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Myanmar-China Relations – Post Myitsone Suspension

Submitted by asiaadmin2 on Mon, 01/28/2013 - 05:17

Paper No. 5380

Dated 28-Jan2013

By C. S. Kuppuswamy

This paper may please be read in conjunction with Paper No. 4833 dated 29.12.2011 “Myanmar Balancing Relations with US and China” by the same author.

Introduction

There is a perceptible shift in Myanmar’s China policy since the suspension of Myitsone dam (being built by China in the Kachin State) in September 2011. According to analysts, the anti-China sentiment in Myanmar which has been there at the people’s level for a long time, has now pervaded into the *Tatmadaw* (armed forces) as well as the government. In fact the Chinese domination of Myanmar in all spheres is being touted as the main factor for Myanmar’s opening up to the US and other Western nations. However Myanmar is still heavily dependent upon China and China too has high stakes in Myanmar.

People’s Reaction

The people who were under many restrictions till last year have begun to give vent to their feelings on the anti-China sentiments especially in the areas where Chinese projects are underway. Now with the liberalisation of rules, freedom to strike work, form unions, stage demonstrations and protests there is public display of this anti-China sentiment. This was noticed in the case of the copper mine at Letpadaung (Monywa) being run by Wan Bao Company, a subsidiary of Norinco, as well as in some areas where the Chinese constructed dual (oil and gas) pipelines are passing through. The main grievances are land grabbing, inadequate compensation, migrant labour instead of employing locals, environmental damage and lack of social, cultural and educational amenities.

Myanmar Government

Despite seeking fresh sources for trade, investment and infrastructural needs from the Western nations, Myanmar is still very cautious in its dealings with China and makes repeated overtures to indicate that relations with China will continue to be as before and China's interests in Myanmar will not be jeopardised.

This was evident from a violent crackdown on the peaceful protesters on 29 November, 2012 by the government's security forces at the Monywa copper mine run by a Chinese company. Several people including a few monks were injured, some with severe burns indicative of incendiary bombs being used. Aung Min, a minister attached to the President's office who visited the mines publicly admitted "we are afraid of China.... If China asks for compensation, even the Myitsone Dam shut down would cost US \$ 3 billion".

President Thein Sein visited China from 18-22 September 2012 before proceeding to United States to attend a meeting of the UN General Assembly. During this visit he had been through four provinces of China and had met Xi Jinping then tipped to be the next President. This visit was presumably to placate the Chinese government.

With the past record of China's support to the erstwhile Communist Party of Burma and the current supply of arms to the UWSA and the KIA (though through the back door), Myanmar government and particularly the army is becoming increasingly wary of China, more so after opening up to the Western nations.

Exchange of visits

Wu Bangguo (Beijing's top legislator) visited Myanmar in September 2012 as part of a four nation tour.

On the eve of President Obama's visit to Myanmar, a Myanmar military delegation headed by Gen Soe Win, Deputy Commander-in-Chief of the Tatmadaw (armed forces) visited China in November 2012 to attend the bi-annual defence exhibition held at Zhuhai. He also met with Gen Ma Xiaotian, Commander of the PLA Air Force at his HQ in Beijing. Ma had visited Myanmar in September 2012 and was later elevated to the Central Military Commission.

Qi Jinguo, Deputy Chief of General Staff PLA visited Myanmar and met with President Thein Sein at Yangon on 19 January 2013. Qi also met Shwe Mann, the speaker of the lower house, the Chief of Armed Forces and his deputy. This was reported as the "First Strategic Security Consultation".

A Chinese delegation led by Vice Commerce Minister Chen Jian had trade talks with Myanmar officials on 21 January 2013 on ways to expand Myanmar's agricultural exports to China as well as addressing the "barriers" to Chinese companies investing in Myanmar.

Chinese Special Envoy Fu Ying and a high ranking Chinese Military delegation had discussions with President Thein Sein at Yangon on 19 January 2013 on the ongoing Kachin conflict. Myanmar artillery shells fired at the KIA had landed in Chinese soil on 30 December 2012 and 17 January 2013. As a result Chinese security forces were sent to the borders to increase their patrols and surveillance along the borders.

