaw would "embark on a long journey of slow political changes and economic reforms" (ibid). However, the reform that follows was much different from what the PRC had anticipated. The policy shift has impacted Chinese interest directly or indirectly on

three areas; Economic, Political and Strategic impacts (Sun, 2012). The most notable economic impact on China was the suspension of the US\$3.6 billion Myitsone Dam project by the USDP. According to Shihong Bi the suspension of the Myitsone dam project was generally considered as the turning point in the economic relation of Myanmar and China by the Chinese and international media (bi, 2014). Sun asserts, the suspension decision was directly associated with the public opinion and the government desire's to honors the people's will (Sun, 2012). As put by Thein Sein on the suspension of Myitsone project "[...] we have to respect the will of the people as our government is elected by the people" (Sun, 2012). Wagner notes, "it is extremely rare for a developing country government with a long history of friendly relations with China, and seeking its investment, to publicly challenge the Chinese government in such a manner" (Wagner, 2015).

The democratic atmosphere that follows results in growing anti-Chinese sentiment whereby Burmese society instantly grew more vocal and pro-active in scrutinizing and criticizing other deals and China National Petroleum Company (CNPC) oil and gas pipelines became the new top target (Sun, 2012). Consequently the overall foreign direct investment from China dropped at a staggering rate from US\$8.2 billion in the peak year of 2010-2011 to merely US\$56 million in 2013-2014 (The Diplomat, 2015). Apart from economic impact, Chinese Strategic interest also suffers the same fate. For instance, the foundation of Chinese strategic plan in Myanmar, according to Sun, "[...] was base on the assumption that Myanmar would not adopt political reform, hence its international isolation and overdependence on China would continue" (Sun, 2012). However, the reforms results were different from what the PRC had anticipated, Sun reiterated "[...] under the reform, the official references to the comprehensive strategic cooperative partnership by senior Chinese leaders become less enthusiastic and rather pale as key components such as mutual strategic support of each other at multilateral forums and pragmatic, mutually beneficial economic cooperation 'have disappeared from the official statements'" (Sun, 2012). The diplomatic ties between the two countries also significantly decreased. "Between March 2009 and April 2011, four members of the Chinese Politburo Standing Committee paid visits to Myanmar. However, there has been no visit paid by Chinese senior leaders since then till September 2012" (Varma, 2011).

Myanmar, closer integration with the international community also took its toll (Sun, 2012). Consequently, “after more than two decades of economic sanctions and rhetorical condemnation, governments in Washington, London and Paris, as well as elsewhere in Europe and beyond, have indicated that they are willing to change tack and commence a more cooperative approach to Myanmar” (Taylor, 2012). However, this increasingly became a policy challenge for China. For instance, “the engagement of the United States in Myanmar and their dramatic improvement of ties began to undermined not only China’s strategic interests in Myanmar but also China’s regional influence” (Reuters, 2012), and this has appeared to be key determinant in Myanmar China policy since 2011. Sun argues “China’s fear for improving US-Myanmar ties is multifold; first is on the conspiracy to encircle China strategic influence by US, second is in terms of economic competition between west and Chinese companies, thirdly China is concerned about the possible technical assistance from the multilateral financial institution that return to Myanmar” (Sun, 2012). Consequently, the United States, the EU and Japan see their influence in Myanmar surging, and one of the goals of the Western powers is to leverage their influence over Myanmar to contain the development of China, and squeeze the diplomatic space of China in the Mekong River region. (Song Qing run, 2016). The increase in Myanmar’s bilateral ties also greatly undermines China’s interest and vulnerability. According to Chow, Myanmar’s willingness to court new partners like; the US, Japan and India raise anxiety in Beijing that her economic interest could be compromised and Myanmar could integrate into a strategy of encircling or containing China (Chow, 2016).

Regardless of the setbacks in their relations, the prospect for fully independent of China is highly unlikely. As Myoe argues “Myanmar China policy shift, in terms of direction is by no means to seek to be independent of China, but rather for there to be a mutual interdependence between the two Countries”, he further reiterated that, “as long as Myanmar does not undermine the fundamental interest of China in Myanmar, it is likely that China will tolerate its foreign policy of realignment” (Myoe, 2015).

1.4: Research Objectives

The research objectives of this study are as follow:

- (i) To examine the Nature of Myanmar china relation
- (ii) To analyze the factors responsible for democratization in Myanmar
- (iii) To examine the challenges arising out of democratization in Myanmar
- (iv) To examine the nature of impact Myanmar's democratization imposed on its relations with China
- (v) In the period of increasing western engagement in Myanmar, the research also seek to examine the prospect for Sino-Myanmar future relations

An examination of the above research objective will help shed some light in understanding the highly contested democratization in Myanmar and its subsequent impact on China in proper perspective. It will also help in understanding the changes in Myanmar approaches towards its relation with China in the post 2011 reforms and identify the challenges Myanmar democratization bought in their relations. Additionally, it will also help in providing an overall prospect for their future Puak-Phaw relationship.

Chapter 2

Historical Background

2.0: A Historical Overview of Myanmar-China Relations

Historically, Sino-Burmese relations dates back as early as the 2nd century BC, when the South West silk route from Sichuan via Yunnan, Burma to India was opened. The migration of Chinese (mainly Yunnanese) and other hill people in and out of Burma were recorded as early as 120 AD (Arnott, 2001). Ancient Burma under the kingdom of Pagan was known to enjoy a cordial relation with the Chinese Tang Dynasty. However, in 1287 AD, China under the Mongol ruler Kublai Khan (Yuan dynasty) invaded the Burmese kingdom of Pagan from Yunnan and fragmented the kingdom and ruled a part of the country until 1303 AD (Geng, 2006). Again, in between 1765-1769 the famous Sino-Burmese war (Qing invasion of Burma or the Myanmar campaign of the Qing dynasty) broke out between the Qing dynasty (last imperial dynasty) of China and the Konbuang dynasty of Burma (Geng, 2006). According to Giersch, Burma's successful defense against the Qing invasion laid the foundation for the present day boundary between the two countries (Giersch, 2006). With the advent of western imperialism, the last Burmese king fall in 1885 and Burma was annexed into British India in 1886, thereby marking an end to Sino-Burmese pre-colonial relations.

Modern Myanmar-China relations began after the formation of the two countries in 1948 and 1949 respectively. On 17 Dec 1949, Myanmar (then Burma) recognizes the CCP (Chinese communist party) founded earlier on 1st Oct, 1949, as the legitimate government of the PRC¹ (Maung, 2011). Formal diplomatic relation between the two countries began

¹ Maung Aung Myoe; In the Name of Puak-Phaw, Published by: ISEAS, Singapore, 2011

At the time of Myanmar's independence in January 1948, The Anti Fascist Peoples Freedom League (AFPFL) formed a government which established diplomatic relations with China under the KMT (Koumintang). Subsequently on 18 Dec, 1949, some weeks after the victory of the CCP in the civil war, Myanmar withdrew its diplomatic recognition of the KMT and recognized the newly established PRC under the CCP (2011, 13).

on 8 June, 1950, when Mao Zedong accepted the credentials from the then Burmese ambassador to China U Myint Thein (Myoe, 2011). On the 29th June, 1954 Myanmar (then Burma) and China signed a joint declaration affirming the five principle of peaceful co-existence, on the occasion of the Chinese Foreign Minister Zhou Enlai visit to Rangoon (Geng, 2006). The five principles of peaceful co-existence are; (1) Mutual respect for each other territorial integrity and sovereignty, (2) Non-aggression, (3) Mutual non-interference in each other internal affairs, (4) Equality and mutual benefits and (5) Peaceful co-existence and peaceful settlement of disputes (ibid). Sino-Burmese relation is also termed as Puak-Phaw (meaning ‘kinsfolk or fraternal’), and were also marked with ‘several firsts’² (Ramachandran, 2005), to signify the development in their bilateral ties. Nevertheless, their relation is also characterized with great imbalances; with China’s overall GDP nearly 160 times and a population nearly 26 times that of Burma (Rask, 2015).

In the context of modern Myanmar-China relations, the role of the Great Han’s Chauvinism or “the Chinese notion of China’s centrality and cultural supremacy” (Fairbank, 1968), is worth mentioning. Traditionally the Chinese tended to think their foreign relations as an external expression of the social order within the country, and expected bordering nations and nations beyond to accept Chinese superiority by paying tribute to the Chinese emperor, (Kleiven, 2010). In this way Chauvinistic China historically regarded Myanmar as a vassal and a tributary state. Retrospectively, most post-colonial Chinese leaders both nationalist and communist too inherited such perceptions and always consider independent Burma to be a vassal state of China (Linter, 1992). Consequently, since Myanmar independence her political elites and policy maker were apparently worried about China’s intention towards their country as they are fully aware of Chinese attempts to assert suzerainty over Myanmar in the pre-colonial era

² Sudha Ramachandran : “Yangon still under Beijing Thumb” The Asian Times, Feb, 11, 2005. Retrieved on 20/03/17

Myanmar ties with China are marked with several “firsts”. Myanmar was the first country outside the communist bloc to recognized PRC in 1949, the first to conclude treaty of friendship and mutual non-aggression with China, the first to achieve boundary settlement in 1961 and one of the first to patch up relations with China after the cultural revolution which was officially declare over in 1977.

(Myoe, 2011). In this way, Myanmar's foreign policy of neutrality and non alignment was design to prevent China from interfering into her internal affairs (ibid). Nevertheless, this does not stop China from interfering in Myanmar's internal affairs. From the initial years and throughout Mao era Beijing pursues a highly interfering policy towards Myanmar, by supporting the BCP, "which was considered to be only communist party in name and was actually projecting Chinese interest" (Gupta, 2013). Until the mid-1960s the PRC covertly supported the BCP while maintaining an overt state to state relation with the Burmese government. Such support for the BCP which resorts to armed struggle against the government seriously hindered the two countries state to state relations (Kudo, 2006) and in turn created a highly ambivalent environment in the initial years of Sino-Burmese relations. This was explained by U Nu back in 1958; "our relation with China remains uncertain as the new Chinese government seems inclined to give our communist their moral support, apparently regarded us as a stooges of the west" (Myoe, 2011). However, despite the ambivalence, Myanmar tacitly, although privately quite unhappy learns to live with it (Gupta, 2013) and supported and promotes the PRC image at various forums until the early 1960s³.

Nevertheless, Myanmar support for China subsequently faded following the coup d'état of 1962. According to Fan, the change in Myanmar's policy was fuelled by the rising skepticism towards China for its support of the BCP (Fan, 2006). One year after the coup, Ne Win carry out large scale nationalization and strengthened its neutrality and impartial foreign policy, this greatly undermined China's political leverage both internally within Myanmar and externally at the international level. Internally; Ne Win's nationalization jeopardized the activities of Chinese communities in Myanmar who were suspected of making contacts with the communist insurgents (Myoe, 2011). At the external front; the strengthening of neutrality and impartial foreign policy resisted all forms of external pressure, thereby decreasing Myanmar support for China on various issue at the international level. According to Myoe, as a result of losing its influence the PRC adopted an even more assertive policy and decided to export its cultural revolution into Myanmar, thereby subsequently resulting into the anti-Chinese riots of 1967 (Myoe,

³ See Maung Aung Myoe; *In the Name of Puak-Phaw*; (Singapore: ISAS Published: 2011) page-21-22 & 27

2011). The riot resulted in the major exodus of over 100,000 Chinese from Myanmar, and was considered to be the lowest point in Sino-Burmese relations. Since the riots the PRC grew even more vocal and pursue a foreign policy based on Maoist ideology under which it upgraded its military and logistic support for the BCP (Kudo, 2006). During this period “China poured in more aid to the CPB than to any other communist movement outside Indochina” (Linter, 1992). Nevertheless, after the death of Mao Zedong, China under Deng Xiaoping changes its approach and substantially reduces its moral and material support for the BCP, thereby heralding a new era in Sino-Burmese relations.

Overall Myanmar-China Puak-Phaw relations have underwent a series of ups and down throughout the course of their relationship since diplomatic relations between the two countries was initiated in 1950. Poon Kim Shee, in his work entitled “the political economy of China-Myanmar relations: Strategic and Economic dimensions” notes that;

China-Myanmar relations since diplomatic recognition in the 1950s until today can be briefly divided into the following four phases; First, ambivalence and peaceful co-existence: 1949-1961; Second, temporary setback: 1962-1970; Third, improving relationship: 1971-1988; Fourth, towards closer entente: 1989-2002. The last phase show the most significant change in Myanmar China policies, that is from strategic neutrality to strategic alignment with China after the military coup when the Junta took over the country (Shee, 2002).

Taking into consideration the above phases, this chapter seeks to briefly examine the last phase in Myanmar-China relations in order to understand the overall nature of their relations and to indentify the difference in their approach, so that the potential factors responsible for shifting Naypidaw’s policy in the post-2011 could be identified.

2.1: Myanmar-China relations since 1988

When the SLORC (State Law and Order Restoration Council) took over the country in Sep, 1988, it inherited large scale instability, coupled with this, it’s continued crackdown of the 1988 political upheavals led to a widespread international condemnation; the US, EU, Japan and other multilateral aid organization withhold ODA (official development assistance) and imposed sanctions and arm embargoes (Kudo, 2006). Consequently,

Myanmar's economy, which was already ruined by Ne Win's demonetizations, further deteriorated, and by early 1989, her foreign currency reserve plummeted to a mere US\$9 million (Arnott, 2000). Apart from economy, the SLORC was highly concerned about her deteriorating security environment as well. The presence of American Navy vessels off the country shores had led to fears about possible direct intervention (Haacke, 2015). The regime also fears that foreign powers might help insurgents in its border area to challenge its hold on power, and believes the various political organizations that sprang up from the 1988 political upheaval to seek foreign assistance in the form of interference or intervention (Myoe, 2015). With the crisis having the potential to threaten the regime survival itself, the SLORC was interested in seeking substantial arms import from China to modernize and replenish the Tatmadaw and to open up the country for investment (Arnott, 2000). This on the other hand provided "a golden opportunity for China to fill the strategic vacuum in Myanmar" (Shee, 2006). Subsequently the SLORC decided to reverse its policy of isolation and neutrality and started to heavily depend on China for military and economic aid. Since then, Sino-Myanmar relations significantly developed to an extent that they had never been. A notable feature in Myanmar-China relations since 1988 has been the growing cooperation in the field of military, investment, trade and aid and development assistance. Myoe describes Sino-Myanmar relations since 1988 as a period of multi-sectoral linkage and ever closer relations. Myanmar Junta after 1988 "abandoned its traditional policy of political equidistance from India and China and became a puppet of China as well as a base for Chinese military operations thus upsetting the regional balance of power" (Malik, 1998).

It is however important to note that, the changing economic and security landscape in Myanmar alone is not responsible for bringing the two country into closer alignment, two developments during this period adds up to the intimacy. Firstly; The crisis engulfing the regime in Myanmar coincidentally happens in the same period when China as well was facing growing international condemnation and isolation in due to the Tiananmen Square massacre, thereby "the international predicaments on the two regimes bought the two into closer alignment" (Haacke, 2006). Secondly; the disintegration of the BCP in 1989 removes the greatest obstacles in Sino-Myanmar relations, thus further improving their bilateral relations during this period (Yi, 2013).

Overall Sino-Myanmar Puak-Phaw relation since 1988 is highly characterized by Myanmar heavy reliance on China for military, economic and diplomatic aid and in return granted access to China the rights to exploit its rich resources and strategic locations.

2.1.1: Political and Diplomatic relations

Basing their bilateral relations on the treaty of friendship and mutual non-aggression (Kipgen, 2015), Myanmar-China political and diplomatic relations significantly improved from the late 1980s. In 2004, the then Myanmar Prime Minister General Khin Nyunt described Sino-Myanmar relations as Nyi-Ako (Sibling), which is a step higher than the usual Puak-Phaw (Kinsfolk) (Myoe, 2011). The first SLORC secretary Khin Nyunt and twenty four other officials visited China in 1989 and in 1994, the Chinese premier Li Peng visited Myanmar on the invitation of senior general Than Shwe (Yi, 2013), during the visit senior General Than Shwe referred to China as “Myanmar’s people most trusted friend” (Haacke, 2006). Two years later in 1996, senior general Than Shwe pay his first official visit to China at the invitation of the then Chinese president Jiang Zemin, this visit resulted in a joint communiqué issued on 13 January 1996, “which was intended to strengthened and enhance Myanmar-China cooperation and the traditional Puak-Phaw” (Yi, 2013). Throughout the 1990s Sino-Myanmar Puak-Phaw continue to grow. In 1999, when the US bombs the Chinese embassy in Kosovo, Myanmar criticized the US and NATO (Nicolaus, 2015). Nevertheless, despite of their seemingly strong Puak-Phaw, “Myanmar, which has an acute awareness of the asymmetrical difference in power, size population and compounded by the past was always uneasy and suspicious of China” (Dittmer, 2010), and has always been afraid of becoming too dependent on it. Consequently in 1997, the SLORC renamed itself as the SPDC and in the same year Myanmar joins ASEAN. Many posited Myanmar interest in joining the ASEAN as a step to ward off her heavy dependence on China. Throughout this period Myanmar seeks to diversify her ties and turns to other countries such as Russia and India (Haacke, 2006). However, in 2001 the Chinese president Jiang Zemin visited Myanmar, and such visit represents a high point in Sino-Myanmar relations. Moreover, this visit also “highlighted the significance of pushing forward with the overall development of bilateral good

neighborly friendship and cooperation” (Yi, 2013). Myoe observes, Jiang Zamin visit to Myanmar as a move to maintain strategic gain and influential position in Myanmar due to the growing ties between Myanmar and other countries such as India and Russia during this period (Myoe, 2011).

A significant feature in Myanmar-China relations since 1988 has been the diplomatic protection provided by the PRC at various international and regional forums. The first diplomatic support for Myanmar came in 1990, when China prevented the adoption of the UN draft resolution on Human rights situation in Burma at the UNGA (Haacke, 2006), since then China has been known as a reliable protector of the military Junta in Myanmar. Throughout this period China uphold the principle of sovereignty and non-interference in defending Myanmar at various forums. However, as a major stake holder to the international community as well, China’s diplomatic backing for the Junta has undergone certain adjustment. On, 30th May, 2003, the Depayin massacre broke out, in which more than 70 NLD supporters were killed by the government sponsored mob and several other arrested including Aung San Suu Kyi (Mann, 2013). The incident led to the hearing of the case at the UNSC, and as a result, the US and western countries tightened their sanctions (Storey, 2011) and “ASEAN pressure Myanmar government to solve the political deadlock and make political reforms” (Myoe, 2010). Under the request of foreign governments and international organizations China tried to pressure the military government to bring political reforms (Yi, 2013). Consequently, to ward off international pressure the regime came up with the Seven-Road Map and reconvenes the National Convention which was suspended in 1996 (ibid). Myoe asserts since the late 2003, China begun to adopt a more assertive policy towards Myanmar encouraging Yangon to introduce political change (Myoe, 2011). Nevertheless, China continues to “defend Myanmar in the international and regional forums and provided more development assistance” (Yi, 2013). Several months before the Saffron Revolution in 2007, the US proposed a resolution at the UNSC demanding for an end to political repression and Human rights violations, China along with Russia vetoed the resolution and argued that [...] “the UN most powerful body was not the proper forum for discussing the South East Asian nation because the country does not threatened international peace” (Lederer, 2007). Despite vetoing the resolution, China however called on the Junta to listen to the

call of its own people and speed up the process of dialogue and reforms (Kleiven, 2010). Then in Oct, 2007 the Saffron Revolution broke out in defiance of “the unannounced decision of the government to increase the price of diesel and petrol” (BBC, 2015). The violent crackdown calls for international intervention and the issue was tabled at the UNSC; however due to the possibility of veto by China and Russia a compromise was reached to issue a non binding UNSC presidential statement to which China agreed (Maung, 2011). During this period, the SPDC became increasingly concerned about the prominent role played by China, and “[...] fuelled by her concerned of being too much dependent on China, the SPDC vice general Maung Aye travel to India in April 2008 and signed a framework agreement of US\$130 million for Kaladan project with the Indian government” (Myoe, 2011).

