



IPCS

INSTITUTE OF PEACE AND CONFLICT STUDIES

Innovative Research | Independent Analysis | Informed Opinion



IPCS SPECIAL FOCUS



MYANMAR IN TRANSITION

ETHNIC CONFLICTS, EXTERNAL INTERESTS AND
POLITICAL CHANGES

SOUTHEAST ASIA RESEARCH PROGRAMME (SEARP)



IPCS

INSTITUTE OF PEACE AND CONFLICT STUDIES

Contents

03	Foreword	By Amb. Rajiv K. Bhatia
04	I. DOMESTIC TRANSITIONS	
	Transition in Myanmar: Regional Implications & Future Directions	by Amb. Ranjit Gupta
08	II. ETHNIC CONFLICTS	
	Myanmar's Ethnic Conflicts	by Janani Govindankutty
10	Profiling the 969 Movement	by Bibhu Prasad Routray
12	Unveiling 'The Face of Buddhist Terror'	by Roomana Hukil
14	Kachin State in Myanmar: China's Objectives and Strategies	by Asma Masood
16	Social Media and Conflict: An Analysis of the Rohingya Crisis	by Shanta-Maree Surendran
18	Why is the Clergy Angry?	by Rajeshwari Krishnamurthy
20	III. EXTERNAL INTERESTS	
	China, Myanmar, and the Myitsone Dam: Uncertain Future	by Aparupa Bhattacharjee
22	US, China and An Eastern Great Game?	by D Suba Chandran
24	Expanding Naval Ties with India	by Vijay Sakhuja
26	Achieving India's Economic Interests	by Asma Masood
28	New Challenges of Economic Transition	by Yves-Marie Rault

Since 2011, Myanmar has been undergoing significant transitions in its internal political, administrative, and economic arenas. The peaceful election procedure, successful ceasefire agreements and the initiative to amend the 2008 constitution are some indicators of a positive transition in Myanmar. The geostrategic location and resource-rich lands of this country have attracted enormous external interest, made evident by high profile visits and FDI inflows.

The commentaries in this publication have thus been organised under the three main aspects of the transition process: democratic change, ethnic conflicts, and external interests. They have tried to trace the changes within Myanmar since the withdrawal of the Junta from power in 2009 and analyse its impact on the country's development. Ethnic conflicts and social problems have posed major hurdles in the road to development in Myanmar, which some articles have dealt with. They have also attempted to examine the impact of violence on the political reform process and the local economy.

These conflicts in the border regions of Myanmar are interlinked with the country's external interests. China's evident interest in Myanmar and its initiative to keep the US out of the picture definitely has a repercussion on Myanmar's transition process. Some commentaries have looked at this, as well as at India's relations with Myanmar.

Edited by

Aparupa Bhattacharjee

Foreword

That Myanmar is in transition is incontestable. What is a matter of continuing debate among scholars is as to when the transition began; when it might end; and, above all, whether it is moving ahead on a trajectory that will bring real democracy, peace and prosperity in 'the Golden Land' in the foreseeable future. Listening to a range of voices in Myanmar as well as the friends of Myanmar engaged in observing, studying and interacting with the country from outside, one gets a two-fold impression: firstly, the nation's journey towards democracy and national/ethnic reconciliation is still incomplete; and secondly, Myanmar society swings regularly between hope and angst about its future prospects.

This blend of innate complexity, unpredictability and uncertainty necessitates a close and critical monitoring of socio-cultural, ethnic, economic, political and foreign policy developments in Myanmar. Such a pursuit by our academic-strategic community is particularly required, given India's high stakes in the bilateral and regional context. The directions Myanmar took in the current decade to reform its polity, liberalize its economy, improve its administrative machinery and introduce a new balance and calibration in its external relations, have been a subject of intense interest. This is matched by our deep curiosity and concern about where Myanmar's transition would be in two years' time or a decade later. An accurate assessment is crucial to our ability to recommend suitable policy action.

Myanmar's internal politics will be moulded by the political elite's capability to balance divergent interests represented by the government, political parties and the military. Some crave for full-blooded democracy immediately, while others do not exactly support it, and certainly for them democracy is not for tomorrow. The question of constitutional reform should be seen from this prism. Ethnic reconciliation is probably the biggest challenge facing the nation; its final shape and contours will define national identity. Economic development and inclusive growth through the path of liberalization and enhanced international linkages are achievable, but it is a process that takes many years - as we have seen elsewhere. A vital facet of transition relates to foreign policy. Amidst momentous geopolitical shifts in East Asia, Myanmar's strategic importance has increased sharply, particularly in American assessment. This motivated the western countries to craft a modus vivendi with the military as well as promote working reconciliation between the latter and pro-democracy forces. In the process, Myanmar has secured considerable elbowroom in its relations with its neighbours and major international partners. How all these trends evolve in the short-to-medium term is a subject on which we need to engage experts.