China's involvement in Myanmar

- China is Myanmar's largest investor
- In August, 2012 China's direct investment amounted to US \$ 14.1 billion. Bilateral trade in the first half of the year reached US \$ 3.5 billion (The Irrawaddy 24 September, 2012).
- In the month of December 2012 alone bilateral trade at the Muse border trade point was US \$ 280 million (the imported trade from China was more than 105 million and exported trade from Myanmar was more than \$ 173 million) – Mizzima News 23 January 2013.
- China's Power Investment Corporation Yunnan (CPI) is the main contractor and financial backer for all the seven dams on the Upper Irrawaddy Project of which the main site is the Myitsone Dam. Work has been suspended at all seven dams in September 2011. However media reports indicate possible revival of this project in 2015 when President Thein Sein's tenure expires (Mizzima News 24 January 2013).
- The trans-Myanmar oil and gas pipelines are expected to be completed by May 30, 2013. The 1100 km long oil and natural gas pipelines run from the port of Kyaukphyu in Rakhine State across the country to enter China at Ruili in Yunnan province. They will transfer shipments of crude oil from the Middle East to Southern China. It is expected to fetch Myanmar \$ 7 million by way of transit fees and will cost \$ 30 billion to build (official sources).
- There are 47 oil and gas production blocks in inland Burma. China is extracting oil and gas in 23 of the 47 inland blocks (Mizzima News 09 January 2012).

- The Myanmar copper mine, where protests were held in end November 2012 is also a joint venture between Union of Myanmar Economic Holdings Limited and China's Wanbao Mining company – a subsidiary of Norinco.
- China had supplied Myanmar US \$ 1.4 million worth of military hardware in the 1990s and has since then been fulfilling most of the military hardware needs.

China's Concerns

Though officially China has welcomed the opening up of Myanmar to US and other western nations, its concerns are being voiced through its mouthpieces in the form of various articles. There has also been a flurry of visits of officials at various levels from both China and Myanmar.

China's main concerns are:

- Security and stability on its long border with Myanmar, particularly because of the ongoing conflict with the Kachins.
- The future of its high value projects in Myanmar consequent to the suspension of the Myitsone project and protests in the Monywa copper mine endangering its closure.
- The commissioning of and smooth functioning of the dual oil and gas pipeline running across Myanmar.
- The ever increasing migrant Chinese population in Myanmar and their assets.
- The growing anti-China sentiment in Myanmar now gaining momentum because of the liberalisation measures undertaken by the Myanmar government.

China's Reactions

Bertil Lintner, a long time Burma watcher, writes "Academic-style journals in China have run several articles analyzing what went wrong with Beijing's Myanmar policy and what could and should be done to rectify it. One proposed measure was to launch a public relations campaign inside Myanmar aimed at overhauling China's current negative image in the country"(Asia times on line 06 October 2012).

On 20 November 2012, The Global Times- a state owned newspaper-published an article titled 'Don't read too much into Myanmar visit (Obama's)', which argues that "Myanmar's democratic reforms and opening up to the West not only satisfy Washington but are also in Chinese long term interests. Sino-Myanmar relations must undergo some changes to adapt to this. But the changes will be limited"—Michele Penna (The Irrawaddy-24 January 2013).

A recent survey on the Global Times' website on 19 January 2013, indicated that 53% of its readers think that "China should become involved in the ethnic conflict in northern Burma" while 63 % said that they believed that the conflict was affecting bilateral relations between

Burma and China. This survey was however later removed from the site.

The Democratic Voice of Burma has published a report (21 January 2013) that China has carried out the transfer of PTL02 Wheeled Tank Destroyers along with man-portable air-defence systems (MANPADS) to United Wa State Army (UWSA) in what may be a bid by Beijing to use the powerful group as a source of leverage in Burma. "By facilitating the reinforcement of Wa they are sending a clear message to the Tatmadaw that there are limits to their patience".

By sending a special envoy (Fu Ying) to Myanmar along with a military delegation on 19 January 2013, to Yangon the Chinese government has conveyed its concerns on the Kachin conflict resulting in some shells landing in Chinese territory and a large influx of refugees. Reports indicate that the Myanmar government declared a unilateral cease fire on 19 January 2013 at the behest of the Chinese delegation.

News Analysis

China's concerns on, the "US Pivot", the visit of President Obama to Myanmar and further engagement of US with Myanmar, and the emboldened measures of the Myanmar government in relation to Chinese projects are manifesting into some pro-active measures from the Chinese side.

China is also resorting to some pressure tactics such as supplying sophisticated weaponry to the UWSA.

China is also seen to be paying heed to environmental concerns, paying of adequate compensation, and providing social and cultural amenities in its projects underway in Myanmar.

Myanmar, on the other hand, is making an all out effort to keep the Chinese on their side, though at times risking to test the so-called "paukphaw" (fraternal) relations with China.

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