2.1.2: Economic and trade relations

Myanmar’s limited diplomatic and economic relations under the SLORC/SPDC gave China a significant advantage to exploit and utilize Myanmar resource, and in return became a principal trading partner and an important source of development assistance for Myanmar (Chow, 2015). Although Myanmar is insignificant in China’s external trade, it however is critically important for China in developing its poverty stricken landlocked Yunnan province (Steinberg, 2012). Prior to 1988 economic activities between the two countries were minimal and trade was small in volume and value, due to the prevalence of communist insurgency in the north eastern border of Myanmar (Myoe, 2011). The improvement in Sino-Myanmar trade relations since 1988 owes it to the Myanmar government policy of trade liberalization, lifting of restrictions to private actors and its introduction of market economy (ibid). A significant feature in Myanmar China bilateral trade is the important role played by the cross border trade between Yunnan province of China and Myanmar, which accounts for 58% of China’s export to Myanmar and 82% of Myanmar export in 2005 (Kudo, 2006). Myanmar export to China consists largely of raw materials, particularly natural gas and oil, teak and other hardwoods and import from China is mainly dominated by Manufacturing goods, electrical equipments, machinery, vehicles and steel (Chow, 2015).

On August 5, 1988 Myanmar and China signed a major trade agreement which legalizes cross border trade between the two countries (David Arnott, 1999). Two months later in October 1988, Myanmar-Yunnan border was opened for trade and this subsequently led to a significant rise in cross-border commerce between the two nations (Chow, 2015). Sino-Myanmar bilateral trade in 1989 was US\$313.72 million. By 1995 bilateral trade between Myanmar and China reached US\$767.40 million (Maung, 2011). However, from the period between 1996 to 2000 bilateral trade recorded a negative growth due to two reasons; firstly, Beijing abolished the preferential policy on import duties on border trade and tightened regulations, Secondly, the impact of Asian financial crisis and its aftershocks on Myanmar (Steinberg, 2012). Nevertheless, in 2003, Sino-Myanmar bilateral trade exceeded one billion marks and stood at US\$1.74 billion. A huge imbalance in trade is recorded, in which Myanmar export to China increased five times from US\$126.06 million in 1989 to US\$647.55 million in 2008 while its import from China grew over tenfold from US\$187.66 million in 1989 to US\$1.977 billion in 2008 (Myoe, 2011). Nevertheless, in the fiscal 2010-2011 Sino-Myanmar bilateral trade reached US\$5.3 billion and China replaced Thailand as Myanmar's largest trading partner (Kipgen, 2015).

Apart from Trade, China has also been an important source of aid and development assistance for Myanmar. Assistance and loans from China are critical for Myanmar's development, without which, it will be impossible for the regime to manage and run the various state-owned enterprises and undertake the constructions of new factories such as textile and sugar mills. In this way, [...] Chinese aid flow not only supported the regime's survival but its hard-line repressive policies as well (Dittmer, 2010). In 2003 when SPDC chairman Than Shwe visited China, upon which the PRC announced a provision of US\$50 million grant and a concessional loan of US\$200 million to Myanmar, thus marking it the highest ever recorded assistance by large scale Chinese concessional loan, as well as the extension of a credit line to Myanmar (Odaka, 2015). Then in August 2003, upon the visit of Vice-president Maung Aye to China a MoU for the construction of Yeyway hydro power plan was signed with a concessional loan of US\$200 million granted by China. In the following year in March 2004, the Chinese Vice-premier Wu Yi visited Myanmar, and signed 21 agreements and MoUs, which includes; an agreement on

economic and technical cooperation, a framework agreement on the provision of concessional loan and an MoU on promotion of trade, investment and economic cooperation (Beijing times, 2004).

Chinese investment in Myanmar is driven by both geopolitical and economic factor (Dittmer, 2010), and are directed into three main fields namely; Infrastructure development, support for State owned economic enterprises and energy exploitation (Kudo, 2006). Major Chinese infrastructural projects in Myanmar includes; the Ayeyawaddy transportation project, the controversial US\$3.6 billion Myitsone dam project, the Yeyway hydro power plant, Taguang Tuang Nickel mine project, Letpaduang copper mine (among others). China also strongly supported Myanmar state owned economic enterprises such as; textiles mills, plywood plants, rice mill pulp and paper mills and other manufacturing facilities. To feed its growing energy needs, China heavily invested in the resource extraction sector Myanmar. In 2004 China petroleum and chemical company and Myanmar oil and gas enterprises (MOGE) signed an agreement to exploit an on-shore field near KyaukPhyu (Yi, 2013). China national petroleum corporation (CNPC) and MOGE in 2007 signed a contract to share three crude oil and natural gas exploration project off the Rakhine coast. Another major Chinese project in this sector is the Petro China US\$1.04 billion natural gas pipeline. The agreement to construct US\$1.5 billion crude oil pipeline from Kyauphyu to Kunming and US\$1.04 billion natural gas pipeline were also finalized in March and June 2009 respectively (Maung, 2011). The development of such pipeline in Myanmar is crucial for China to diversify its crude oil imports and to ease the 'Malacca dilemma'. In recent years the energy exploitation sector constitutes highest Chinese investment (Kudo, 2006). By the end of 2010, overall Chinese investment in Myanmar stood at US\$6.415 billion in 32 projects and ranks second in providing FDI to Myanmar, and in the following year this figure doubled and stood at US\$13 billion (Yi, 2013).

2.1.3: Military and Strategic relations

Another significant feature in Sino-Myanmar relations since 1988 is the growing military cooperation between the two countries. Myanmar internal unrest and the subsequent imposition of arm embargo by the EU in the late 1980s compel the newly established

SLORC to heavily depend on China for arms (Myoe, 2011). The military aid from China transformed the Tatmadaw from a weak counterinsurgency force into powerful defense force capable of major conventional operations (Sleth, 2002). Since 1988, China has become the major supplier of arms to Myanmar, accounting for 90% of total Myanmar's military hardware import (Shivananda, 2011), and worth close to US\$2.5 billion in value until 2013 (Gupta, 2013). Such support has also resulted in the formidable expansion of the Tatmadaw from about 150,000 in 1988 to over 450,000 in 2013 (Gupta, 2013). The exchanged of high level visit between the PLA and the Tatmadaw since 1988 attested the significance of Sino-Myanmar military relation. The first SLORC military delegation led by its commander in chief Lt. General Than Shwe visited China in October 1989, to negotiate the purchase of arms including jet fighter, armored vehicles and naval vessels (Geng, 2006), thereby heralding a new era of closer military ties between the two armed forces. Two months later in Dec 1989, another Myanmar delegation led by Major General Tin Oo visited China and signed an arms deal contract worth US\$1.2 billion for the purchase of Chinese military hardware (Myoe, 2011). In 1993, China exported military equipment worth US\$1.4 billion to Myanmar, this includes light and medium tanks, armored personal carriers, F-7 fighter jets, Hainan class patrol vessels and arms and ammunitions (Kipgen, 2015). Again in 1994, Myanmar procured Chinese military hardware including naval patrol boats, jet fighters tanks, armed personal carriers among others, worth US\$400 million (Shivananda, 2011). In October 1996, Myanmar army Chief General Muang Aye visits to China resulted in the signing of future military and intelligence cooperation that contains the provision for exchange of intelligence between the two countries. China also agrees to train 300 Myanmar air force and naval officers and to provide additional place for them in Chinese staff colleges (Geng, 2006). In 2000 Lt. General Tin Oo again visited China, upon the visit the PRC offer soft loan for arms procurement and in addition the delegation received US\$1 million worth of weapons as goodwill present from the PLA (Myoe, 2011). Myanmar and China in October 2008, enhance their military cooperation after Myanmar top three general met Gen Zhang Li, the Vice chief of staff of the PLA (Kipgen, 2015). In August, 2010 PLAN (Chinese Navy) and the Tatmadaw conducted a joint naval exercise. Nevertheless, despite of her heavy dependence, the inferiority of Chinese military hardware's pressured the

Tatmadaw to diversify its source of military hardware procurement. Other sources of import for military hardware include Russia, Eastern European weaponry and India among others. Russian MIGs and Bulgarian anti-aircraft missiles owned by the Tatmadaw are an example (Myoe, 2011).

Apart from the transfer of military equipment, Sino-Myanmar relations also focus around the development of strategic infrastructure in Myanmar which is mainly aimed at securing China's strategic interest in the Indo-Pacific region. China is interested in using Myanmar as a springboard to secure direct access to the Indian Ocean (Dittmer, 2010). Through Myanmar, the PLAN will be able to shorten its access to the Bay of Bengal by about 3000 km thereby reducing the voyage to five to six days by not passing through the "Strait of Malacca" (Shee, 2006). In 1992, upon the approval of the SLORC government, China set up a signal intelligence station (SIGINT) on the Great Coco Island about 18 km from the Indian Andaman and Nicobar Islands (Shivananda, 2011). China also assisted Myanmar in constructing an 85-meter jetty to naval facilities on the same island. The facility in the Coco Island has been of most concern to India (ibid). However, both Chinese and Myanmar authorities deny the presence of such a facility in the island. Other Chinese strategic activities in Myanmar include; China's development of a deep water port in Kyaukphyu, its railway line connecting Kyaukphyu to Kunming, its assistance for the construction of a naval base in Sittwe, its construction of an all-weather road from Kunming to Mandalay, its assistance in road construction linking Yangon and Sittwe which aims at providing the shortest route to the Indian Ocean from southwestern China (Allison, 2001).

2.2: Myanmar- China Policies Objectives

The foreign policy of a nation is determined by a number of factors all conceived in terms of national interest; these factors include; security, geopolitical and geostrategic realities, historical memories, perceptions of ruling elites and so on (Myoe, 2011).

2.2.1: Myanmar's China policy

Ever since the imposition of western sanctions on human rights issues, Myanmar abandoned her traditional policy of isolation and neutrality and moved closer towards her

north eastern neighbor China in pursuance of military and economic assistance (Shee, 2002). Despite the deep seated ambivalence towards her giant neighbor, it was crucial for Myanmar to seek assistance from it as “there was no viable alternative present at that time” (Yhome, 2009). Since then China began to play a crucial role in Myanmar. An interesting feature in Myanmar’s policy towards China since 1988 has been her skills in utilizing her natural wealth and strategic locations to secure the much needed multi-sectoral support (political, economic and military) from China. Myanmar clearly understands her importance for China’s south western province development strategy, her geographical advantage of being the shortest possible outlet to the Indian Ocean and strategically important transit trade point for Chinese product. Knowing this, it utilized China for its economic investment and for providing political support in the international community (Tea, 2010), and in exchange, it granted China the right exploit its natural resources and strategic locations. In this way, Myanmar’s natural wealth and China’s thirst for the same has made Myanmar resources more valuable, thus bringing greater income to the Junta at the same time ensuring China’s political support for it (ibid).

However, despite of the win-win situation for Myanmar, the regime never fully trusted any external major power particularly China, with whom it shared a long conflictual past, the Myanmar leaders were known to have deep seated feeling of sinophobia as well as xenophobia (Shee, 2002), and although the Junta clearly acknowledge the importance of Chinese investment for the country’s development, it however wants to avoid complete dependence on China as this may result in transforming Myanmar into a pawn state (Kundu, 2017). Therefore, to decrease her dependence, Myanmar was interested in diversifying her bilateral ties. This was made possible in the late 1990s with the positive response of the regional countries which were trying to woo Myanmar away from China, and Myanmar was quick to take advantage of the opportunities (Yhome, 2009). Consequently, Myanmar began to consolidate her ties with regional groupings such as ASEAN, BIMSTEC, Greater Mekong Sub-Region, Ganga Mekong Cooperation, BCIM or Kunming initiatives and SAARC (ibid), apart from this it also welcomes and encourage nations such as India, Japan and other industrialist state like Singapore and the EU to invest in Myanmar (Shee, 2006). The Tatmadaw also diverse her arms procurement source by extending to Russia and Eastern European Weaponry (Myoe,

2011). In this way the pariah state also skillfully manages to utilize her natural resources and strategic locations to legitimize the Junta government through regional and international trade relation (Tea, 2010), and in turn increasing its leverage in dealing with China.

Nevertheless, China's overwhelming influence in Myanmar is undeniable and by no means can be easily challenge. China continues to hold an important position in Myanmar and the diplomatic protection it provides for the Junta in particular has clearly been unique and affective. However, by the latter half of 2000, Myanmar began to view its relations with China as increasingly detrimental to her sovereignty (Fang, 2015). This is due to two reasons. Firstly; since the early 2000s China's diplomatic protection for the regime underwent certain adjustment. As a major stake holder to the international community, China sought to adopt a more assertive approach towards Myanmar (Myoe, 2011), and increasingly pressured the regime to listen to the people's call (Kleiven, 2015). By the late 2000s Beijing under the pressure of the international community, began to play the role of a mediator cum facilitator between the international community and Myanmar. This greatly undermines Naypidaw's policy of neutrality and non-interference. Secondly; the period also experienced growing unrest within Myanmar society regarding the apparent dominance of Chinese people in the business sectors and in ethnic states (Ji, 2012). The growth of a class rich Chinese businessman especially in Mandalay and Yangon has been resented by many poorer communities because of the popular view that these businessmen are getting rich through the unfair exploitation of Myanmar's resources (Fang, 2015). For a country which inhabited a deep seated ambivalence towards China, the growing influence of China in both Myanmar politics and way of life has greatly undermined her sovereignty and her traditional policy of neutrality and non-alignment. According to Linter, "Myanmar's decision to embark upon political reforms and to re-package them as a democratic government is an attempt by the Myanmar government to re-engage with the west and reduces its reliance upon China" (Linter, 2012). In a similar line fang notes, "Myanmar began to believe that its domestic political objectives would be more easily attained by adopting a more balance foreign policy in which it loosened its close ties with China and balanced these ties a renewed engagement with the west" (Fang, 2015).

Overall Myanmar's foreign policy towards China has been effective after all. This is because, the policy has [...] "allowed the military government to counter balance Western sanctions which itself has been kept in check by developing its relations with other states" (Haacke, 2006). In this way we can attest that, the primary objective of Myanmar's policy towards China since 1988 is to manage the asymmetrical relations between the two countries while maintaining a stable relationship and prevented China's interference in Myanmar's internal affairs. To sum up, Myanmar policy towards China mainly lies in maintaining the balance between neutrality and close alignment by consolidating the existing bilateral relation and utilizing Chinese economic and political influence to her advantages without undermining her sovereignty and neutrality.

2.2.2: China's Myanmar policy

Given Myanmar's significance in terms of both natural resources and strategic locations⁴, Beijing policy towards the Southeast Asian nation is mainly driven by a combination of both her economic and security interest. To China, the procurement of natural resources to sustain its growing population and economic boom has always occupies a high agenda in its external policy, and "this had also led her to support government like Myanmar which has dubious political record" (Tea, 2010). In terms of economy, in pursuance of her "Go West" policy⁵, Beijing is interested in reviving the south west silk route to connect its poverty stricken landlocked southwest Yunnan and Sichuan province westward to Bangladesh, India and the west (Shee, 2006), and as Myanmar stood in the doorway for China's landlocked province, it became increasingly indispensable for China to realize its "Go West" strategy. Apart from this, Beijing economic interest towards Myanmar also lies in tapping the country's rich energy resources to benefits its modernization efforts (Rajan, 2009). In addition to economy, China's security interest

⁴ With an estimated natural gas reserve of over 2.5 trillion cubic meters of natural gas and 3.2 billion barrels of crude oil (Rask, 2015), Myanmar is strategically located at the junction between South Asia and Southeast Asia, and most importantly acted as a land bridge between the Indian Ocean and the Pacific Ocean.

⁵ "China's Myanmar Dilemma" International crisis group (ICG). *Asia Report no. 117*

"China "Go West" campaign aims at eliminating poverty and bridging the economic gap between China's coastal and western province within the next 50 years".

towards Myanmar is driven by at least three potential factors. Firstly, the strategic location of Myanmar has become important for China to realize her interest in expanding the PLAN (People's Liberation Army Navy) maritime influence into the Indian Ocean through Myanmar, in order to counter Indian militarization of the region (Niklas, 2012), and to re-counter the possible containment policy meant against her. Secondly, as a part of its "strings of pearl" strategy the PRC is also interested in diverging her sea lanes of communication (SLC) in order to ease her dependence on the "Strait of Malacca" where 60-70% of its oil shipment went through⁶ (Tea, 2010), so that it could secure its energy security from threat. To realize this Beijing builds pipeline from Myanmar to China's bordering Yunnan province as an alternative to the shipping of resources through the pirate infested "Strait of Malacca" (Rajan, 2009). Thirdly, border security occupies an important factor in motivating China's policy towards Myanmar. To China management of border security and maintaining stability along the border with Burma is essential in order to safeguard Beijing's engagements in Myanmar and most importantly to prevent the spillover of conflicts and other non-traditional security threat such as drugs and HIV/AIDS.

To realize her interests, China significantly increases her engagement in Myanmar since 1988. Most notable Chinese engagements includes; the economic and financial assistance it provides, its engagement in arms trade, its assistance in the development of Myanmar infrastructure and most importantly the diplomatic protection it provides for the regime throughout the decades. Apart from this, Beijing also promotes cultural ties by employing the Buddhists diplomacy to enhance understanding and mutual trust between the two people. A notable event during this period has been the "Dethasari" (sacred journey) of Buddha's tooth relic to Myanmar from China in 1994 and 1996 (Myoe, 2011). China's overall engagements significantly increase her leverage over other potential competitors in Myanmar. One notable issue which demonstrated the effectiveness of China's

⁶ It has always been in the best interest of the Chinese government to decrease its dependence on the "Strait of Malacca" due to the threat possess by piracy and the attempts by powerful states such as US, India and Japan to control it (Niklas, 2012).

engagement was on the occasion of the bidding war with India over the Shwe natural gas project in Myanmar in which India lost the right of distribution to China although it tried to sweeten the deal with US\$20 million in soft credit and it offered to build a power plant mainly due to Chinese heavy engagement in Myanmar (Tea, 2010). As a member of the UNSC permanent member, China also heavily exercises its influence in protecting Myanmar political image at various international and regional forums. This has also been a significant feature in China's policy towards Myanmar since 1988. To the Chinese government protecting the political image of Myanmar is crucial in order to maintain stability, [...] "so that it can reap the long term returns on its considerable investment in the country" (Storey, 2007). Nevertheless, China's policy of providing political umbrella to Myanmar has its own limitations; this is because, being a responsible member and a major stakeholder to the international community China was obliged to show respect for certain international norms and values. Since the Depayin massacre in 2003, the Chinese government has pushed Myanmar to proceed with the promised political transition and national reconciliation (Myoe, 2011). It is therefore in the best interest of China that Myanmar should fulfill its international obligation as it would be difficult for the Chinese government to defend Myanmar publicly and prevent international interference if Myanmar continues in failing to do so.