In the domain of study, analysis and interpretation of Myanmar, the Institute of Peace and Conflict Studies (IPCS) has played a leading and sustained role through its Southeast Asia Research Programme (SEARP). The publication entitled Myanmar in Transition: Ethnic Conflict, External Interests and Political Changes is a collection of interesting essays by seasoned experts and promising young scholars. It is indeed a valuable addition to the growing knowledge reservoir in India about its eastern neighbor. Such endeavours deserve a warm welcome as we (in India) do wish to ensure that Myanmar ceases to be a neglected neighbor.

I warmly congratulate IPCS for coming up with yet another excellent product.

Ambassador Rajiv K. Bhatia

Director General

Indian Council of World Affairs (ICWA)

New Delhi

I. DOMESTIC TRANSITION

Transition in Myanmar: Regional Implications & Future Directions

Amb. Ranjit Gupta

Distinguished Fellow, IPCS

Are the changes underway in Myanmar revolutionary or evolutionary? Since the governmental structure and the methodology of governance in Myanmar since April 2012, when the transition began, represents an utterly drastic change from what had existed since 1982, the short answer would have to be that the changes are revolutionary.

However, a road map to democracy was announced in 2003 and meticulously followed, even if in an utterly arbitrary and non-transparent manner, till the actual transition started. But verbal semantics apart, the fact is that the political transition in Myanmar is utterly unique and very different from almost any other political transition anywhere ever.

Changes in Myanmar: Revolutionary or Evolutionary?

As the Chairman, since 1997, of the ruling military junta, the State Peace and Development Council, all state power got gradually completely concentrated de facto in the hands of Senior General Than Shwe alone. He was an unrelenting and unapologetic proponent of an autocratic and strong central government which exercised direct and complete control on all aspects of a citizen's activity, existence and even life itself in Myanmar. There was no threat whatsoever from any quarter to his total control of the country. Despite that and his larger than life stature for over two decades, on 30 March 2011, he voluntarily dissolved the junta SPDC, resigned from the army and all governmental positions and removed himself completely from the public domain literally overnight. No other all powerful dictator has ever done any such a thing in history.

Myanmar now has a constitution, energetically sought to be amended; a robust parliament despite an abnormal election and 25 per cent seats reserved for the military; a normal cabinet system of government answerable to parliament; a feisty opposition led by a world renowned figure, Aung San Su Kyi; and free and fair by-elections were conducted last year in which 43 of the 44 contested seats were won by the opposition, etc. This is an extraordinarily spectacular change by any standards.

Developments in Myanmar: Strategic Implications for South Asia and the Middle East

Since there has been never been any meaningful interaction between Myanmar and the Middle East, even in an increasingly globalised and interconnected world no strategic implications in the Middle East of developments within Myanmar or related to changes in Myanmar's place in Asian geopolitics are envisaged. Unfortunately, no influential political actor in the Middle East is even remotely suggesting that the region could learn and benefit from Myanmar's extremely positive example, in a huge contrast to the bloody transitions in the Middle East.

The Rohingya issue is undoubtedly of considerable and rising concern to Islamic countries and some bilateral relationships may come under strain but the issue has not had any significant region-wide 'strategic' impact either in the Middle East, South Asia or Southeast Asia, immersed as these regions are in their own preoccupations. No Burmese government since independence has accepted that the Rohingya – the stateless Muslim minority who reside mostly in the Arakan province along the coast and in and around Sittwe – are a Burmese ethnic group; indeed, none of the 135 officially declared ethnic groups accept the Rohingya as another Burmese ethnic group. Significantly, Aung San Su Kyi has also been silent on their status as expressing support for their cause would undoubtedly have potentially serious adverse electoral consequences given the rising militancy of the Buddhist clergy and the nationalistic fervor that has been aroused amongst the majority Bamar ethnic group. No Islamic country is prepared to accept Rohingya people including Bangladesh, from the territory of which they are originally believed to have come, though there are Rohingya refugees in Bangladesh, Indonesia and Malaysia and even Thailand (Derek Tonkin, Network Myanmar, 21 February 2014 and Kyaw San Wai, “Myanmar’s Religious Violence: A Buddhist ‘Siege Mentality’ at Work” RSIS Commentaries No. 037/2014, 20 February 2014). As long as the issue is framed in terms of the Rohingya wanting Burmese citizenship they will not get any satisfaction from any Myanmar government, democratic or otherwise, but their living and working conditions could be greatly ameliorated if the issue is considered solely from the perspective of human rights.