2.3: Limitations in Sino-Myanmar Puak-Phaw relations

Regardless of their intimate ties since 1988, Sino-Myanmar Puak-Phaw relation is not without its flaws. Throughout the period from 1988 to the late 2000s several issues inhabit Myanmar-China Puak-Phaw relations. Nevertheless, such issues are confined to mere thoughts or concerns and do not openly undermine Myanmar-China relations as it did back in 1967. One such dominant issue that has been on the rise since 1988 is the Anti-Chinese Sentiment or the negative attitude towards China. Such sentiment towards China is deeply embedded at both the state and societal level (Myoe, 2011), and has also been a dominant factor in undermining Myanmar-China Puak-Phaw relations in the past. Zin in his analysis of the state level negative attitude towards China through the memoirs of several Burmese ex-generals notes; many top military officials including some of the founding members of the SLORC do not trust the Chinese and saw their hard fought

battle against the BCP from the 1960s to the late 1980s as a struggle against foreign invasion via a proxy (Min, 2012). Regardless of china's abandonment of the CPB from the late 1980s such perception continues to dominate the hearts and minds of many hard line military officials towards China. The inferior quality of Chinese arms supplies and its inefficiency also constitutes resentment towards China at the state level (Myoe, 2011). A Dominant factor at the societal level has been the growing illegal Chinese migration in the country. Since the late 1980s Myanmar experienced an influx of Chinese migration into her territory especially in its upper region around Mandalay⁷ where Chinese migrants bought up real estate and forced ethnic Myanmar people to resettle in new Satellite towns [...] "as the influx of Chinese money, goods and people inflated the price of real estate and living" (Min, 2012) to an extent where ethnic Myanmar couldn't afford. According to Storey, such migration is also supported by the Chinese government "to advance its economic interest and there are an estimated 1.5 million Chinese immigrants in the country who dominate the retails, hotels and restaurant sectors in Mandalay, Lashio and Muse" (Storey, 2007). Apart from migration, the perception that China being responsible for prolonging the SLORC/SPDC regime occupies another dominant factor at the societal level. To the general Myanmar's population Chinese arms supplies were perceived to be very effective in the Tatmadaw quest for suppression of the anti-regime forces. For the majority of Myanmar's people China support for the regime prevented any meaningful change in the governance and a lack of progress towards democracy, serving only to strengthen the measures of the military regime (Myoe, 2015). In addition, the popular resentment towards Chinese economic activities is of grave concern for Myanmar people. From the late 2000s Myanmar experienced a dramatic increase in Chinese investment however; resentment towards such increase in Chinese activities has been growing among Myanmar's general population mainly because of the unethical business practice of Chinese firms, their over exploitative nature and absence of concern for the local population.

⁷ Maung Aung Myeo: In the Name of Puak-Phaw: (Singapore: ISAS published: 2011) page: 124

"Due to the war between the government and the BCP Illegal Migration into Myanmar had been practically halted since 1968"

Another detrimental factor lies in Myanmar's growing concern over Chinese interference into her internal affairs since 1988 (Maung, 2015). It is important to note that, despite being aware of the asymmetrical relation, Myanmar always tries its best to uphold its policy of non-interference and neutrality and dislike the notion of being a client state of China even in the face of its heavy dependence on the latter for survival. Taking this into consideration, Myanmar growing concerned over Chinese interference emerged from the 1990s and in the 2000s China began to play a prominent role in Myanmar's internal affairs especially when the international community, aware of China's influence, urges her to intervene in Myanmar's internal affairs on several occasions. One notable occasion happens in the aftermath of the saffron revolution in 2007. Although China blocked the US/EU proposed resolution it gave full support to the UN envoy and play a crucial role in facilitating meeting between Myanmar's military regime and the UN special envoy Ibrahim Gambari (Storey, 2007). Then again in 2008 when Cyclone Nargis hit Myanmar, the regime was reluctant to accept the offers of international agencies and NGOs which led to an international outrage. China under the pressure of the international community along with ASEAN intervenes and the Myanmar government subsequently allowed relief operations. Myoe asserts, during this period the military regime became increasingly concerned about the growing Chinese influence and the prominent role it played in her internal affairs (Myoe, 2015). Nyapidaw also became increasingly aware of China's responsibility as a major stakeholder in the international community.

In addition, border security occupies another dominant issue. Sino-Myanmar border instability have the potential in posing both traditional and non-traditional security threat and this has also been a primary concern of the Chinese government in particular. Myanmar and China shares a boundary of over 2000 km that borders the Kachin and Shan state of Myanmar with the landlocked Yunnan province of China. Myanmar's border regions are mostly under the control of its major armed ethnic organizations such as the Kachin Independent Army (KIA) in Kachin State, the UWSA (United Wa State Army) and the Kokang Army or MNDAA (Myanmar's National Democratic Alliance Army) in Shan State. Given the tension between the Junta and these insurgents groups, China is highly concerned about the possible spillover of conflict into her territory. One such evident incident in this regard was the Kokang conflict of 2009, which caused more

than 37000 refugees to flee to China's Yunnan province and also claims the lives of Chinese citizen when Myanmar troops fire shells across the border (Shihong,). Instability along the border also poses an eminent threat to Sino-Myanmar cross border trade which 'accounts for 58% of China's total export to Myanmar' (Kudo, 2005). Apart from traditional security threat, Border instability also poses non-traditional security threat to China. Sino-Myanmar border has long been known for the prevalence of drug trafficking activities. In fact most insurgents operating in the regions especially the USWA are known to heavily engage on the production of opium for their sustenance. The value of opium production in Myanmar in 2005 was estimated at US\$58 million equivalent to 0.7% of her total GDP (Geng, 2007). The drugs produced in Myanmar finds its way into Yunnan province and spread across the rest of China. Other non-traditional security threats include the spread of HIV/AIDS, cross border gambling and smuggling. In addition, Myanmar's internal instability also greatly contributed in undermining China's development projects. This is because, major economic assets of Myanmar lies in the ethnic states along the border. An estimated 65% of total Chinese FDI is concentrated in development projects around the troubled state of Kachin and Shan (Lechungpa, 2015), and such projects were highly dominated by the insurgents rather than the government. As a result, given the tension between the government and the ethnic groups China face a mysterious dilemma in these regions where it does not want to rub the ethnic groups the wrong way by supporting the military fighting with the groups neither does it want to jeopardized its relations with the military government.

2.4: Locating the nature of Myanmar's engagement towards China

Considering her heavy dependence on China on one hand and the nature of China's engagement into her territory on the other, Myanmar is often being perceived as a subordinate or a subject of china. Observers such as Aung zaw view Myanmar as a Client of China (Zaw, 2011), to others such as Johan Malik Myanmar is being perceived as a puppet of China (Malik, 1998), there were also those who observed it as a strategic pawn of China. Taking the diverse perception into consideration one can generally affirm the intimacy in Myanmar's alignment with China. Nevertheless, the legality of the perceptions which posited Myanmar as a Client state or a Subject of China has its own

limitations. Under the circumstances the nature of Myanmar alignment towards China since 1988 will be analyzed by employing three strategies adopted by a state towards a bigger state for survival.

According to international relations theories smaller states strategy towards bigger states can be classified in terms of balancing, bandwagoning and hedging (Vuving, 2006). Balancing is a strategy by which a weaker state develops its internal capabilities (Internal balancing) or forms/joins an alliance with other state or states (External balancing) in order to protect itself from the domination of a stronger power or coalitions of power (Stephen Walt, 1987). Balancing may also involve different levels of intensity as well. In low intensity balancing the balancer maintains constructive relationship with the targeted state whereas in high intensity balancing the relationship between the balancer and targeted state is more openly adversarial (Roy, 2005). Contrary to balancing, bandwagoning is a strategy in which a weaker state aligned with a stronger yet adversarial power to ensure its survival. This had also been a popular theme during the cold war (Walt, 1987). Apart from the interest in securing one's survival or protection, the pursuance of bandwagoning strategy is also highly motivated by the state desire to gain opportunity or profit (Schweller, 2011). According to Roy, bandwagoning has two definitions viz; bandwagoning to avoid being attacked and bandwagoning to be on the winning side (Roy, 2005). Nevertheless, in its entirety the bandwagoner submits itself to the will and wishes of the stronger power. Hedging is another strategy that smaller states are likely to employ towards a bigger state and it is perceived to be a popular choice among policy makers of ASEAN states towards China vis-à-vis US (Roy, 2005). Evelyn Goh defines hedging as a set of strategies aimed at avoiding a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning or neutrality and states pursuing such strategy seeks to cultivate a middle position that forestall or avoids having to choose one side at the obvious expense of another (Goh, 2005).

Taking into consideration the political and economic condition of Myanmar from the late 1980s one cannot deny the indispensability of China for Myanmar. Nevertheless, Myanmar's negative perceptions towards China throughout their historical ties can

neither be ignored. Storey asserts Myanmar-China relations from the late 1980s is a marriage of convenience rather than a love match (Storey, 2011). Given the condition that “ [...] Myanmar’s desperate need for aid being the decisive factor in propelling her closer ties with China” (Ciorciari, 2010), such perception is undoubtedly true. Swanstrom argued, in many areas such as military or economy China is Myanmar’s least preferred partner (Swanstrom, 2012). Therefore, despite of the much needed help from China, Myanmar “always subtly maneuvered to maintain her foreign policy based on neutrality” (Maung, 2011) and consistently attempted to diversify her foreign relations as the regime has been increasingly uncomfortable with her heavy reliance on China. According to Storey, Myanmar from the early 1990s sought to lessen her dependency on China by bolstering ties with other major powers and through membership of regional organization (Storey, 2011). Such divergence in Myanmar policy is evident from the SPDC efforts to increase its engagement with other countries notably India⁸, a potential contender for China in the Indo pacific region “that Myanmar tends to play against China in negotiations over potential gas routes” (Lee, 2009). Another worth mentioning is Russia, also an additional source of arms procurement and military education for the Tatmadaw. According to Maung, the regime interest in bolstering ties with Russia is also fuelled by its intention of securing an additional veto at the UNSC so that it would not be too much dependent on China for political survival (Maung, 2011). Apart from this, by the late 1990s Myanmar also began to consolidate her ties with regional institution such as BIMSTEC and ASEAN. Muang asserts, ever since Myanmar accession to ASEAN, the groupings also provided political umbrella to Myanmar, thereby giving her a space to maneuver its relations with China.

Despite the regime interest to diversify her bilateral ties, China undoubtedly plays a significant role in providing the much needed multi-sectoral support (economic,

⁸ Pak k Lee; China’s Realpolitik engagement with Myanmar; China security vol. 1, no. 5; 2009 “Between 1961 and 1991, India had fairly strained relations with the military Junta partly due to its moralistic rejection of the legitimacy of anti-democracy coup d’état. However, with the rise of PV Narashimharao to power the Indian government began to implement pro-market economic reforms domestically and externally a ‘look east policy’ to cement ties with economically vibrant south east Asia to counter balance the rise of China”

diplomatic and military support) to Myanmar. In fact it was such support the regime was badly longing for since the imposition of western sanctions and diplomatic isolation. This has also been a dominant factor in propelling the regime to bolsters its ties with China particularly, which in turn is mainly due to the lack of other external sources of support available to Myanmar and China's willingness to provide such support in order to realize her strategic objective. According to Haacke, the regime in exchange for the much needed support awarded China a significant part of Myanmar's natural resources and by allowing Chinese state owned enterprises to construct strategically important physical infrastructure such as the one connecting Yunnan with the Bay of Bengal (Haacke, 2011) In due process, Myanmar-China alignment primarily involves a mutually benefitted exchange of both China's support and Myanmar's approval for China's engagement into her territory. Taking this into consideration, the nature of Myanmar's alignment towards China since the late 1980s also do reasonably conforms to what Schweller call 'bandwagoning for profit' this he argued is often done voluntarily (Schweller, 1994).

Given Myanmar's negative political image coupled with her minimal foreign relations since the late 1980s, it became apparent as to why Myanmar has a limited choice to employ a hedging strategy towards China. Haacke argues, unlike most ASEAN states the so called hedging strategy does not seems to be the plausible principle behind Myanmar engagement with China, given the condition that the SLORC/SPDC had to deal with rising China in the context of very difficult relations with Washington (Haacke, 2011).

2.5: Summary and Conclusion

Modern Myanmar-China bilateral relations or Puak-Phaw relation started upon the initiation of their diplomatic ties in 1950. Initially from this period Myanmar and China were highly ambivalent towards its each other, this is because their newly established bilateral ties to a large extent inherits the nature of their pre-colonial relation and under such circumstances Myanmar perceived China to be traditionally chauvinistic and China at the same time saw Myanmar as a vassal or tributary state. Such perceptions towards the other reach its zenith in the late 1960s and culminated into the anti-Chinese riots of 1967. However, Sino-Myanmar Puak-Phaw relations improves from the early 1970s and turns highly intimate since the late 1980s following the SLORC coup d'état. Such

intimacy in Myanmar China relations is also made possible by the international pressure on both the two countries which was fuelled by the violent suppression of 8888 uprising in one hand and the Tiananmen incident on the other. A significant feature in Sino-Myanmar Puak-Phaw relations since 1988 has been the growing cooperation in the field of political, economic and military.

Nevertheless, the development in Sino-Myanmar Puak-Phaw relations is not a product of choice rather a necessity for Myanmar but is entirely the opposite for China. This is because, the regime leaders in Myanmar from the late 1980s were highly desperate in finding a favorable solution to come out of the economic, political and security crisis it was engulfed with. Such condition provides the perfect opportunity for China to fill the strategic vacuum and advance its strategic interest in Myanmar which is in terms of both security and economy. To secure such interest; China provides the much needed diplomatic protection, heavily supply arms to the tatmadaw, helps Myanmar in building her infrastructures and engaged heavily in Myanmar. Nevertheless, China diplomatic support has its own limitation, as major stakeholder in the international community China is obliged to respect certain international norms and values, this is also the reason why China supported and even put certain pressure on Myanmar for political transition from the early 2000s, as it would be difficult for her to defend if Myanmar continue to violate sensitive issues of international importance. In its entirety Myanmar's intention towards developing her relations with China mainly lies in the regime interest to secure its legitimacy in the face of threat and China's interest lies in securing its strategic interest in Myanmar and in maintaining stability so that her engagement to realize such interest in the country is not threatened.

Myanmar-China Puak-Phaw is also not without its flaws, throughout the course of their relationship from 1950 until the late 2000s the negative perceptions towards China persisted in the hearts and minds of Myanmar's population. In fact even the top military officials in the late 1980s were aware of Chinese assertiveness and knew their decision to heavily depended on China will come with a price. Such perception towards China grows in the form of Anti-Chinese sentiment and had also been a dominant factor responsible for the anti-Chinese riots of 1967. China's unethical business practice accompanied by its

increase engagement, its lack of concern for the local people, the large scale Chinese migration into Myanmar especially in upper Burma around Mandalay are some of the contributing factors responsible for the growth of Anti-Chinese sentiment since the late 1980s. Such sentiment also greatly undermines the effectiveness of China's soft power diplomacy over the Burmese people and fails to generate goodwill among the population towards China's engagements in Myanmar. Apart from this Myanmar heavy reliance on China's diplomatic support has also led to a significant increase in China's role in Myanmar internal affairs. On several occasions the international community being aware of China's influence urges her to play a mediating role when tensions arises between the international community and Myanmar; such cases are highly evident from the role China played in the aftermath of saffron revolution and Cyclone Nargis. Aware of such threat Myanmar from the late 1990s sought to cultivate ties with other countries such as India and Russia and joins ASEAN in 1997 mainly to ward off its heavy dependence on China for political survival.

We conclude by stating that despite the seemingly intimate Sino-Myanmar tie, Myanmar always views China as an unequal partner and a potential threat to her sovereignty. Therefore despite of her heavy dependence, it has always been in the best interest of the Naypidaw to decrease her overdependence on China. To realize this, the regime sought to diverse her bilateral ties by welcoming other major players such as India, Russia and ASEAN to invest in the country. In this way one can also attest that Myanmar exhibit both low intensity balancing and bandwagoning behavior towards China by accommodating China's strategic interest at the same time resisting China's influence and interference into Myanmar internal affairs. However, from the 2000s Myanmar increasingly became even more concern about China's growing influence into Myanmar. Therefore, the only possible way to effectively decrease her dependence on China is to carry out reforms and re-align with the west. Nevertheless, taking into account her close proximity and linkage; it is however important to note that Myanmar's interest in decreasing her dependence does not necessarily mean to abandon China. In addition the Myanmar case also shows that lesser powers can obtain certain benefits from a major power without necessarily requiring her full submission.

Chapter 3

Democratization in Myanmar since 2010

3.0: Introduction

After twenty years without a constitution, the State Peace and Development Council (the then Myanmar's ruling Junta), carry out a nationwide constitutional referendum in May, 2008. Four months later a new constitution was passed, which according to the Junta was to ensure the establishment of "discipline flourishing democracy". Then on 7 Nov, 2010, parliamentary elections were held under the dictates of 2008 constitution. However, Myanmar's largest opposition, the National League for Democracy (NLD), refuses to register and boycotted the elections, due to dissatisfaction over the new election laws (BBC, 2010). In face of opposition, the elections went ahead and the military backed Union Solidarity and Development Party (USDP), won a landslide victory. Consequently, on 30 March, 2011, the Burmese military regime dissolve the ruling Junta (SPDC), and handed over its power to the newly elected USDP government under ex-Lieutenant General U Thein Sein. This was followed by the most unusual turn of events in Myanmar history. Shortly after coming to power, president U Thein Sein started initiating quick reforms process, which included; the release of political prisoners, abolition of media censorship, more efficient dialogue with national minorities and a series of political and economic reforms. Subsequently, on 1st April, 2012 by-elections were conducted to fill the 45 vacant seats in the Pyidungsu Hluttaw (Legislature), in which the NLD participated and won 43 seats out of the 45 contested seats. This paves the way for Suu Kyi to advance as the main opposition in the parliament (Haacke, 2011). In a lead up to rapid democratization process, general elections were conducted upon the completion of the USDP term in office in Nov, 2015, and Aung San Suu Kyi's National League for Democracy won an over whelming majority by securing 75% of elected seats in both house of the parliament. Consequently, on 15 March, 2016, the civilianized military government (USDP) peacefully transfer its power to the NLD, thereby marking an end to over five decades of military and quasi-military rule in Myanmar (Kuppuswamy, 2016).

For a nation generally regarded to inhabit the most durable military regime worldwide (Bunte, 2011), the political transition in Myanmar were quite unanticipated and had also given rise to ample of debates. To some, the transition was seen as “a survival strategy of the military government to overcome factionalism and to increase the regime durability by creating power sharing institution” (Criossant, 2013). There were also those who observe the transition under geopolitical lens and perceived it as the Junta strategy “to break free of prolong international isolation and to reduce China’s presume influence and interference in Myanmar affairs” (Myoe, 2015). Be that as it may, the transition however transformed the once pariah state at both internal and external fronts. Internally; the reforms transforms Myanmar political environment by opening a new political space for civil society and opposition groups (Bunte, 2015). At the external front, the transitions mark an end to the long period of Myanmar’s isolation and seclusion from the international community.

3.1: Background to the Burmese Spring

3.1.1: Military involvement in Myanmar’s politics

After gaining independence from the British on 4 Jan, 1948, a constitutional government was established in Myanmar (then Burma) and U Nu was nominated as the first prime minister. However, parliamentary democracy in the union of Burma survived for only 14 years until it came to an abrupt end following Ne Win’s coup in 1962. Since then the country oscillated between direct and indirect military rule until 2011, under which the Tatmadaw (Myanmar’s military) plays a highly pervasive role and control almost all major aspects of life. This in turn greatly hinders the implementation and consolidation of democracy process in Myanmar. Military involvement in Myanmar politics is not unusual. In fact the military plays an important role since earlier period. Myanmar gained its independence from the British Empire under the Burmese independent army led by “the thirty comrades” (Devi, 2014), and for the prominent role it played in anti-colonial struggle, the Tatmadaw became one of the most important institutions and was viewed favorably by the Public in the post-colonial era (Anand, 2013). Throughout the period from the late 1940s to the 1950s the Tatmadaw was quite successful in suppressing the

communist and separatist insurgencies, thereby bringing peace and stability to the nation at the same time further reinforcing the Tatmadaw's political orientation.

An interesting feature in this context is that, Myanmar's military never perceives itself as a mere defense force or "apolitical, professional military"¹ (Huntington, 1957), instead it claimed to have a nationalist or patriotic origin. This is due to the fact that, the Tatmadaw was born out of historical necessity of the nation for independence struggle, and "its very embryo "the thirty comrades" itself was formed by politicians from the Dobama Asiayone²" (Mye, 2013). Several prominent Burmese leaders like Aung San and Ne Win uphold this view by claiming that the Tatmadaw was formed out of hardcore politicians and therefore is a "political one" rather than a "mercenary army" which for the Burmese military connotes a "professional army" that severed itself from politics. Consequently, the Tatmadaw believes that regular political interventions are their moral duty (Bunte 2010), and painted civilian politicians as opportunist who look after their own interest rather than the national interest (Anand, 2013). The military quest for involving in politics was strengthened when it formulated a national security doctrine known as National Ideology and the Role of Defense Service (NIRDS), also regarded to be the ideological basis of Tatmadaw's political involvement and activism (Myoe, 2013). The NIRDS assigned the Tatmadaw a guardian role in nation building and state building, thereby giving it the right to involve in socio-political field in addition to its primary duty of national defense (ibid).

The first military involvement in Myanmar politics in the post colonial era dates back to 1958, when instability in the parliamentary system was on the rise due to the split within the ruling Anti Fascist Peoples Freedom League Party (AFPFL). General Ne Win urges the then prime minister U Nu to temporarily transfer power to the military, in fear of weakening the army's unity (Bunte 2011). Consequently the Tatmadaw took over state power and formed a caretaker government to restore political stability. From this period

¹ "Professional military" according to Huntington is based on a special esprit de corps (mutual loyalty) and sense of distinct military corporateness, which prevents military officers from interfering in politics (Huntington, 1957)

² Burmese nationalist groups formed around the 1930s by Ba Thung, mainly composed of young disgruntled intellectuals and significant in stirring up political consciousness in Burma and drew most of its support from students.

the Tatmadaw started to expand its realm of influence in both business and national security. Then in Feb, 1960 the military hold general elections and transfer back power to the newly elected civilian government under U Nu (Anand, 2013). However, the newly elected civilian government survived only for two years. On 2 March, 1962, Ne Win stages a coup, thereby bringing back the army leaders into power. Since then the military rule Myanmar directly until 1974, under a seventeen-person strong Junta led by Ne Win which refers to itself as the Revolutionary Council (RC) (Gaens, 2013). Consequently the RC abolishes the 1947 constitution, dissolves the parliament and banned all political parties. It then nationalizes the economy under the banner of the “Burmese way to socialism” and further isolates the country. In 1974 the RC introduced a new constitution called the “new basic laws” (Devi, 2014) under which it constitutionalize Ne Wins own Leninist party, the Burmese Socialist Programme Party (BSPP), and established a socialist one party system. New elections were held and the Junta transfers its power to the newly elected BSPP in which Ne Win serves as the chairman and president of the party and both active and retired military officers dominated the cabinet and rubber stamp parliament (Bunte, 2011), this marked the beginning of constitutional dictatorship in Myanmar.

From the late 1980s, the military began to experience a vast political, economic and social change. These changes not only challenge the military but also change the people’s perceptions and awareness towards the Junta government (Keling, 2010). In March, 1988 a pro-democracy movement started as a reflection of political frustration and economic hardship bought by Ne Win’s policy of economic autarky and isolation. The unrest was triggered first and foremost by the massive price hike especially for rice in the wake of Ne Win’s failed monetary reforms in 1987 (Asia Report, 2000). The movement grew vocal and escalated into a nationwide protest that popularly came to be known as the 8888 uprising. Consequently under mounting pressure, Ne Win was forced to resign, and on 18 September, 1988, the military reorganized itself as the SLORC (State Law and Order Restoration Council) and staged a coup under the leadership of Saw Maung, upon which it imposed martial law and brutally cracked down the movement, killing thousands of demonstrators (Bunte, 2011). It then revoked the 1974 constitution, dissolve the

parliament and concentrated executive, legislative and judicial powers into military hands (ibid), thereby ending the period of constitutional dictatorship in Myanmar. During this period a popular figure emerges in Myanmar politics. Aung San Suu Kyi the daughter of the legendary Burmese independence leader Aung San was coincidentally in Myanmar to take care of her ailing mother, student's activist urges her to join the movement, and on 26 August, 1988, she made her first major speech at Rangoon Shwedagon Pagoda (Radio diaries, 2013). Then on 27 May, 1990, the SLORC carry out multi-party elections as promised, in which 93 political parties presented a total of over 2000 candidates to contest the 492 constituencies, the military assume that no single one among the numerous opposition parties could win a workable majority and that the SLORC sponsored National Unity Party would be the dominant party (Asia report, 2000). In an unusual turn of event, the National League for Democracy led by Aung San Suu Kyi won a landslide victory. However, the SLORC refuse to accept and annuls the elections results by arguing that the country lacked a constitution for transferring power to the new government (Bunte, 2011), consequently the military rule was resume.

The annulment of the 1990 elections results led to widespread international condemnation and subsequently resulted in the imposition of western sanctions and diplomatic isolations. Since then the country was labeled a pariah state and faced sluggish economy, national unity issue, severed from external relations and lost its identity to the rest of the world (Keling, 2010). As a result, the Tatmadaw from this period began to strengthen its bilateral ties with her northeastern neighbor China and heavily depended on it for military, economic and diplomatic aid. However, the military was interested in consolidating and expanding its political position within the existing political structure. It therefore, decided to draft a new constitution, to secure the active participation of the Tatmadaw in future national politics (Yi, 2014). Consequently from the early 1990s the military began to invite various political parties for a national convention to write the constitution. In 1992, a steering committee was formed to plan the convention and held its first session on 9 Jan, 1993. However, the SLORC adjourned the national convention in 1996 following the departure of the NLD representatives due to the lack of debate and undemocratic principles (Human rights watch, 2007). Since then, the Junta ruled with an

iron fists, suppressing all venue of dissent and controlling society and imprisoning members of oppositions including Suu Kyi (Bunte, 2000). Tensions within the military itself surfaced. In 1992, Than Swe purged Saw Maung and appointed himself as the head of the state and the leader of the Myanmar's arm force (Gaens, 2013). Under his reign the SLORC renamed itself as the SPDC (State Peace and Development Council) in 1997, in order to signal a shift from restoring order to fostering peace and development (Bunte, 2000) and in the same year Myanmar joined ASEAN. Since then the military expand its realm of influence and engaged heavily on state building programmes which includes modernizing the arm forces as well as negotiating a series of ceasefire with the ethnic groups apart from infrastructure and business.

3.1.2: The Road to “Discipline Flourishing Democracy”

The changing political and economic landscape of Myanmar from the late 1980s greatly affected the Tatmadaw's reputation and hinders its survival. The military therefore was interested in building its base to consolidate and expand its political position. Consequently in 1993, the SLORC established a mass organization called the Union Solidarity and Development Association (USDA), for gathering public support and to keep a grip on society (Yi, 2014), and in the same year the steering committee to plan the national convention held its first meeting. Then by the late 1990s the military declared its policy and mission publicly and projected itself as the guardian of three national causes viz: non-disintegration of the union, non-disintegration of national solidarity and the perpetuation of national sovereignty as its national interest (Myoe, 2009). The main goal behind this was to build a “peaceful modern and prosperous nation” by pursuing twelve objectives that encompassed three areas of political, economic and social development (ibid). The political objective was to lay the foundation for “discipline flourishing democracy”, the economic aspects pertained to state control of economy but also refer to the need for market economy and the social objective was to inculcate nationalism and achieve social cohesion (Anand, 2013). Yi observes such move as the strategy of the Tatmadaw to institutionalize its dominance in both Myanmar polity and society (Yi, 2014). Nevertheless in the view of the military, these measures were necessary to ensure that its projected “peaceful modern and prosperous nation” will have a multi party

democratic society, with a market oriented economy base on the noble principle of justice, liberty and equality and will ensure the national identity and cultural tradition of all national races (Myoe, 2013).

Subsequently on 30 August, 2003, the then Myanmar Prime Minister Khin Nyunt officially announced the military “road map to democracy”, to ward off the growing international and domestic pressure due to the Depayin massacre. The road map envisioned the installation of a new political system in seven steps to establish what the military called a “discipline flourishing democracy”. The seven steps are as follows;

- (1) Reconvening the national convention that has been adjourned in 1996.
- (2) After the successful holding of the national convention, step by step implementation of the process necessary for the emergence of a genuine and discipline democratic system.
- (3) Drafting of new constitution in accordance with basic principles and detail principles laid down by the national convention.
- (4) Adoption of constitution through national referendum.
- (5) Holding of free and fair elections for Pyithu Hluttaws (legislative body) according to the new constitution.
- (6) Convening the Hluttaw attended by Hluttaw members in accordance with the new constitution.
- (7) Building a modern developed and democratic nation by the state leaders elected by the Hluttaw and the government and other central organs formed by the Hluttaw. (The New Light of Myanmar, 2003)

Accordingly, on 5 Dec, 2005, the SPDC reconvenes the national convention with 1074 delegates in attendance (Altsean, 2005). Nevertheless, like the first national convention the second was marred by lacked of inclusiveness, heavy restriction on public debate and little input by the participants into the final product (Pederson, 2011). The military itself wanted a clause in the constitution that guarantees itself at least 25% seats in the parliament (Altsean, 2005). Consequently, two main opposition party the NLD and Shan National League for democracy (SNLD) boycotted the national convention (Bunte,

2011). Similarly, the Karenni National Progressive Party (KNPP) decided not to join the convention and stated “the national convention is not for the benefit of the people of Burma, but just an excuse for SPDC to hold to its military rule longer” (Altsean, 2005). Despite the opposition, the 54 member drafting constitution commission completed a proposal by 9 Feb, 2008, and the next step for the military was to adopt the constitution through a national referendum. Consequently, few days after Cyclone Nargis hit Myanmar the SPDC launched a nationwide referendum on 10 May, 2008, as a fourth step to its roadmap. According to the New Light of Myanmar (state owned Newspaper) in the referendum 92.48% of the whole country voted in favor of the new constitution (The New Light, 2008). However the newly approve constitution have major flaws as it enshrine strong military participation in the national political leadership. For instance Article 20 (b) of the new constitution stipulates that the military should hold absolute authority over ministry of defense, interior and border affairs by appointing all three ministers (Yi, 2014). In a similar line article 109 (b) and 141 (b) empowers the military to automatically occupy 25% of parliamentary seats in both house of the parliament. In addition the constitution also precludes Aung san Suu Kyi from becoming president or vice-president, as the person who holds either of these positions shall he himself or one of the parents, spouse or children not owe allegiance to foreign power or not be a subject of foreign power or citizen of any foreign country (Chapter 3-59f) (Gaens, 2013). Nevertheless, the new constitution however establishes a multi party democracy with elections for both national and regional assemblies.

After successfully launching the new constitution, the next step (fifth step) for the Junta was to hold free and fair elections for the Hluttaw’s. Consequently the SPDC started to draft new election laws from early 2010. The new laws empower the military to head and appoint all members of the national election commission, which was given the power for postponing and abolishing elections of the constituencies in case free and fair elections cannot be held (Al Jazeera, 2010). In addition, the new law also bars serving political prisoners from voting, being members of political parties and standing as electoral candidates, and also stipulated all political parties to expel their members who were imprisoned or under detention orders if they were to contest in the elections (Burma Fund

UN office, 2011). The Junta then fielded its own proxy party the Union Solidarity and Development Party (USDP) which evolved from the mass organization USDA, by discarding their uniforms to join the party shortly before the elections and the former prime minister U Thein Sein headed the party. Accordingly on 7 Nov, 2010 a nationwide parliamentary election was held, in which 37 political parties for the 440 seats at the people's Assembly (Pyithu Hluttaw) and 224 seats at the nationalities Assembly (Singh, 2010). The main opposition party, the NLD, split over the issue of running in the elections, while Aung San Suu Kyi boycotted the elections. The civilianized military party USDP came out victorious by winning 80% of seats at the Pyithu Huttwa (people assembly) and 77% at the Amyotha Hluttaw (nationalities assembly). Consequently on 30 March 2011, the military dissolve the ruling Junta SPDC and transfer its power to the newly elected USDP under U Thein Sein. Since then a series of political, legislative and economic reforms are carried out by the new government.

3.2: Myanmar's democratization under U Thein Sein

Myanmar's democratization is an ongoing process which began upon the initiation of wide scale political and economic reforms by U Thein Sein. Although the military quest for democratization dates back to the early 1990s and a visible working process emerge from 2003, these developments cannot be treated as genuine democratization in our analysis, this is because "the political change prior to 2011 fell short of genuine democratic transition, since they did not entail any form of political liberalization and because the political space was extremely narrow and repression was at its tightest during the years of implementation" (Nyein, 2009). In this way Myanmar's democratization will be analyze in terms of liberalization since U Thein Sein came to power in 2011.

The general elections of 2010 was seen by many observers around the world as fraudulent. The US president Barrack Obama and the British foreign secretary William Hague described the elections as flawed and neither free nor fair (Reuters, 2010). While this negative perception against the Junta circulates, the ruling SPDC dissolved, and the newly elected civilianized military party, the Union Solidarity and Development Party (USDP) formed the government under U Thein Sein leadership on 30 March, 2011.

Subsequently, a new cabinet was formed under which, military officials or former Junta ministers occupies 26 seats and the remaining 4 seats were occupied by civilian (Bunte, 2000). Although the peaceful transfer of power ended the two decades of direct military rule, it however did not end skepticism and most observers saw the new government as an extension of military rule, and the prospect for democratization and economic reforms was dim. However in an unexpected turn of event, the president calls for sweeping political and economic reforms, including; national reconciliation, an end to corruption, a market-oriented economy, foreign investment, development of health and education sectors and cooperation with the international and local organization to alleviate poverty (Anthony, 2012). For a nation known to inhabit the most durable military regime worldwide, this was widely appreciated and was followed by striking developments, which includes; Myanmar's appointment to chair ASEAN in 2014, improve relations with the US, reinstatement of main opposition party the NLD and Aung San Suu Kyi candidacy in the by-elections of 2012 (Kudo,). The overall changes brought by Thein Sein are analyzed under the following heads;

3.2.1: Changes in domestic policies

(a) Towards détente with the opposition

One immediate task taken by U Thein Sein after assuming office was his attempt to improve relationship with the opposition party. To the government building some kind of truce and a genuine reconciliation with the NLD was crucial for improving its external relations (Bunte, 2015). Consequently on 19 August, 2011, U Thein Sein invited the main opposition leader Aung San Suu Kyi at his residence in Nyapidaw. Three months later in Nov, 2011 the president amended the 2010 political party registration law and the election law by altering three areas of law³ to accommodate Suu Kyi and the NLD. This

³ CBS News, Nov. 4, 2011; accessible at: <http://www.cbsnews.com/news/myanmar-eases-limits-on-political-parties/> Retrieve on 5/23/2017.

1. The law which prohibits anyone convicted of a crime from being member of political party was dropped.

2. Another article was amended to say that register political parties shall “respect and abide” by the constitution rather than “safeguard it”.

3. The third amendment says that any party that register after the general elections must run candidates in at least three constituencies in the by-elections to remain legally registered.

was seen as a step of the military to gain greater legitimacy at home and abroad (CBS News, 2011). The move however impressed Suu Kyi, who then eventually gave up her confrontational approach towards the government and decided to register the NLD with the election commission and run in the April 2012 by-elections. In the election, the NLD won 43 seats out of the 45 contested seats, thereby paving the way for Suu Kyi to advance as the main opposition in the parliament (Haacke, 2011). The re-entry of the NLD into politics in turn transforms the party from being an anti-system opposition party into one that is transition-seeking (Bunte, 2015). The political liberalization process in Myanmar does not end with the by-elections of 2012. In Feb, 2013 Thein Sein approve the nomination of five civilian to the cabinet. Among them was the opposition parliamentarian Tin Shwe from the National Democracy Force (NDF) who took the title of deputy minister of Hotels and Tourism (Chalk, 2013), thus becoming the first politician from outside the ruling elite to take a seat in the government (ibid). In a lead up to the democratization process, general elections were conducted for the second time in Nov, 2015 under the 2008 constitution. Unlike the past general elections which were known for the fraudulent nature, the 2015 election was conducted in a more transparent environment with an increase in the freedom of expression and media. The number of political parties contesting almost tripled from 37 to 91 while that of the number of candidates doubled from 3154 to 6189 (Bunte, 2016). Consequently, the NLD wins a supermajority of seats in both house of the parliament by securing 135 seats out of the 168 seats contested at the Amyotha Hluttaw (nationalities) and 255 seats out of the 330 contested seats at the Pyithu Hluttaw (representative). Then on 15 March, 2016, the civilianized military USDP governments transfer its power to the NLD, thereby marking an end to over five decades of military and quasi-military rule in Myanmar.

(b) Towards political prisoners and Human rights

To add substance to his reformist policy, Thein Sein released large number of political prisoners. Among them are some of the most vocal government critics such as; Min Ko Niang and Ko Ko Gyi, who are the forerunner's of the 2007 saffron revolution (Bunte, 2015). Until 2013, the president granted amnesty to selected prisoners on 13 separate occasion that accounted for the released of 29,670 prisoners, of whom, 1071 were

political prisoners (Martin, 2013). An interesting feature in this context is that the released prisoners were not subjected to scrutiny or harassment and most have been allowed to resume their political activities or travel outside the country. Members of the 88 generation student groups for instance, decided to form the 88 Generation peace and open society, which helped monitor the by-elections of 2012 and mobilized against ethnic intolerance, openly condemning Buddhist attacks on minority Muslims (Bunte, 2015). In a similar line, in May, 2012, the Nobel laureate Aung San Suu Kyi was allowed to travel outside Burma after 24 years. To ensure the rights of every citizen, Myanmar National Human Rights Commission (MNHRC) was formed with 15 commissioners on 5 Sep, 2011, by a presidential decree. Then on 28 March, 2014 the parliament enacted the MNHRC law. Although still lacking behind international standards, the MNHRC in recent years step up its defense on the rights of citizen on several occasions. For instance just before 2015 elections it called on president Thein Sein to set free all political prisoners and students, highlighting the importance to participate in elections (Radio Free Asia, 2015), and also urges the government to investigate the unnecessary and excessive force use by police (Article 19, 2015). In Oct, 2011, the government passed labor union law, under which it allows strikes for labor organization but requires prior permission of 14 days for public utility service industry and 3 days for other. However lockout and strikes are made illegal for essential service sector such as water, electricity, health and telecommunications (Park, 2014).