There will be important implications of the political transition in Myanmar for India. Irrespective of what the political establishments in China and India publicly proclaim, there is going to be increasing rivalry between the two for influence and strategic space in Asia. Myanmar is sandwiched between China and India. For the past two decades China has unquestionably been by far the most influential power in Myanmar and has developed an extensive economic and strategic presence in that country. This had been of mounting concern, particularly to India but even to ASEAN members and indeed Western countries too. This Chinese domination will inevitably diminish steadily with Myanmar’s opening up. However, it is not India’s intention to compete with China in Myanmar.

India’s emphasis is on deepening and strengthening relations on a multi-sectoral basis for mutual benefit and advantage with India seeking to ensure that the new relationship will help secure economic development, peace and stability in India’s Northeastern states bordering Myanmar and transport connectivity to them through Myanmar’s territory. Meanwhile, the past three years have witnessed the most intense Indo-Myanmar engagement since both countries became independent. Significantly, Myanmar participated for the first time this year in the 14th edition of the India hosted annual Milan naval exercises this year in which 17 countries participated. Mention may also be made of BIMSTEC (of which China is not a member); Myanmar is currently its chairman and will be hosting a summit meeting of the members for the first time on 3 March 2014.

China and the Transition in Myanmar

The ongoing transition in Myanmar from a closed political system highly economically integrated with China, towards a more open system, both politically and economically, will inevitably impact considerably upon the evolving geopolitical and geo-strategic scenario in Asia. Myanmar is the second largest country in Southeast Asia; it is as richly endowed with natural resources as Indonesia, even more per capita; it is the fifth largest by population, with the second largest military; and, a strategically vital location connecting China, India and Southeast Asia. At the time of its

independence in 1947 it had the best socio-economic indicators in Asia after Japan. All these advantages are going to come into play increasingly as a consequence of the ongoing political and economic reforms and Myanmar's joining the global mainstream. Putatively, Myanmar is definitely amongst the more significant Asian countries with an important potential role in Asian geopolitics.

Burma has always harboured a primordial fear of China given the long conflictual history of their relations with waves of invasions of Burma during the Yuan and Qing dynasties. In contemporary times, due to unsettled conditions in Burma and China during the decade of the 1940s, vast numbers of Chinese labourers, farmers and businessmen illegally immigrated into Burma across a disputed and mostly un-demarcated border, and Britain, the then colonial ruler of Burma, did nothing to discourage this. Large numbers of Nationalist Chinese Kuomintang troops retreated into Burma's northeastern hill areas following their defeat in the Chinese civil war and their removal was one of the early publicly avowed goals of the new Communist regime in Beijing and PRC troops intruded into Myanmar several times. All these factors combined with the assertive, expansionist, revolutionary rhetoric emanating from the new rulers of China made the leaders of the newly independent Burma particularly wary of China. Prime Minister U Nu sounded India more than once about a defence pact but Nehru not only turn down such suggestions, in fact with some asperity, but actively assisted in bringing Burma and China closer to each other. Meanwhile, until very recently, India had paid the least attention to Myanmar amongst all of its direct neighbours.

Apart from this history of bitter animosity, Myanmar's armed forces have engaged in armed conflicts with China's proxies within the country more or less continuously since its independence and senior generals have been personally involved. The first time was in 1948 when the Chinese Communist Party-backed Burma Communist Party came close to overthrowing the fledgling new post independence government. The second time was during the 1960s when a violent anti-Chinese pogrom erupted throughout the country even leading to China sending in several thousand 'volunteers' and the suspension of diplomatic relations for several years. Meanwhile, throughout there was armed conflict with different ethnic minorities since independence to the mid 1990s; most of these ethnic groups were armed, funded and otherwise supported by China. The fact is that Myanmar's relationship and interaction with China has rarely been one of choice but always a consequence of circumstantial compulsions, including due to the world distancing itself from Myanmar after 1962 and particularly after 1988.

Since 1988 more than two million Chinese, who have fraudulently acquired Myanmarese identity papers, have settled in northern Myanmar whose economy is now more integrated with that of Yunnan than with the rest of Myanmar. Even otherwise China dominates most sectors of Myanmar's economy. China had succeeded in Myanmar beyond its most optimistic expectations; ironically this success contained the seeds of a setback because it engendered a new and different additional fear of China - of being suffocated by its claustrophobic embrace through economic means rather than by internal subversion and bullying, as in the past. Reaching out to other countries had become an absolute strategic necessity for Myanmar.