(c) Towards freedom of expression

Apart from the above, the government also liberalizes freedom of assembly and procession. In Dec, 2011, the law on peaceful assembly and peaceful procession was signed, which allows people to stage peaceful protest under tight conditions. Prior to this, under the emergency provision from 1988, no assembly of more than 5 persons for the same purpose was lawful (Harris, 2013). However, under the new law this was allowed, but organizers were required to ask authorities for permission five days in advance, during which, they were to specify the time, place, purpose as well as the numbers of people attending (Article 4) (CIVICUS, 2015). The law also imposed a penalty of one year imprisonment for protest stage without permission (Bunte, 2015). However, several

applications to rally by ethnic groups and opposition have been rejected; for instance the NLD who were planning to commemorate Martyrs day on 19 July, 2012 were barred by town authorities from assembling (Burma Net, 2012). Consequently, in 2014, the Peaceful Assembly and Peaceful Procession act was amended, and the authority's competence to "deny" request from persons or groups to hold demonstration was removed (CIVICUS, 2015). Regardless of the tight conditions, the law however is regarded as a major step towards democratization.

Another worth mentioning development brought by Thein Sein is the liberalization of the freedom of association. This provided civil society more space to become active in the affairs of the state. Prior to the reforms, there remains significant legal restriction to freedom of association in Myanmar and the registration of civil society were conducted under strict scrutiny based on the repressive 1988 registration law and 1908 unlawful association act (Harris, 2013). In 2012, a motion was passed at the Pyithlu Hluttaw (lower house of parliament) that urges the government to draft an NGO registration law under which the president calls for cooperation with civil society in democratic transition. Then in 2014 the highly restrictive 1988 Association act was repealed (CIVICTUS, 2015). Since then the government took a number of steps to create an enabling legal environment for NGO's to operate without undue interference in line with international human rights standards governing the freedom of association. Apart from freedom of association, the relaxation of censorship is another dramatic move towards allowing freedom of expression. Censorship in Myanmar dates back to 1962, when the "Printers and Publishers Law" was enacted, under which printers and publishers were required to register and submit their publications to the press scrutiny board (Harris, 2015). Shortly after Thein Sein came to power in 2011, internet control and censorship were relaxed and restrictions on international and independent news websites were lifted. Then in August, 2012, the government announces "all publications in Myanmar are exempted from the scrutiny of PSRD" (Press Scrutiny and Registration Department) (Fuller, 2012), and proclaimed the dissolution of the PSRD itself (Bunte, 2015). In the same year the Press Council was founded after the ministry of information instructed the main newspapers and journalist association to set up a self-regulatory body (Harris, 2013). Consequently,

Myanmar went up the ladder in the Worldwide Press Freedom Index ranking from 174th in 2011 to 151st by 2013 (Bunte, 2015). Despite the liberalizations in censorship, the government continues to exhibit continuous resistance to this opening in the name of national security. For instance in Feb, 2014 authorities arrested four journalists and the chief executive of the Journal unity weekly under official secret act, for reports alleging that chemical weapons were being manufacture at a facility in Magway region (Freedom house, 2015).

(d) Towards national reconciliation: The new peace initiative

A landmark initiative of Thein Sein reforms lies in his attempts to bring an end to over 60 years of civil war in the country. Ethnically heterogeneous Myanmar since her independence has been engulfed by the problems of ethnic arm rebellion, that center's around the issues of cessation and greater rights over resources. The failure of granting "full autonomy" under the Panglong agreement in 1947, left bitter memories among the Kachin, Shan and Chin ethnic groups towards the government. Relationship between the two further deteriorates in April, 2009, when the military government attempted to force ethnic minority armies to convert into Border Guard Force (BGF) under the control of the Burmese army (Bunte, 2015). Shortly after coming to power, president U Thein Sein declared that "the ethnic conflicts are rooted in "dogmatism, sectarian strife and racism" and that the country cannot move forward without lasting peace" (Routray, 2013). Consequently, in August 2011, the president publicly called for peace negotiation with all ethnic arm groups, and stressed in a state media "we have opened the door to peace" "[...] not only the KIO but also any anti-government armed groups in Shan state and Kayin state can hold talks with state government if they really favor peace" (from Burma policy briefing, 2012). This resulted in a major cease fire talks with 13 non-state arms groups at both provincial and union level (Than, 2013). Then in Jan, 2012, a cease fire agreement was signed with the Karen National Union (KNU), in the same year a single union-level peace team was appointed to deal with the cease fire negotiations (Kuppuswamy, 2013). The main intention behind the government steps was to establish a nationwide cease fire agreement. Consequently, after 15 rounds of negotiation the government and ethnic groups sign a draft of the nationwide cease fire agreement on 31st

march, 2015. However, fighting continues between the government and ethnic groups like Kachin and Kokang and decades of tensions created a climate of distrust which rendered the peace talks ineffective.

(e) Towards economic development

Although much later, Thein Sein reforms also concentrates around economic development. Despite its resource potential, Myanmar has remained one of the world poorest countries and the enduring decades of western sanctions and isolation further shackle meaningful development in the country. Throughout the military rule, the Junta sells off the country resources to fill its personal coffers under the guise of opening market to the outside world while the general population remains economically backward. Initially after coming to power, Thein Sein focus concentrates entirely on political reforms while economic reforms and development are not given the necessary attention. However, once the new government realized the potential impacts that the poor economic condition could imposed on the political reforms, it began to focus on the former. To tackle economic problems, Thein Sein invited international scholars, experts and investors to attend workshops and summits and even employ several US and EU experts, to assist with the issue of economic reforms (Qingrun, 2013). In April, 2012, with the help of IMF experts, Burma multiple exchange rate were abolished and the Central Bank of Myanmar established a manage float of the Burmese Kyat (Hays, 2014) and set at its value at 818 to the US dollar. This was seen as a significant move as it radically reduces the opportunity for the Junta to appropriate the country's earning for its own⁴ (Chalk, 2013). In a move to raise income and improve livelihood, on 15 March, 2013, the ministry of finance and revenue announced civil servants would receive a 20000 Kyat monthly pay rise and minimum salary for industrial workers were set at 56700 Kyat (Qingrun, 2013), and to address shortages of gas supply, Thein Sein also promised newly explored gas will be provided to the domestic market first.

⁴ Peter Chalk; On the path of change; political, economic and social challenges for Myanmar; APSI published; 2013;page-4

“Under the former (Multiple) exchange rate system, the military Junta used an artificially strong Kyat valued at 6.4 to the US\$1 to disguise and then appropriate earnings from the sale of the country's natural resources”

As the government clearly acknowledges its lack of capital required for development, it therefore heavily focused on improving its environment to attract investment in the country. Consequently, on 2 Nov, 2012, the government passed a new foreign investment law, which aimed at attracting outside companies to established business in Myanmar and provide much-needed employment and infrastructure (Chalk, 2013). Under the new law foreign investors were permitted to lease land from the government or from authorized private owners for up to 30 years and could be extended twice, for up to 15 years on each occasion (Tun, 2012). Apart from this, the law also provided lucrative income tax exemption of up to five years from the year of commencement of commercial operation or production (Watts, 2012). In addition, another important initiative is the creation of Thilawa special economic zone outside Yangon with favorable policies on customs, labors and utilities. The various economic reforms carried out during this period received international appreciation and support in the form of debt relief and aid. In Jan, 2013, the Paris club, which represents 19 major world economies, cancelled US\$2.2 billion of Myanmar's debt. In the same month the ADB (Asian Development Bank) granted US\$512 million to the country and World Bank approve US\$440 million in credit for Myanmar (Qingrun, 2013). Then in May Japan wrote off a further US\$ 2 billion in debt and extent a new aid package worth US\$504 million. A total debt of over US\$6 billion was cancelled during Thein Sein tenure (Nikkie Asian review, 2017).

3.2.2: Changes in foreign policies

Since independence, successive policy makers in Myanmar both military and non-military uphold and promote an independent, non-aligned and active foreign policy to prevent from external interference and to protect its sovereignty and territorial integrity. This continues to constitute the core principle of Myanmar's foreign policy even in the post 2010 period⁵. However, despite the continuity, the maneuverability of these core principles underwent transformation throughout the decades. Until the mid-1980s Myanmar manages to implement its independent and non-align policy to maintain

⁵ Article 41 of the 2008 constitution stipulates; "The Union practices independent, active and non-align policy aimed at world peace and friendly relations with nations and uphold the principle of peaceful co-existence among nations".

minimal external relations and sought equidistance from most nations. This structural setting change dramatically from the late 1980s when the regime started facing western sanctions and isolations due to the violent crackdown on pro-democracy protesters. Since then, Myanmar has not been fully autonomous in designing and managing her foreign relations and relies heavily on China to an extent where she was considered a client state. Consequently, when U Thein Sein came to power he sought to bring Myanmar back to the non-align path by adjusting the country's foreign policy strategy. This was made evident when the USDP government pronounced a new foreign policy objective of reintegrating Myanmar into the international community (Myoe, 2016). It is important to note, that the changes brought by U Thein Sein by no means seek to alter the core principle of Myanmar foreign policy, instead it supplement essence to it, by diverging her external ties, therefore providing more space to maneuver her foreign policy objectives. In due process, letting to what Haacke calls "reassertion of non-align policy into practice" (Haacke, 2016).

An interesting feature in the context of Myanmar's reintegration process is the important role played by the domestic political reforms. In fact, many of the new government initial actions were aimed essentially at normalizing Myanmar international relations (Pedersen, 2014) and these actions not only triggered the gradual lifting of external sanctions but also provided the framework for adjustment of policy. For instance, [...] the US policy towards Myanmar was focused on the restoration of democracy and support for Aung San Suu Kyi and the NLD (Haacke, 2012). The release of Suu Kyi from house arrest in the late 2010 and the subsequent steps taken by the USDP for reconciliation with the NLD triggers a fundamental shift in US Myanmar policy from rigorous sanctions approach towards rapprochement. Similarly, the EU has evinced a comprehensive foreign policy change, from sanctions driven approach to a sudden, hyper-optimistic embrace of and support for the fragile and ultimately risk prone reform process (Bunte, 2015). Knowing its significance, U Thein Sein sought to take advantage and used the domestic reforms as his leverage to improve the country's relations with the international community.

With the normalization of Myanmar's international relationship, Thein Sein reoriented its foreign policy strategy, in order to overcome the serious imbalance forced on the country by two decades of western sanctions (Pendersen, 2014). Prior to the reforms, Myanmar heavily depended on the diplomatic and economic support of China for its regime security while it was being condemned and shunned away by the rest of the world. However, the regime had been increasingly uncomfortable with its great reliance on China as it was aware of Chinese assertiveness and was concerned about possible interference into her internal affairs. For this reasons, the USDP government was desperate to break free of prolong international isolation and over-dependence on China, and to reduce Chinese presume influence and interference in Myanmar affairs (Myoe, 2016). Consequently, few months after coming to power, U Thein Sein, suspended the construction of the controversial Myitsone dam project. The move was welcomed at both domestic and international front as it display the government determination for reforms, at the same time it was also seen as Nyapidaw's strategy to rebalance China. For instance, Aung Zaw the editor of the Irrawaddy magazine quoted "Burma is giving a signal to the west because they are feeling squeezed by China and they want the west to play a balancing role" (Financial times, 2011). To the USDP government normalizing relation with the US has always occupies a top priority ever since coming to power. This is because the new government clearly understands that the success of its foreign policy objective for reintegration depends on its rapprochement with the United States (Myoe, 2016). In Dec, 2011, Hillary Clinton makes a landmark visit to Myanmar thus becoming the first US secretary of state to visit the country since 1955. During this visit she announced that the United States would reciprocate under the formula of "action for action" (Bunte, 2015). Then on 13, Jan, 2012, Hillary Clinton announces the process of exchanging ambassador with Myanmar, five months later the US senate confirmed Derek Mitchell as the new US ambassador to Burma. Consequently, this development was followed by the US president Barrack Obama visit in 2012. The shift in US-Myanmar ties also allowed Japan to approach its economic and political relations with Nyapidaw with renewed vigor (Haacke, 2016). Since then, the Japanese government relief several billion dollars of Myanmar's debt and provided financial support to the government peace process and its efforts for establishing democracy. Besides aid and debt relief, an

interesting development in Japan-Myanmar relations has been the warming ties between the two arm forces. Likewise the USDP government cultivates cordial and close relations with India and Russia. However, despite the seemingly developed ties, Myanmar remains cautious especially towards the US, as Pedersen argues “there is a widespread feeling among government officials and business leaders alike that many American remains stuck in an imperialist mindset and do not generally wish Myanmar’s well being (Pedersen, 2013).

Apart from bilateralism, the foreign policy strategy of the USDP also focused on promoting regional integration. Throughout the decades under the military rule, Myanmar relied heavily on bilateralism and paid little attention to conference diplomacy or multilateral institution in its foreign relations (Myoe, 2016). Nevertheless, its leaders have long recognized the potential benefits of regional integration; in fact, General Aung San himself was one of the first Asian leaders to expound a vision of a “united states of Indo-China” comprising French Indochina, Thailand, Malaya and Indonesia (Houtman, 1999). One of the first major decisions taken in this context since 2011 has been U Thein Sein request to host the ASEAN summit. From Myanmar point of view chairing the ASEAN is crucial to show its neighbors that it is no longer a pariah state and is now fully capable of playing a leading role in the region. Consequently, in Nov 2014, Myanmar chaired the 25th ASEAN summit under the theme “moving forward in unity to a peaceful and prosperous community” (Gutierrez, 2014). This resulted in the adoption of the Nyapidaw’s declaration that commended the successful development of the central element of the ASEAN community’s post-2015 vision. The chairing of ASEAN also gives Myanmar the opportunity to host numerous high-level regional meetings that includes; the ASEAN+3 meetings, ASEAN Regional Forum (ARF) and East Asia Summit (EAS) and interacts with a wide range of diplomatic partners. During its chairmanship, Myanmar hosted 12 meeting of head of state, including 2 summits, 34 ministerial-level meetings and 89 senior-official-level meeting: a total of 135 meetings (Kyu, 2015). Backed by her domestic reforms, Myanmar’s increasing multilateral engagement has also been greatly beneficial. In Jan, 2013, the country hosted the conference on international support, and the “Paris Club” formed by developed countries

remitted almost US\$6 billion of Myanmar's debt. In the same month, the Asian Development Bank provided Myanmar with US\$512 million of low interest loan (Chenyang, 2016). In addition the country has actively participated in other regional institution such as BIMSTEC, ACMECS, SAARC, EAS and so on. Myanmar participation in multilateral military exercise such as "Cobra Gold" also marked departure from its past stance of strict non-participation in any regional military exercise (Myoe, 2016).

3.3: Making sense of Myanmar's political transition

The reforms brought by U Thein Sein caught many by surprise and has undoubtedly transform Myanmar at both internal and external front. Nevertheless, when the intensity of the military role in Myanmar politics is taken into consideration, there emerge diverse interpretations on what motivated the political reforms. To me, the political transition is motivated and made possible by a combination of both domestic and geopolitical factors that developed since the late 1980s. The overall determinants of the transition under U Thein Sein are analyzed under the following two heads;

3.3.1: Domestic factor

Internally, one undeniable and important factor guiding the directions to the reforms has been the military own desire for a change. This was evident from the various steps the Junta had undertaken since 1990 and most notably from its adoption and implementation of the "road map", to its withdrawal from active politics in 2011, in order to establish what it called "discipline flourishing democracy". For instance, the inauguration of Thein Sein government itself concluded the last step of the "road map". i.e. "Building a modern and develop nation by the state leaders elected by the Hluttaw and the government and other central organs formed by the Hluttaw (The New Light of Myanmar, 2003). This explanation was also endorsed by president U Thein Sein during his interview with the New York Times on 30, Sep, 2012, in which he stressed;

We plan to undertake democratic reforms from the beginning. It took about two decades for us to make all necessary preparations. We tried to improve our

education system and we developed a seven-step program, we drafted new constitution, and we had a referendum on the new constitution, then we held elections (Keller, 2012).

In this sense we affirm that the transition was made possible by the military leaders itself as this was necessary for the old guard to forge a peaceful exit strategy and at the same time to preserve its status and interest. To ensure this the military institutionalized itself by designing the structure and composition of the new government through reservation of one quarter of seats in both house of the parliament. The military return to civilian rule only after it succeed in designing a political system that safeguard its own core interest (Bunte, 2011), thereby, transforming itself from “Hegemonic player” to a “Veto player”⁶.

Other than the military desire and commitment for change, at least two other potential contributing factors emerge within the domestic realm. The first is attributed to the ambition of the top leaders itself. Although the USDP was constitutionally elected as a civilian party, its leaders are composed of old and retired generals. For instance, Thein Sein was described as one of Than Shwe key lieutenants, highly limited in number, showing “total loyalty” to the dictator (Gaens, 2013), and handpicked by Than Shwe to head the transition process (Sun, 2012). For this reasons many continue to view the new government as an extension of the military rule. Consequently, when the new government came to power it wanted to mend its image and projected itself different from its predecessors by carrying out reforms. By opening a dialogue with Aung San Suu Kyi the government wants to gain a level of legitimacy that escape it during the era of military rule and by deregulating the media and expanding the rights and freedom of the workers and citizens it wants to improve the negative aspect of that era (Kudo, 2014). It is however, important to note that, the new government desire to look different from its predecessor does not mean in any way to abandon the military, instead it helps to preserve the military position in Myanmar politics.

⁶ For instance, with 25% of seats reserve for the military in the parliament, the constitution further stipulates that, in order to pass an amendment bill for most important section of the constitution including those that entrench the military’s power itself, an approving rate exceeding 75% is needed. This gives the military virtual Veto power over any proposed amendment.

The second potential factor lies in the growing internal unrest. Since the late 1980s, the regime felt pressure not only from abroad but also from home as well. This opposition groups emanated from different sectors, which comprises of; ethnic insurgents, opposition parties and from students. The degree of repression has been constantly high, as the military banned assemblies of more than five people, censored the media and effectively control the opposition forces (Zin, 2012). Despite the effective measures taken against them, the opposition groups somehow manages to seriously undermine the government. For instance, the NLD was able to utilize the western support for the party to undermined the government legitimacy in the eyes of the international community by calling sanctions in 1997, to which the west responded and tightened further in 2003 when Aung San Suu Kyi was arrested (Bunte, 2011). The most serious internal threat came in 2007, when the Buddhist monks demonstrated against the government unannounced decision to remove subsidies on the sale price of fuel. The violent crackdown quickly turns the small protest into a nationwide uprising which challenges the military traditional legitimacy as rulers of the devoutly Buddhist country (Steinberg, 2006). Since then, the military realize that they could no longer simply lash out with force against protestors as they had in the past.

3.3.2: Geopolitical factor

Although the validity of the external factor is highly contested at least two potential contributing factors emerges. Firstly and most importantly, Myanmar political reforms were motivated by the regime desire to mitigate China overwhelming influence in the country. The political and economic pressure engulfing Myanmar in the late 1980s has prompted the military rulers to tacked away from their usual non-align policy and turned to China for military, political and economic support (Zin, 2012). Since then China became the only lifeline and source of the much needed aid for Myanmar. However, the Chinese aid and support came with a price. In exchange for the support, China stormed in to exploit Myanmar rich natural resources and created serious problems due to the unethical business practice of the Chinese firms. Most of the Chinese economic activities are not beneficial for the Burmese population, and caused detrimental environmental and social impact. Moreover, Myanmar also experienced an influx of Chinese migration into

her territory especially in and around Mandalay. This resulted in an influx of Chinese money and goods, and subsequently inflated the price of real estate and living (Min, 2012). In addition to economy Chinese influence were also felt in Myanmar politics. Although China plays an effective role in overcoming the external political pressure on Myanmar, it became in itself a source of threat to Myanmar sovereignty. This is due to two reasons; firstly, China's diplomatic protection for Myanmar underwent certain adjustment since the early 2000s. For instance, in the wake of Depayin massacre China tried to pressure Myanmar to bring political reforms (Yi, 2013), and began to adopt a more assertive policy towards Myanmar. By the late 2000s, China began to project itself as a concern member to the international community and acted as a mediator between the international community and Myanmar. Secondly, the unbalanced relationship also forced Myanmar to reluctantly accept China's de facto interference on the border issue and agree to adjust its diplomatic position for China on regional forum such as ASEAN⁷ (Sun, 2012). For these reasons, Myanmar leaders were highly concerned about the growing influence and interference of China in both Myanmar economy and politics and wanted to ward off their heavy dependence on it. In order to achieve this, Myanmar needed to diversify her external ties and open its market for investment, which can only be accomplished through liberalization.

Secondly, it became increasingly important for the regime to mend its damaged tie with the west. The undemocratic and repressive nature of the regime had prompted the west to isolate and sanction Myanmar for over two decades. Although the effectiveness of the western actions is highly contested, it does however impact Myanmar in several ways. Firstly, it led to an imbalance of foreign presence in Myanmar (the problem related to this context is already discussed above). Secondly, the sanctions themselves have worsened the already failing Myanmar's economy. For over two decades Myanmar remains to be one of the world's least developed countries and lags behind even the poorer Southeast Asian countries. In 2010, UNDP ranked Myanmar 132 out of 169 countries in the Human

⁷ In May, 2010, China and Myanmar pledge to provide "mutual support for each other position at multilateral and regional forums" with a clear request from Beijing for Naypyidaw to support its unpopular position on South China Sea at ASEAN (from Sun, 2012; 54)

Development Index, marking it the lowest in South East Asia (Zin, 2012). In this way, although the sanctions were targeted towards the regime it affected the general populations. This was also acknowledged by U Thein Sein himself. For instance, in his interview with the New York Times, the President quoted;

I think sanctions have tremendous negative impact on ordinary people. Because of sanctions we did not receive foreign and direct investment and there were very few jobs opportunities for the ordinary people. Many of our citizens have to find jobs in neighboring countries. About three millions of our people are working in Thailand or other countries in the region. Even though sanctions were meant to undermine the military government, in fact they hurt ordinary people more (Keller, 2012).

Although this does not constitute an immediate determining factor for most observers, it however does become an obstacle for Myanmar's economic development. Therefore it became increasingly important for Naypidaw to reintegrate with the west in order to end the isolation and sanctions so that it could create new jobs opportunities for its business sector and for the general population at large and most importantly to decrease her heavy dependence on China. Since political liberalization was a precondition for dialogue with the west, political and economic reforms needs to be initiated.

3.4: Limitations in Myanmar's Democratization

Despite the landmark transformation brought by Myanmar's democratization, at least three potential flaws continue to be in existence, and these pose serious challenges towards the successful implementation and consolidation of democracy in the country. A dominant one among them has been the inefficiency of the 2008 constitution itself. Drafted by the SPDC under Gen. Than Shwe, the 2008 constitution institutionalized and safeguarded the role of the military in the politics of the country. For instance, article 20 (b) of the new constitution empowers the military to control key ministries such as the ministry of defense and home affairs (Yi, 2014). In a similar vein, article 109 (b) and 141 (b) enables the military to retain power by automatically reserving 25% of unelected seats in the parliament for the tatmadaw (Gaens, 2013). Besides this, section 436 of the 2008 constitution gives the military a veto power over constitutional changes or amendments

for most important sections of the constitution including those that entrench the military power itself⁸. In addition, under chapter-3 59f the constitution also bars Aung San Suu Kyi from becoming president or vice-president. Unsatisfied with the above provisions, the NLD in 2014, along with the 88 generation organization calls for a mass signature campaign in order to bring changes to section 436 under the new constitution (Kundu, 2016). Despite, successful in collecting more than five million signatures, the effort does not bring the desired change in the provision. Then for the second time before coming to power, the NLD again propose to amend the constitution in 2015, this time through the amendment committee set up by the former speaker U Thura Shwe Mann; however this too fails to bring changes and ended when the military backed government blocked the proposal (ibid). The failure in altering the 2008 constitution means that, the military will continue to play an important role in the politics of the country and its previous trend especially those of locking up activists and demonstrators would continue. As patel argues “as long as these laws remain on books, arbitrary arrest and detention are likely to continue, even with the new government” (Lewis, 2016).

Apart from the inefficiency of the 2008 constitution, the economic problems of Myanmar poses another potential challenges towards the success of the democratization process in Myanmar. Despite the rich natural resources and strategic locations of the country, years of mismanagement and economic sanctions has brought economic hardship to the country and when the country democratized it inherited; a very low GDP per capita, a decaying infrastructure, lacked of skilled workers and professionals, high inflation rate, a crumbling revenue and tax system, budget deficit, fragile exchange rate system, agricultural produce, and so on (Kundu, 2016). According to the ADB (Asian Development Bank) estimates, the upgrade on the decaying Myanmar’s infrastructure alone will cost a whopping US\$60 billion through 2030 (Lewis, 2016). Coupled with this problem, although the military withdraw from active politics, their families and friends still controls the levers of the economic power in the country. The persistence of this unequal concentration of wealth in the hands of few individuals in the post transition

⁸ Article 436 (a) and (b) of the 2008 constitution require more than 75% of lawmakers to vote in favor of a charter changes for the proposed amendment to approved (Kipgen, 2015).

period often led to public protest and local conflict (Clapp, 2016). In 2014-2015, Myanmar's economy does not grow as projected due to shortages of supplies caused by heavy floods leading to low agricultural production (Kundu, 2016). Often known as "the rice bowl of Asia", Myanmar's agricultural sector also suffers in the post reform period mainly due to the lack of land reforms, dearth of an inadequate institutional loan system, low investment and low productivity (ibid).

In addition, Myanmar's internal instability caused by the ongoing ethnic conflict poses potential obstacle to the country's democratization process. Despite the various steps being undertaken by Thein Sein's government to promote national reconciliation, the efforts fail to solve the country's internal problems. For instance, during the signing of the nationwide cease fire agreement in 2015, only eight armed ethnic groups participated, leaving out at least seven other major armed groups (Kundu, 2016). Consequently, fighting in the country ramped up and there emerges numerous allegations of abuse by the armed forces on social media showing the brutality of soldiers on those suspected of being linked to the ethnic armed groups, and since the ministry of defense falls under the military's portfolio, [...] the civilian government have few power of oversight over the armed forces (Lewis, 2016). Apart from this, the Rohingya crisis came to occupy a major issue in recent years. According to a report release by the UN in Feb, 2017, members of the Myanmar's army and the police have slaughter hundreds of men, women and children and forced as many as 90000 Rohingya Muslims from their homes (Saraf, 2017). The lacked of an effective response towards the issue serves as a reminder that the country has not significantly change and deteriorate Suu kyi's image as a champion of freedom and democracy among the international community especially to the west.

3.5: Summary and Conclusion

Myanmar's democratization under U Thein Sein came as a surprise for many observers around the world, and had undoubtedly transformed the country at both internal and external front. The delay for democratization is attributed to the dominant role played by the military in Myanmar politics. Ever since independence, Myanmar has been engulfed with internal instability characterized by ethnic conflicts, communist insurgencies and

tensions within the ruling party itself; this prompted the military to take over the country in 1962, since then the military ruled Myanmar directly and indirectly for the next 50 years in the pretext of protecting national security and maintaining peace and stability. Unlike most other military, the tatmadaw never perceive itself as a “professional army” instead it claims to have a nationalist and patriotic origin. For this reason, it justifies its intervention in politics as its moral duty. This in turn greatly hinders the implementation and consolidation of democracy process in Myanmar. However, from the late 1980s, the political and economic landscape of Myanmar changes rapidly. Political frustration and economic hardship bought by Ne Win’s policy of economic autarky and isolation gave rise to pro-democracy movement against the military rule. Under intense pressure, the constitutionally elected and military dominated BSPP which ruled the country since 1974 gave in and the military reorganized itself as the SLORC and carry out a coup. The violent crack-down of the 8888 movement and the subsequent annulment of the 1990 elections that follows had resulted in western sanctions and isolations.

Fuelled by the growing internal and external pressure, the military began to take certain steps from the early 1990s, in the pretext of bringing Myanmar on the path to democracy. While in reality it was intended to mend the military image at the same time to secure its hold on power. In 1992, the military set up a steering committee to plan a national convention to draft a new constitution, but this was adjourned in 1996 due to difference with the NLD. In order to gain public support the USDA was formed in 1993 and in 1997 the SLORC was renamed as the SPDC as a sign of departing from restoring order to fostering peace. Consequently in 2003, the military came up with the seven-step road map to established “discipline flourishing democracy”. Although the various steps taken under the roadmap remains fraudulent, it however concluded successfully by establishing a civilianized military government under U Thein Sein that subsequently resulted in the landmark reforms.

In this way we conclude by stating that the political transition in Myanmar is made possible by the military itself in order to guarantee its role in politics. However, the intensity of the reforms bought by U Thein Sein is motivated and made possible by several internal and external factors that developed since the late 1980s. Internally, the

growing unrest and the new government desire to mend its image are dominantly responsible. At the external front, the sanctions and most importantly Myanmar's desire to ward off her heavy reliance on China constitute the dominant factor. The overall reforms undoubtedly brought a remarkable change in the politics of the country. Nevertheless, Myanmar's democratization is far from complete and there are still many difficult issues to be resolve such as the continuing political role of the arm forces, economic problems, religious tensions and ethnic insurgents. The solution to this lies entirely in the military itself.

Chapter 4

Myanmar-China Relations under U Thein Sein

4.0: Introduction

In his inaugural address at the Pyiduangsue Hluttaw on 30, March, 2011, U Thein Sein outlined;

[...] I invite and urge some nation wishing to see democracy flourished and the people's socio-economic lives grow in Myanmar to cooperate with our new government that emerge in line with the new constitution by accepting and recognizing Myanmar's objective conditions and ending their various forms of pressure, assistance and encouragement to the anti-government groups and economic manipulations [...] we need to convince some nation with negative attitude towards our democratization process that Myanmar has been committed to shaping a democratic system correctively and effectively (Myoe, 2015)

Following the initiation of the reforms process, the international community praised Thein Sein for his reformist policy, and named him "thinker of the year", the UN Secretary General Ban Ki Moon praised his vision, leadership and courage for putting Myanmar on "the path to change", even Aung San Suu Kyi described the president as "an honest man capable of taking risk if he thinks they worth are taking" (Bunte, 2015). Despite the glorifications, the reforms triggered a change in Naypidaw policy towards Beijing. A notable and quick illustration came on 30, September, 2011, when U Thein Sein suspended the US\$3.6 billion Myitsone Dam Project, which according to him is "in response to and in accordance with the wishes of the Myanmar people" (Myoe, 2015). Sun asserts, following the suspension, Beijing traditional view holding Naypidaw as one of its closest partner is no longer sound, thereby shaking the foundations of China's Myanmar policy (Sun, 2012). Most Chinese and international media also considered the suspension as a turning point in the economic relations of Myanmar and China (Bi,

2014), with some commencing to call on Beijing to review its extant Myanmar policy, and others going as far as describing China as having lost Myanmar (Li, 2015). The renegotiation of Letpaduang copper mine in 2012, Myanmar lack of support for China on the South China sea issue at the 12 ASEAN summit and the cross border spill over of the Kokang conflict, further illustrated the changed in Naypidaw policy towards Beijing. In addition to domestic policy, Myanmar reengagement with the international community, particularly with the US, poses a potential threat as it undermined not only China's strategic interest but also China's regional influence as well (Reuters, 2012). The downturn in Sino-Myanmar Puak-Phaw relationship puts the legitimacy of China's interest and regional influence into question. Myanmar new approach towards China is a policy challenges for China and poses a dilemma on the issue of how to maintain its leverage on Myanmar (Myoe, 2015).

This chapter analyzed the impact of Myanmar's democratization on its relations with China, by examining the changes that have taken place in their bilateral relations owing to Naypidaw's political transition and assessed Beijing responses to the new challenges. It then analyzed the stake China poses on the new dispensation.

4.1: Myanmar-China relations under the Quasi-Civilian government

After more than 50 years of oscillating between direct and indirect military rule, the tatmadaw finally agree to withdraw from active politics and transferred its power to the newly elected quasi-civilian party under U Thein Sein. The transition process was seen by many as "blatantly rigged and fraudulent" (Lintner, 2017) and to most it implies none other than the continuation of military rule itself. Nevertheless, for China the move was seen as a positive step towards development. Consequently, right after Thein Sein inauguration, in April, 2011, Jia Qinglin, a member of the standing committee of the political bureau of the communist party of China (CPC) central committee, and the chairman of the 11th national committee of the Chinese people's political consultative conference visited Myanmar (Myoe, 2015), thus becoming the first foreign dignitary to visit the country since the formation of the constitutionally elected government. Then in an effort to foster an additional layer of strategic cooperation, the Chinese president Hu

Jintao and his Myanmar counterpart U Thein Sein signed a “Comprehensive Strategic Cooperative Agreement” on 27, May, 2011. The agreement affirmed Myanmar-China strategic cooperative partnership in all areas and at all levels to promote; mutual understanding to ensure good neighborliness, mutual respect for internal affairs, pragmatic cooperation towards economic growth and to maintain border stability through border management cooperation (Cook, 2012). During the signing Thein Sein described the relationship with China as Myanmar’s “closest and most important diplomatic relationship” while President Hu Jitao indentified “strengthening mutual strategic support” as one of the pillars of partnership (Haacke, 2016). To many this implies a continuation of Myanmar’s “limited alignment” with China in the post-SPDC era. However, the development trend in Myanmar-China relations began to reverse few months later when a series of events that frustrated both the two countries sprang up. Since then, Sino-Myanmar relations substantially deteriorated.

The deterioration in Sino-Myanmar bilateral ties in the post-2011 is contributed by two types of issues. Firstly; the sliding relations is heavily weight by the instability and spillover of internal wars. Ever since the Kokang conflict of 2009¹, China increasingly became aware of the dangers of premature military resolution hostilities among border ethnic groups (Sun, 2012), and for this reason, maintaining border stability occupies a top priority in Beijing policy towards Naypidaw. Despite the promotion of border stability, the situation in Myanmar-China border has been unstable in recent years. In June, 2011, after 17 years of implementing cease fire agreement there was a series of clash between the tatmadaw and the KIA (Kachin Independent Army) (Myoe, 2015). The conflict triggered internally displaces persons (IDPs) which resulted in an international outcry. Then in Feb, 2015, when the MNDAA leader Pheung Kya-Shin, who flees Myanmar during the 2009 Kokang conflict, return with freshly regrouped troops to retake Kokang, an intense fighting broke out. Although China requested the government to peacefully settle the issue, the tatmadaw was determined and said that “it will not give in and is

¹ The Kokang conflict of 2009, sent more than 37,000 refugees into South west Yunnan province and generated tremendous pressure for the Chinese authorities to maintain stability along the border (International Crisis Group, 2010)

prepare to fight” (ibid). Bilateral relations hit low that year after the tatmadaw inadvertently killed five Chinese across the border in one of the air strikes directed at the MNDAA (Haacke, 2016). Then in the event of renewed cross border shelling or bombing, the PLA (People’s Liberation Army) in June reacted to the cross border incident by conducting a series of integrated live fire drill across the border (ibid). Myanmar government also remains highly suspicious about China’s connection, relationship and possible support for the ethnic insurgencies. For instance, the South China Morning post report that a Chinese major General Huang Xing was involved in the Kokang incident and was subsequently ousted by the Chinese government (Myoe, 2015).

Secondly and most importantly, the changing trend in Myanmar-China relations is largely contributed by the democratization process that U Thein Sein initiated shortly after his inauguration. As this paper seek to study the implications of Thein Sein reforms on China, the subject related to this context will be analyze in detail.

4.2: Understanding the Implications of Thein Sein reforms on Puak-Phaw

Following the isolation of Myanmar by the international community, China step in and provided the much needed “multi-sectoral support” (political, economic and military), and in return, it gained access to the rich resources and strategic locations of the country. Although this mutually beneficial trend continues without any major obstruction from outside, certain issues have developed within Myanmar during the two decades of their seemingly strong Puak-Phaw relationship. From the beginning of the SLORC rule in 1988, China’s role in Myanmar’s diplomacy, trade and security grew apace (Chow, 2015). Myanmar’s overdependence on China and China’s economic gravity gave Beijing asymmetrical leverage over the SLORC/SPDC, thereby, putting Nyapidaw at a highly disadvantage position. Most of the Chinese economic activities that are supposed to be mutually beneficial disproportionately favored Chinese interest. For instance, neither Chinese hydro power dams nor its oil and gas pipeline helps in alleviating Myanmar extreme power shortages, and most Chinese investment on extractive industries pays little attention towards sustainable development and does not create jobs nor transfer technology (Sun, 2012), instead they exploited Myanmar natural resources without any

consultation process with the local people or their consent (Myoe, 2015). Apart from this, many Burmese also held China responsible for prolonging the military rule in Myanmar. All this triggered stronger anti-Chinese sentiment among the local people². Similarly, Myanmar's heavy reliance on Beijing diplomatic protection increases the latter's role into Myanmar's internal affairs, and by the late 2000s, China began to project itself as a responsible member to the international community and took up a more assertive approach towards Myanmar³. The overwhelming economic and political influence of China in Myanmar touched the most sensitive nerves of the xenophobic Burmese leader's paranoid about foreign threat and interference (Emmott, 2008). Although this was recognized well before the reforms, Myanmar lacks the alternative to avoid it, due to the sanctions and isolations.