Since the political transition began in Myanmar, in addition to the particularly impressive internal changes, there has been an equally remarkable transformation of its external relationships - for example, it has received visits of more heads of state and government and foreign ministers in the past three years than in all the 60 years since independence, including the first ever visits of an American President and a British Prime Minister. President Thein Sein has paid official visits to more countries in the past three years than the dictator Gen Ne Win did in 26 years of his rule, the largest number of whose visits were to China. The global business community never paid Myanmar

the kind of attention that it is doing now. ASEAN members had twice earlier felt compelled to deny Myanmar its turn to assume the organisation's chairmanship but have now deliberately advanced the date for Myanmar to take over the chairmanship of ASEAN which it has done this year. China is the only country that is deeply anxious about and disturbed by the changes in both the external and internal dimensions. China is particularly concerned about the future American and Japanese roles in Myanmar.

The most remarkable manifestation of Myanmar's change happened on 30 September 2011, when, just six months after assuming office and amidst considerable uncertainty, both inside and outside the country, about the sustainability of the processes of change, President Thein Sein suspended construction of China's largest flagship investment - the US\$3.7 billion Myitsone Dam project - without giving China any prior intimation. China was stunned and very angry and is still hurting very deeply; for the first time in many decades China found itself unable to do anything about a publicly administered strong snub and that too from a still completely dependent client state. This utterly unexpected and singularly audacious decision enormously enhanced the prestige and popularity of the president amongst all sections of Myanmar's population and was received with applause abroad. However, we must not allow all this to obscure the reality that change in the extremely close economic relationship in particular will be slow and incremental; for example President's Office Minister Aung Min admitted that "we are afraid of China" during a public meeting where he met local people protesting a highly controversial Chinese-backed copper mining project. An even more telling manifestation of this guardedness is that an Aung San Su Kyi-chaired parliamentary committee recommended the continuation of this project on the grounds that sanctity of signed contracts should be maintained and Chinese investment is needed for Myanmar's development.

Myanmar: The Future Directions

The direction that Myanmar is going to follow is going to be very different from that which it was virtually compelled to do earlier. Myanmar's internal situation is quite different now with the civil war which began before its independence having mostly ended. In strong contrast to 40 years of military dictatorship Myanmar today is a budding democracy ready to harness the long suppressed energies, talents and enormous potential of its people for economic development and political progress. The post Cold War world of today is very significantly different from what Myanmar had encountered during the previous six decades when it chose isolation; in contrast, Myanmar is now vigorously pursuing engagement with the outside world which is equally vigorously courting it. Its political dependence on China will automatically lessen even while Myanmar will ensure that it does not gratuitously anger China. Chinese domination of the economy will also be diluted as a natural process with the whole world rushing into Myanmar enthusiastically. As it is, China's investment has come down drastically and no new projects have been awarded to it in the past two years.

Myanmar's Foreign policy will gradually align its position on various issues with those of ASEAN including on the rather ticklish issue of the South China Sea. The days of overweening Chinese domination in and of Myanmar are coming to an end. Till recently, Myanmar was considered a pliable tool to further China's ambitions to dominate Southeast Asia, but looking ahead, Myanmar - a fiercely nationalistic country - is likely to strive quietly but steadily to erase this stigma.

This essay is based on an earlier presentation made by the author, as a part of IPCS delegation to an international dialogue organized by the Strategic Studies Network, Center for Strategic Studies in Bangkok in February 2014.

II. ETHNIC CONFLICTS

Myanmar's Ethnic Conflicts

Janani Govindankutty

Graduate Student, Department of International Studies, Stella Maris College, Chennai

Since independence, multiple ethnic groups have been fighting the State and other groups in Myanmar. With the new reforms process in progress, what is the current status of these ethnic conflicts within the country?

The Kachin Conflict

The Kachins have been demanding autonomy for the past 50 years. Though a ceasefire was declared on 13 January 2013, the clashes between the Myanmar Army and Kachin Independence Army continue. As the Kachin state in Myanmar borders China, a conflict along this periphery ensured China's involvement in mediating peace talks in February.