Consequently, when U Thein Sein initiated the reform process, the deep seated xenophobia as well as sinophobia at both societal and state level began to emerge. Initially, China believes that the political change was in name only and its strategic blueprint for Myanmar mainly concerning border stability, energy transportation and economic cooperation would continue as it had previously (Sun, 2012). Considering the political and economic situation of Myanmar in the pre-2011 period, China was confident that Myanmar transition will bring no significant change and that Sino-Myanmar brotherly *Puak-Phaw* would continue. However, in an unexpected turn of events, the changing tide tilted in the opposite direction, thereby, disadvantaging Beijing on several fronts. Since the restrictions on Burmese media were lifted, various remarks displaying considerable anti-Chinese sentiment have been brought to the fore in privately owned media platforms (Li, 2015). For instance, Than Htut Aung, the CEO of the Eleven Media Group, highlighted the political, economic and social threat that Burma is facing from

² Anti-Chinese sentiment in Myanmar is embedded at both societal and state level and has been evolving throughout the decades of Sino-Myanmar *Puak-Phaw* relationship and reaches its zenith during the anti-Chinese riots of 1967. For further reference see Maung Aung Myoe; "In the Name of *Puak-Phaw*"

³ For instance, the SPDC was disappointed when the international community projected Myanmar as a nation under China's sphere of influence and urge China to intervene during the 2007 monk-led demonstration and in the after math of Cyclone Nargis and on both occasion China took the role of facilitator.

Chinese domination, and calls for internal and external balancing against China. He stressed; “being next door to the 21st century rising super-power, we will be doomed if we don’t have internal strength”, and noted that internal domestic growth and reintegration with the international community are essential for the country’s survival (Zin, 2012). In addition, the rapidly rising “88 generation” organization has become a main source of poison for Myanmar civil society’s view on China. Consist of former exiles; the organization tries to expand its popularity by using anti-military and anti-China rhetoric and becomes Myanmar anti-China’s pioneers (Qingrun, 2014). The involvement of China’s state owned enterprises has increasingly become a source of controversy, and was blamed for reducing employment opportunities or fails to comply with the local rules and regulations (Li, 2015). The loosening of sanctions and increasing presence of foreign actors bought by the reforms further increases Myanmar’s leverage to change its approach towards China and lessen her dependence on it. Consequently, the new government in Myanmar began to change its approach towards China, and the subsequent impacts were felt at both internal and external front.

4.1.1: Internal impact of Myanmar’s democratization on Puak-Phaw

Internally, the impacts from Myanmar’s democratization were felt strongest by the Chinese investment projects. Most Chinese FDI projects in Myanmar have relied on expropriated land, displacing local agricultural populations and have been a source of political instability. Ever since the reforms, the anti-Chinese sentiments expressed by an increasingly free media and on relatively uncensored social networking sites increase political pressure on Myanmar’s government to adjust its policy on Chinese investment (Chow, 2015). Consequently, major Chinese investment projects in Myanmar felt growing pressure with some facing major alterations. The most significant and notable among them was the suspension of the Myitsone dam by president U Thein Sein on 30, September, 2011, in the wake of protest by local Kachin people and KIO on the grounds of environmental damage, ethno-nationalism and political tension in the area (Kundu, 2017). The Myitsone hydroelectric project was Located at the confluence of Nali and Nmai rivers that formed the Irrawaddy in the Kachin state and was set to be the fifteen largest hydropower station in the world, and the biggest among the eight dams

constructed in the Irrawaddy River by China Power Investment Corporation (CPIC) (Zin, 2015). The dam project has been controversial for several reasons; firstly, the dam is located in an environmentally sensitive zone and earthquake prone area, and with a reservoir the size of Singapore, the dam would have tremendous environmental and social impact. Secondly; known as the “mother of rivers”, the Irrawaddy itself is considered by many Burmese as their heritage, lifeline and civilization (BBC, 2011). Third, the uneven share of electric output between the two countries from the project added controversy. For instance, its contract allegedly allows for transmitting 90% of the dam’s electricity to China (Chow, 2015), with the Myanmar government to receive US\$500 million annually, some 20% of the total revenue (Reuters, 2011). The controversy was exacerbated by the widespread belief that corruption was rampant during the negotiation and implementation of the project between the military government and CPIC. U Thein Sein decision to suspend the project was directly associated with the public opinion and had become the ultimate test of the authenticity of the proclaimed “democratic reform” and respect for the “public opinion” (Sun, 2012). This explanation was also endorsed by President Thein Sein in his letter to the parliament, in which he stated;

As our government is elected by the people, it is to respect the people’s will. We have the responsibility to address public concerns in all seriousness. So construction of the Myitsone dam will be suspended in the time of our government. Other hydro power projects that pose no threat will be implemented through thorough survey for availability of electricity needed for the nation. I would like to inform the Hluttaws that coordination will be made with the neighboring friendly nation, the People’s Republic of China, to accept the agreements regarding the project without undermining cordial relations (Eleven Media Group, 2011)

Despite the portrayal by both sides that their bilateral relationship is healthy and expanding, in reality Sino-Myanmar Puak-Phaw has been abnormal and problematic since the suspension of the Myitsone dam project. In terms of visits, Beijing has decreases the level and frequency of state official visit to Myanmar. From March, 2009 to

April 2011, four high level visits took place⁴ (Varma, 2011), since then there has been no visit paid by Chinese senior leaders until Wu Banggou, the chairman of standing committee of China's national congress visited on 12, September, 2012. During this visit the chairman emphasis three aspects of bilateral relations; “enhancing bilateral strategic mutual trust”, “to push forwards major corporations projects” and “to deepen cultural and people to people exchanges” (Sun, 2012). Sun Observes, the “call for enhancing mutual trust only happens when there is bankruptcy of such trust”.

Encouraged by the victory over the Myitsone project and the booming democratic atmosphere, the Burmese society instantly grew more vocal and pro-active in scrutinizing and criticizing other deals China reach with the military government (Sun, 2012). Consequently, public unrest began to accumulate against the Letpaduang copper mine⁵ (part of the Monywa mining complex). The Letpaduang copper mine project has been criticized for its infamous method of evicting locals by force without due process or adequate compensation and for worsening human rights conditions of ethnic minorities and farmers residing near the mine⁶ (Chow, 2015). The construction of the mine commences in the spring of 2012 but was halted in June due to local complaints and protest against land grabbing and environmental pollution (Sun, 2013). Although operations were resumed it was halted again in Nov, 2012, when protestor camped at the mine site. The brutal suppression of the protestor that follows transformed the relatively local dispute into national cause. Consequently, in an effort to calm the situation the government appointed Aung San Suu Kyi to lead a parliamentary commission of enquiry into the affairs (Hilton, 2013). Nevertheless, not all Burmese comply with the new

⁴ They were: Li Changchun (March, 2009), Xi Jinping (December, 2009), Wen Jiabao (June, 2010), and Jia Qinglin (April, 2011) (Sun, 2012).

⁵ Formerly owned by the Canadian company Ivanhoe mines, the Letpaduang copper mine project is a joint venture between Wanbao mining and Union of Myanmar Economic Holding Limited (UMEHL), with a total estimate of US\$1.06 billion (Sun, 2013).

⁶ Farmers in surrounding 26 villages were obliged to surrender 3000 hectares of land to the mine, and the companies had offered compensation for the appropriated land at between 5 to 80 Kyat/acre. The figure was drawn from a law passed in 1984 and was grotesquely out of line to the current rate for land in the area (Hilton, 2013).

commission. For instance the “88 Generation” organization, who are known to be the main instigator of opposition to the mine, refuses to participate in the investigative commission led by Aung San Suu Kyi and threatened to “kill all projects signed between China and the former military government” (Qingrun, 2014). Much to the disappointment of many protestors the commission submitted its report in March, 2013, and did not recommend the closing of the mine. However, the report concluded that the compensation to local farmers was improper and lacked transparency and that the mine lacked environmental protection measures (Sun, 2013). Consequently, the contract was renegotiated and in mid-July, 2013 a new contract was approved⁷. In Dec, 2014, protestors clash with authorities over the fencing of land, killing one woman. Despite the wide protest the mine started its operations shortly after the NLD form the government and began shipping copper in Sep, 2016. However, under mounting pressure from local residents, the Chief Minister of the Sagaing Region Dr. Myint Naing suspended the copper mine project in March, 2017, to prevent further tensions (Eleven, 2017).

Similarly, forced eviction with less than fair market compensation was an issue surrounding the China National Petroleum Corporation (CNPC), Shwe oil and gas pipeline. Labeled as China’s “fourth largest energy transportation route”, the Myanmar-China energy pipeline was finalized in 2009 and was intended to reduce Beijing dependence on the sea passage through the pirate infested “Strait of Malacca” (Hilton, 2013). Although the problem faced was less severe when compare to other mega projects, various anti-pipeline demonstrations mushroomed, calling for the suspension of the project due to environmental impact, social concerns and human rights abuses. A Thailand based Non-governmental organization has been vocal about the human rights abuses, environmental damage and poor revenue distribution, and such accusations were echoed by local Rakhine residents who have staged multiple protest and demonstration (Sun, 2013). Given the strategic importance of the project, Beijing had taken certain steps

⁷ The new contract stipulates that Wanbao and UMEHL will give up 21% and 26% respectively, of their original 51% and 45% share of the profits and hand them over to the Myanmar government. It also stipulates that the project will allocate US\$1million for Corporate Social Responsibility and US\$2 million for environmental preservation annually (Sun, 2013).

to ensure that the project does not face the same fate as the copper mine and the dam did. A worth mentioning initiative of China in this context is the establishment “pipeline friendship association” (Fan, 2014) by the CNPC in order to deal with local grievances by meeting the people affected by the construction of the pipeline and providing welfare service and infrastructure, including bridge, roads, schools, clinics, power supply by providing funds to the government.

Changing Myanmar has clearly made China nervous and its projects vulnerable, thereby drastically reducing its FDI to Myanmar. In 2013, total Chinese FDI to Myanmar was only US\$310 million (from US\$8.2 billion in fiscal 2010-2011) and by the mid-2014, it dropped to a new historic low to about US\$50 million (Qingrun, 2014). Nevertheless, China remains Myanmar largest trading partner with bilateral trade increasing 150% from US\$10 billion to US\$25 billion in fiscal 2013-2014 (*The Diplomat*, 2015).

4.2.1: External impacts of Myanmar democratization on Puak-Phaw

While being internally undermined by the growing anti-Chinese sentiment, Beijing also faced an equally challenging issue at the external front as well. Over the two decades of Myanmar’s isolation, China was the only contact and source of aid for the military government, and in the process it gained asymmetrical leverage over Naypidaw. However, this setting changed ever since U Thein Sein government pronounced a new foreign policy objective of reintegrating Myanmar to the international community (Myoe, 2015). With the various reforms being undertaken as his leverage, Thein Sein effort for reintegration was met with positive response especially by the US, which around the same time has been initiating the “Pivot to Asia” policy⁸. Consequently, in Dec, 2011, the US Secretary of State, Hilary Clinton made a landmark visit to Myanmar. This development was followed by the restoration of relations between the two countries at the ambassadorial level and the subsequent US president Barack Obama visit in 2012. The warming US-Myanmar ties also bought Japan back with renewed vigor. Similarly, the

⁸ Obama “Pivot to Asia” policy discovered that engagement with Myanmar had geopolitical value as a counter to China and thereby serve as a critical factor for the US to pave a pathway to Asia (Hyo Won Shin, 2014).

EU which made the normalization of relations conditional upon an “improvement in Human rights situation” (Bunte, 2015), began to lift sanctions with the exception of arm embargo, and the Australian government lifted travel restrictions and encourage other cooperative steps (Taylor, 2012). Furthermore, ASEAN members accepted Myanmar’s bid for the 2014 ASEAN chair. The increase in Myanmar foreign interlocutors in turn increases the number of strategic competitors to win over Naypidaw, thus decreasing Beijing leverage and undermining her strategic and economic interest.

In terms of strategy, Beijing aspiration about Naypidaw was to secure its support for China at various regional groupings such as ASEAN, ASEAN+3 and Greater Mekong-Sub regional economic cooperation as well as for its national “bridgehead” strategy that would turn Myanmar into China’s outlet into the Indian Ocean (Yi, 2013). To realize this, Beijing key strategy lies in maintaining a stable and good relationship with Myanmar, and for the past two decades it manages to successfully utilize Myanmar’s isolation in achieving it. In April, 2011, both the two countries signed the “comprehensive strategic cooperative partnership agreement”. The foundation of this strategy is the assumption that Naypidaw would not embark towards political liberalization and that her international isolation and overdependence on China would continue (Sun, 2012), so that Beijing leverage over Naypidaw would be secured. However, with the influx of foreign interlocutors, Myanmar began to gain the leverage to ward off her overdependence on China and no longer desire to please her. A noticeable change in this context came over the South China Sea issue. During the 2012 ASEAN summit, upon the attempts by Philippines and Vietnam to condemn China over the disputed Scarborough Shoal in the South China Sea “Myanmar stood aside and didn’t even lift a finger, leaving it up to Cambodia to protect China” (Nicolaus, 2015). According to Thein Sein advisor “Myanmar determines its position on the South China Sea in accordance with its own national interest and the solidarity of ASEAN as the regional organization” implying that Myanmar has no intention to back up China’s position (Sun, 2012).

The dramatic improvement of US-Myanmar ties also undermines China’s regional influence. China’s growing military capabilities has always been a concerned for Washington, and under the Obama administration the US was prepared to counter and

offset China's earlier charm offensive in Southeast Asia. The promotion of the Trans-Pacific Partnership, the joining of the East Asia summit and the upholding of the freedom of navigation over the South China Sea issue are some of Washington strategy to undermine China's regional influence in the Indo-Pacific region. As early as 2009, Southeast Asian analyst in China reminded that the normalization of US-Myanmar relations could lead to threatened China's security, damage the existing China-Myanmar cooperation and indirectly hurt the security of the Chinese border and energy transportation route (People's daily website, 2009). Despite the claims by the US that its rapprochement with Myanmar was not a policy against China⁹, in reality it does alerted Beijing more than anything else. For instance, both the invitation of Myanmar to observe the US-led operation Cobra-Gold joint military exercise or the potential intelligence sharing between CIA and Myanmar are perceived to be serious challenges to China's national security (Bernstein, 2012). Knowing this, China is highly concerned about excessive American influence in Myanmar as this could open floodgates to "western anti-Chinese forces", directly threatening China's border, energy and geopolitical security, enabling the US to contain and encircle China from the Southwest (Chow, 2015).

In addition to local opposition, Chinese economic interest in Myanmar is further undermined by the increasing involvement of external actors. Ever since the reforms, the scale of Beijing FDI to Myanmar began to sink, while that of economic aid from the west and Japan began to grow. Western nations, multilateral institutions and international governmental organizations have begun to provide development assistance to Myanmar, for instance, the World Bank pledge US\$2 billion for Naypidaw's development assistance (Li, 2015), and Japan wrote off a further US\$2 billion in debt and extent a new aid package worth US\$504 million (Qingrun, 2013). In a similar vein, the economic liberalization has also led to an influx of American, Japanese and European companies, all seeking to enter Myanmar's underdeveloped market. Considering the poor Chinese

⁹ For instance, as the Secretary of state, Hilary Clinton put it; "we are not about opposing any other country, we are supporting this country (Myanmar) as I specifically told the president and two speakers we welcome positive, constructive relations between China and her neighbors...So from our perspective, we are not viewing this in light of any competition with China (Haacke, 2012)

technology and quality of their work, the diversification of foreign investment and trading partners increases the number of potential competitors for Beijing and has taken business opportunities from Chinese players. For instance “Burmese analysts observe that China lost the Yangon-Naypidaw high speed railway contract to Japanese companies precisely because Naypidaw lost its confidence in the Chinese technology after the Wenzhou high-speed train collision in July 2011 (Sun, 2012).

4.3: Beijing’s new approach towards Changing Myanmar

In response to the challenges arising out of the post-2011 Myanmar’s policy, academics in China began to analyze what went wrong with Beijing Burma policy and what could and should be done to rectify it. This set off a broad debate in the policy community that centered on whether China should punish Naypidaw for its betrayal and seek to enhance its leverage through issues such as border ethnic groups to prevent it from further victimizing China in pursuing a better relationship with the west (Sun, 2012). While opponent to this view argues that, such actions will inevitably undermine the already strained Puak-Phaw relationship and that China should leave the harsh feeling and focus on the future (ibid). The Chinese government however increasingly became aware that it can no longer safeguard its interest by dealing with the government and military authorities alone. Consequently, Beijing began to recalibrate its policy towards Naypidaw by shifting her focus from the elites, to placing greater emphasis on building ties with various local communities (Li, 2015). Overall Beijing’s recalibration strategy towards Naypidaw involves; the strengthening of relations with democratic oppositions, the launching of major public relations campaigns, encouraging corporate social responsibility practices among Chinese enterprise and creatively mediating peace between the state government and arm ethnic minorities.

A significant feature of China’s Myanmar policy in the post-2011 has been the strengthening of relations with the opposition groups in Myanmar. Over the past two decades of military rule, China pays little attention to opposition out of consideration for the military sensitivity and steadfastly stood by its policy of supporting the Junta government. However, this policy came to an end ever since Beijing relations with the

newly elected USDP government in Naypidaw deteriorated. By the late 2011 Beijing realize that it can no longer ignore the opposition political parties and began to develop a normal relationship with opposition groups and particularly with NLD leaders, which it had previously rejected and denied¹⁰. From Dec, 2011 to June 2012, the Chinese ambassador to Myanmar Li Junhua had three meetings with the NLD leader Aung San Suu Kyi (Sun, 2012). Then in April, 2013, a delegation comprising 12 senior members from All Mon Regional Democratic Party (AMRDP), the National Unity Party (NUP), the NDF, the Shan National Democracy Party (SNDP) and the Rakhine National Democratic Party (RNDP) visited China. In the following month on 8 May, 2013, a 12 member NLD delegation visited China at the invitation of the CPC (Communist Party of China) (Maung, 2015), thus marking it as the first high profile visit by a major opposition party from Myanmar. To China, reconciliation with Suu Kyi's NLD party in particular is critically essential since the party and its leader hold strong support from both domestic and international front and it is against Beijing interest to reject them. However, despite the development of ties with the oppositions, Beijing is careful enough not to further undermine her already deteriorating relationship with the government in Naypidaw, and to ensure this it developed party-to-party relations with the USDP as well. In this way, Beijing's Myanmar policy in the post-2011 involves the reestablishment of party-to-party relations or dual-track diplomacy towards Myanmar. The most important milestone in this context has been Daw Aung San Suu Kyi visit to China on 10 June, 2015 on the invitation of the CPC.

Disturbed by the strong anti-Chinese sentiment growing among the local people, Beijing new policy towards Myanmar also focus on promoting China's engagement with the local community and civil society groups so that it can cope with the changing domestic political climate. To realize this, the PRC promotes major public relations campaigns, public diplomacy and corporate social responsibility programs. A prominent strategy in

¹⁰ Throughout the time of the SLORC/SPDC rule, the Chinese government avoided meeting and establishing contacts with political parties and opposition politicians. Although the Chinese ambassador to Myanmar was the first foreign diplomat to congratulate the NLD on its landslide victory in the may 1990 elections, once China realized that the NLD was not going to take power, it did not take further steps with the NLD and its leaders (Maung, 2015)

this context has been Beijing efforts to reach out to non-state actors including privately owned media and local NGOs. Since its liberalization, the media has been playing a prominent role in influencing public opinion against most Chinese infrastructural projects in Myanmar thus significantly undermining China's interest. Consequently since the late 2011, Chinese central TV began its broadcasting in Myanmar and also began to invite Burmese media delegation to visit China (Sun, 2012). Similarly, in an effort to engage with local NGOs, Beijing re-established the China-Myanmar Friendship Association (CMFA). Under the auspices of the Chinese People's Association for Friendship with Foreign Countries (CPAFFC), the CMFA organized visits to Myanmar for Chinese entrepreneurs to conduct feasibility study in joint consultation with local Myanmar businessman and interest groups, and provides social assistance to disadvantage classes and diverse NGOs (Li, 2015). Apart from this, the Chinese government also interacts with the local people, NGOs and media through its embassy in Myanmar. The embassy also maintains a website and Facebook pages, and the Chinese ambassador from time to time gives press interviews and meets representatives of NGOs, political parties and activists groups (Myoe, 2015). As a part of its public diplomacy campaign, China also employs Buddhist diplomacy by conveying the tooth relic to Myanmar for 48 days obeisance in the late 2011. The tooth relic diplomacy has been a common component of China's charm offensive technique towards Myanmar and it plays an important role in enhancing understanding and mutual trust between the two people. To further consolidate friendship between the two people Beijing kick off a mass campaign named "Deep Fraternal Friendship" in May, 2012. This program consist of five key components, that includes; a medical assistance program, the establishment of a Sino-Myanmar ophthalmology centre, donations of computers to elementary and secondary schools, a business forum targeting local small business and large artistic performance "linked by mountain and water" (Sun, 2012).

Another significant feature of the post -2011 China's policy has been the effort to make corporate social responsibility (CSR) an integral part of Chinese operations inside Myanmar. Over the two decades of Sino-Myanmar relationship, China's state-owned enterprises and other small scale firms failed to comply with local labor law and

environmental regulations, as a result it has led to a populist anti-Chinese sentiment. Consequently, since the suspension of the Myitsone dam, Beijing became more proactive in controlling its SOEs (state owned enterprises) and privately orders them to embrace western style corporate social responsibility practices and to act sensitively towards the local people who live near their project sites (Fan, 2014). Then in June, 2012, the ministry of commerce (MOFCOM) calls on Chinese companies to provide training in foreign language necessary for working abroad as well as for relevant laws, religions and social customs (Li, 2015). The MOFCOM in collaboration with the Ministry of environmental protection also issue a joint guideline for environmental protection in investment and cooperation to encourage Chinese companies to actively perform social responsibility of environmental protection, set up international image for Chinese companies and support sustainable development of the host country (ibid). Most Chinese state own firms began stepping up their engagement, for instance, the CNPC established “Pipeline Friendship Association” to deal with local grievances and committed several million US dollars to developed public infrastructure such as schools, clinics and hospital and also increases the percentage of local hires to as high as 70% in construction sites (Sun, 2012). Similarly, Wanbao mining ltd responded to local opposition by developing public infrastructure and health care services. As a move towards promoting CSR, the company also pledges more than US\$1 million a year for social investment in the village near its projects and channel 12% of profit towards CSR (Renwick, 2014). In 2013, China’s Enterprises Chamber held press conference at the embassy in Yangon with 35 Chinese companies to practice CSR (Fan, 2014)

In addition to the various efforts being undertaken to mend the deteriorating Puak-Phaw relationship, post-2011 Beijing policy also focused largely on promoting peace and stability in the internally unstable Myanmar. Since independence, ethnically heterogeneous Myanmar has been engulfed by internal ethnic conflict and the constant clash between the tatmadaw and the various ethnic insurgents in and around the border areas poses a detrimental threat to China’s security and its infrastructural projects. As most of these insurgents are ethnically link with China, Beijing always responded cautiously to the internal ethnic tensions and refuses to involve in it, [...] fearing that it

would be perceived by Naypidaw as interference in its internal affairs (Sun, 2013). However, since the escalation of conflict between the military and KIA (Kachin Independent Army) in 2011, China began to worry not only about the potential internationalization and spillover of the conflict but also about the influx of refugees into her territories. Consequently, by late 2012 Beijing began to take more serious steps to promote peace and stability by intervening in the cease fire negotiation process between the government and the KIA. In Jan, 2013, Beijing sends its vice-foreign minister Fu Ying to Naypidaw. During the visit the minister expressed her concerns and desires to end the fighting along its border to U Thein Sein. About the same time the Chinese deputy chief of staff of the PLA, Lieutenant General Qi Jiangou visited Naypidaw and delivers the same message to the tatmadaw Commander-in-Chief Min Aung Hlaing (Maung, 2015). In the following month from Feb to March, 2013, the Chinese government facilitated two rounds of talks between the KIA and Myanmar's government in the Chinese city of Ruili, thereby easing tensions and paves the way for further talks (Li, 2015). Desperate to maintain stability, China plays an instrumental role by coordinating and mediating the talks under the guidelines of "persuading peace and promoting dialogue" and carefully listen to the demands and conditions of both sides and actively mediated between them (Sun, 2013).

Beijing also increases its engagement towards Myanmar's peace process by deploying specially appointed ad hoc envoys as peacemakers and such appointees actively participate in observing meetings between the two belligerents. For instance, when the draft nationwide cease fire agreement was signed between Union Peace-Making Work Committee (UPMWC) and the Nationwide Cease-fire Coordination Team (NCCT), the Chinese special envoy for Asian affairs Wang Yingfan along with the UN special envoy Vijay Nambiar's secretary attended as observers (Maung,2015). As a concrete sign of its support for Myanmar peace process, the PRC in August, 2016, presented Suu Kyi with a letter signed by three armed groups that did not sign the 2015 nationwide cease-fire agreement. The group includes; the National Democratic Alliance Army (NDAA), Arakan Army (AA) and Ta'ang National Liberation Force (TNLF) (Chang, 2016). However, China's efforts were hardly motivated by altruism, but by the considerations of

its own national interest. Given the PRC previous support for the BCP, Myanmar as well remains suspicious about Beijing relations with the United Wa State Army (USWA) and Kachin Independence Organization (KIO).

4.4: China Myanmar's Dilemma

Ever since U Thein Sein came to power, a dominant trend in Myanmar's external relations has been the opening up to the west and the gradual reduction of dependence on China (Yhome, 2016). This brought significant challenges to China's political and economic relations with the country. Nevertheless, as it has always been in the best interest of Naypidaw to "ward of China's influence", the changing trend is seen as a positive step by Myanmar. For this reason, most observers posited the transition as anti-Chinese and pro-west, and many assume that, being freed from Beijing's domination, Naypidaw will now abandon China for good and gravitates towards the west. However, despite such assumptions, in reality the scenario is much more complicated than most anticipated. This is because, over the two decades of the closely knit Sino-Myanmar Puak-Phaw relationship, Beijing influence has been deeply entrenched in both Myanmar's politics and economy. As a result, despite the successful reintegration process, Beijing continues to hold a high stake in Myanmar, thus abandoning the "red dragon" has the potential to undermine both Myanmar's economic and political interest.

In terms of economy, the post-2011 U Thein Sein economic policy largely aimed at preparing Myanmar to become a member of the Extractive Industries Transparency Initiative (EITI) (Chow, 2015), in order to diversify Myanmar's FDI sources. However, with the suspension and renegotiation of contracts, the strategy carries risk of retaliation by Chinese authorities by slowing or withdrawing investment in different parts of the country, and such reprisal are difficult for Myanmar to absorb given its need for capital to modernize its economy (ibid)¹¹. Apart from this, ever since China stepped up its engagement, much discussion has been occurring to advance large scale Chinese

¹¹ For instance; if Myanmar finally cancel the US\$3.6 billion Myitsone project, it would have to return China US\$800 million. As this would badly hit the government in Naypidaw, there is a possibility of giving concessions to China (Chaudhury, 2017)

investment in key areas. With much need to be done to establish a clear, certain and well administrative regulatory framework, it became too challenging for Myanmar's new partners to invest in the expensive projects (Hughes, 2016), that Myanmar badly needed for development. However, as Chinese capital see things differently and has the backing of the state support, it became increasingly indispensable for Myanmar. It has also become increasingly difficult for Naypidaw to implement a coherent strategy on Chinese FDI. This is because, despite the changes in various policies, there remains a complexity of actors in Myanmar side. For instance, there exist cronies related to the military who are more interested in lining their pockets or protecting their own windfall profits than seeing improvement in labor and environment policies or ensuring due process or legal recourse to local residents (Maung, 2015). In addition to economy, China also has a potentially important role to play in Naypidaw's national reconciliation process. Ever since coming to power, ethnic reconciliation occupies a top priority in the new agenda of the USDP government. Given the ethnic linkages of China with major Myanmar insurgent groups operating around the border area (such as UWSA and KIA), the success of Naypidaw's effort for reconciliation largely depends on how Beijing cooperates with the peace process.

4.5: Conclusion

After a close-knit relationship that lasted for over two decades, Sino-Myanmar Puak-Phak relations underwent major transformation since the advent of the new system of government under U Thein Sein in March, 2011. Initially, Beijing considers the new government simply as "an old wine in a new bottle and nothing would be substantially different from the previous government" (Maung, 2015), implying that Beijing would continue its influence over the USDP government like it did with the previous ones. However, shortly after coming to power president U Thein Sein embark on a highly unanticipated domestic reform process. This greatly undermines Beijing's influence in Myanmar and impacted the PRC at both internal and external front. Internally, the reforms triggered a strong anti-Chinese sentiment among the local Burmese population and major Chinese infrastructural projects in Myanmar became a source of controversy for the environmental and social impact they caused. This led to the suspension and

renegotiation of major Chinese projects in Myanmar. The most notable among them has been the suspension of the controversial US\$3.6 billion Myitsone dam project on Sep, 2011, in response to the wish of the Myanmar people. The decision for the suspension caught many by surprise and the Chinese government was shocked in disbelief, while the internationally community praises the new government for showing its commitment towards the transition. In a similar vein, other Chinese projects became increasingly vulnerable as a result the overall FDI from China fall drastically. Externally, as the USDP was desperate to break free of the prolonged international isolation to ward of China's influence, the effort for reintegration was met with positive response especially by the west and her allies, thus significantly increasing the number of foreign interlocutors for Myanmar. This in turn greatly undermines China's leverage over Naypidaw as the number of strategic competitors for Beijing increases. Myanmar rapprochement with the US in particular has become a potential threat not only to China's strategic interest but also to its regional influence as well.

Given the importance of Myanmar in China's strategic and economic thinking, Beijing cannot effort to lose the strategically important and rich resource Myanmar. Therefore, in order to cope with the changing domestic environment, China began stepping up its engagement by; strengthening its relations with the opposition groups, launching major public relations campaigns, encourage CSR (Corporate Social Responsibility) among Chinese firms and promotes and mediate peace between ethnic insurgencies and the Myanmar government. Despite the successful reintegration process, Myanmar as well needed China and abandoning the giant neighbor poses major threat to her economic and security interest. For instance, given the internal problem that Myanmar has been engulfing with, most western investors remains extra cautious in their engagement. For this reasons, considering the rich financial resources and geographical vicinity, Beijing also sees itself as being indispensable for Myanmar. We conclude by stating that, although the post-2011 Naypidaw's policy undermines China's interest, it is not a policy targeted to completely abandon the giant neighbor, but rather a policy to maintain a balance and to protect itself from the growing influence of China into Myanmar's politics

and economy. Despite the deterioration of their ties, Naypidaw is also well aware that China remains critical on the future of Myanmar.

Chapter 5

Conclusion

Throughout most of her existence since independence, Myanmar has been ruled by a “political army” which believes regular political intervention as its moral duty. Over the decades, the military isolates the country from the international community and rule with an iron fists by suppressing all venue of dissent and controls every major aspects of Myanmar’s life. This greatly hinders the implementation and consolidation of democracy process in the country. However, in an unexpected turn of an event, the tatmadaw withdraw from active politics following the 2010 general elections and transfer its power to the newly elected quasi-civilian party (USDP) under U Thein Sein in March, 2011. Since then, president U Thein Sein embarks on a highly unanticipated reform spree, under which he releases thousands of political prisoners, took numerous steps for reconciliation with the democratic opposition, abolished press and media censorship, promotes ethnic reconciliation process and launched a series of economic reforms. For a nation known to inhabit the most durable military regime worldwide, the overall reforms initiated by U Thein Sein were highly unanticipated and has brought a fundamental change in both Myanmar’s political and economic environment. Apart from this, the reforms were also widely appreciated by the international community, this in turn significantly transformed Myanmar’s pariah image in the international political arena and paves the way for Naypidaw reintegration with the international community and particularly with the west.

Myanmar’s democratization is motivated and made possible by a combination of both internal and external factor. Internally, one undeniable factor which made the reform possible has been the military own desire for change. Throughout the 1990s the military undertook certain steps to established democracy. Nevertheless, a visible and effective framework does not come into being until the announcement of the “roadmap to democracy” in 2003. The roadmap involves seven steps to establish what the military called “discipline flourishing democracy” and concluded with the transfer of power to the

constitutionally elected USDP government in 2011. In this way one can attest that the military build the platform for the democratization process. However, the role played by the tatmadaw is hardly motivated by altruism, but by its goal to consolidate and expand its political position. By drafting the 2008 constitution the military seeks to ensure that, it institutionalize its role in Myanmar politics and once the constitution was passed successfully the military no longer care to transfer its power to the quasi-civilian party which itself was created and dominated by it. Apart from the military desire for change, the reforms were also motivated by Myanmar's growing internal unrest and the top leader's ambition to project itself different from its predecessors. Externally, the desire to mitigate China's overwhelming influence constitutes the most important negative incentive that motivated the change. Over the two decades of the seemingly intimate Sino-Myanmar Puak-Phaw relationship, China's political and economic influence in Myanmar grew significantly, thus undermining Naypidaw's traditional policy of neutrality and non-alignment. For this reason, it became increasingly important for Myanmar to diverse her external relations in order to ward off her overdependence on China. In addition, the reforms were also motivated by the government desire to mend its damage tie with the west. Although the sanctions do not have direct impact on the military, it affected the general population and increasingly became an obstacle for the country economic development. The combination of all these factors not only motivated and made the reforms possible, but let to the reforms with such intensity.

Nevertheless, despite the landmark transformation, the new dispensation triggered a fundamental change in Naypidaw's approach towards her northern giant neighbor China on which Myanmar heavily depended upon since the late 1980s. The shift in Naypidaw policy towards China is highly motivated by the nature of their relationship throughout the decades. Modern Myanmar-China relations to a large extent inherit the nature of their pre-colonial relations, under which China perceive Myanmar to be a vassal or tributary state. Coupled with the Chinese chauvinism, the PRC support for the BCP over the decades has alarmed Myanmar to be too close to China. However, with changing political and economic landscape of Myanmar in the late 1980s, the tatmadaw was compelled to gravitate towards China in search of the much needed political, economic and military support. Over the next two decades China provided these support and in return it gain

access to the rich resources and strategic locations of Myanmar. Until the early 1990s, the trend in Sino-Myanmar relationship was that of “dependent asymmetry” implying Myanmar’s heavy reliance on China. However, with the rise of China, Myanmar’s resources and strategic locations became increasingly indispensable for Beijing, since then, their bilateral relationship began to assume a structure more akin to that of “mutual dependence”. Nevertheless, throughout this period, Myanmar always harbor an acute awareness of their asymmetrical relations with China and compounded by the past of the “red dragon” assertiveness always remains uneasy and suspicious of China, coupled with this, the growing influence of China in Myanmar’s politics and the unethical business practice of the Chinese firms over the two decades have led to the rise of anti-Chinese sentiment at both the societal and state level. However, as there was no alternative present throughout this time, Myanmar reluctantly sticks and remain committed to the Puak-Phaw relations.

However, since the initiation of the democratization process, the political and economic liberalization carried out by U Thein Sein, significantly transformed Myanmar’s domestic environment. Therefore, the anti-Chinese sentiment that has been embedded at both the state and societal level began to emerge. Ever since the relaxation of mass media, various remarks displaying anti-Chinese sentiment have been brought to the fore front in privately own media platforms, and major Chinese infrastructural projects became a source of controversy. This led to the suspension and renegotiation of major Chinese infrastructural projects in Myanmar such as the US\$3.6 billion Myitsone dam and the Letpaduang copper mine. Subsequently, the relations between the two countries cooled down and the amount of FDI from China significantly dropped. Apart from the domestic challenges arising out of the anti-Chinese sentiment, the post-2011 Naypidaw policy of reintegrating to international community, also greatly undermine Beijing’s interest. For instance, Myanmar reengagement with the United States in particular has threatened not only China’s strategic interest but her regional influence as well. Similarly, the increase in the number of Myanmar foreign interlocutors in turn increases the source of FDI for Myanmar, thus significantly undermining Beijing’s leverage over Naypidaw. However, as Myanmar is highly indispensable in China’s strategic and economic thinking, Beijing knew that it cannot effort to lose Myanmar over the transition. Consequently, it began to

step up its engagement in Myanmar and switch to its “charm offensive” mode by employing different strategies to meet the various challenges it faced in the post transition period. For instance, by promoting its engagement with the oppositions, Beijing sought to diversify its communication as her confidence on the military waned after the transition and the promotions of CSR and the subsequent increase in engagement with the locals and civil society groups aimed at tackling the growing anti-Chinese sentiment.

Although the post-2011 Naypyidaw policy has undermined its relation with China, it however is not a policy design to fully abandon Beijing; instead it is a strategy of the new government to diversify and rebalance Myanmar’s overall foreign relation in order to manage the growing domestic pressure and to bring back its policy of neutrality and non-alignment into practice so that it can pursue international opportunities without any risk. It is undoubtedly true that the growing influence of Beijing in both Myanmar politics and economy has built up resentment against China and to a large extent motivated the reforms. Nevertheless, Naypyidaw clearly understood the importance of China for the future of Myanmar’s development and also acknowledged that despite the successful reintegration process the degree of China’s influence in the country is still unchallenged. For instance, in the field of investment, although Myanmar passed a favorable investment law in 2012, its rich resources do not attract the degree of investment that has been expected due to the ongoing internal unrest in the country. Similarly, given the ethnic linkage and influence that China enjoys over most Myanmar ethnic insurgents, the success of Myanmar peace process largely depended on how Beijing cooperates with it. For this reason, when the NLD came to power, Suu Kyi began to carefully recalibrate its China policy and visited Beijing before her trip to the US in 2015. With the charm offensive mode still on and the dwindling Suu Kyi’s popularity mainly due to the unresolved human rights crisis (Rohingya crisis), the new government cautiously embraces China in recent years. In May, 2017, Myanmar and China reach an agreement to create an economic cooperation zone as part of China’s “Belt and Road” initiative to connect Asia and European markets. Likewise, China as well continues to play an important role for Myanmar. For instance, in August, 2016, China suspended a Chinese bank account used by ethnic rebels fighting Myanmar troops in a move to protect

potential damage to diplomatic ties. Then in Oct, 2016, China along with Russia blocked a short UN Security Council statement on Myanmar.

In order to protect and keep alive the Puak-Phaw relationship it is important for China to continue its engagement with the Burmese society and promotes CSR (Corporate Social Responsibility) among the Chinese firm operating in Myanmar so that it could gain the trust it needed. It is also important for Beijing to abandon those infrastructural projects that are source of popular unrest such as the suspended Myitsone dam, if it wants to reap long term benefits.

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