Although Aung San Suu Kyi has also expressed her interest in furthering the mediation process, the Kachins have been apprehensive about the National League for Democracy's commitment towards their cause. For several years, the party has been silent on the human rights violations committed against the Kachins. President Thein Sein has expressed hopes that his delegation will make headway in resolving the conflict when the Kachin rebels and Myanmar's government officials met in Thailand on 20 February 2013. The United Nationalities Federal Council (UNFC), an alliance of Myanmar's 11 ethnic militias, was also present at this meeting. A joint statement issued after the meeting stated that the talks were "frank and friendly". Both the parties expressed the hope of working out a framework for political dialogue within a stipulated time-frame. With another meeting scheduled later in March this year, several organisations have called upon ASEAN to address the grave humanitarian crisis developing in the Kachin state.

The Shan Conflict

The Shans have been demanding autonomy since the 1960s. Since 2012, there has been a fresh round of violence between the Myanmar Army and Shan State Army after the collapse of a cease-fire agreement.

In October 2012, the Shan State Army expressed its willingness to meet with the Union Peacemaking Work Committee (UPWC) to resolve the conflict. Though a ceasefire was concluded in December 2011, the Shan's issued a statement in December 2012 which highlighted the drawbacks of the ceasefire agreement. The statement cited mistrust and misunderstanding between the warring parties as factors that could possibly endanger the sustainability of the truce, acting as impediments to sustainable peace and constructive political dialogue which could end the conflict. Yawdserk, President of the Restoration Council of Shan State (RCSS), the political arm of the Shan State Army (SSA) 'South', said he was not interested in "Panglong II", but only in the terms of the (1947) "Panglong I". He believed

that the Shan's would lose out on a chance of fulfilling their demands if they agreed to Panglong II.

A framework for political dialogue is now being drafted by the Working Group for Ethnic Coordination (WGEC), set up by ethnic armed movements in June 2012. The General of Restoration Council of Shan State (RCSS) has asserted, however, that the clashes will continue despite new opportunities for peace through channels of negotiations. The leader also stated that the RCSS had stopped demanding independence and now wanted a federal system to be established to ensure equality and protection of their rights in the constitution. He also reiterated the necessity of both the parties' willingness to make concessions for a successful political dialogue.

The Mon Conflict

The Mons are an ethnic group who live along the southern Thai-Myanmar border. Their struggle for self-determination began from 1948. There have been several revolts against the government organised by the New Mon State Party which was founded in 1962.

Last year, the New Mon State Party signed a four-point preliminary peace agreement with the Burmese Union government. The agreement included working towards ethnic peace across the country, holding political talks within 45 days, coordination on regional development deals in the sectors of education, social affairs, health and ethnic affairs, the release of all political prisons and granting open access to political parties, nongovernmental organizations and the media. An earlier agreement focused on opening liaison offices and settlement of NMSP members at mutually agreed locations. However, hostilities have since continued between the conflicting parties.

In January 2013, the New Mon State Party (NMSP) Executive Committee was convened to discuss the current Burmese military offensive against Kachin State. The members called for an immediate countrywide ceasefire and political dialogue with ethnic groups. The NMSP also supported a resolution by UNFC to condemn Burmese military action against the Kachins.

The US Ambassador to Myanmar, Derek Mitchell, initiated peace-building activities after meeting representatives of ethnic Mon political parties and organizations in Mawlamyine. He held discussions with the leaders of All Mon Regions Democracy Party, Mon Democracy Party and New Mon State Party, as well as peace groups, including Buddhist monks in order to build peace throughout the state.

The Rohingya Conflict

The Rohingyas are an ethnic Muslim minority of Myanmar, related to the Bengali people of neighbouring Bangladesh's Chittagong district. Myanmar's government calls them illegal immigrants and does not recognize them as citizens or as an ethnic group under the 1982 Citizenship Law. Thus, the Rohingyas are stateless and a source of conflict within the country.

The Rohingyas have been facing discriminatory policies by successive Burmese governments. Last year, a series of riots broke out between the Rohingya Muslims and ethnic Rakhine Buddhists of Myanmar. A lot of people were killed and displaced, the government declared a state of emergency in Rakhine. The government is supporting internally displaced people with the help of the

international community. A UN/NGO Rakhine Response Plan was chalked out to manage humanitarian aid for the developing crisis.

Though the government of Myanmar is working towards granting the Rohingyas citizenship, the process has been delayed due to Rakhine opposition to the move. On the sidelines of the 21st ASEAN Summit in November last year, President Thein Sein sought Indonesia's help to resolve the Rohingya problem in his country. Indonesia, along with Brunei Darussalam and Malaysia, have been emphasising that the conflict was not necessarily communal in nature. Thein Sein has also extended an invitation to any party that wishes to observe and analyse the current situation in Myanmar.

In January 2013, Indonesia's Foreign Minister Marty Natalegawa visited Myanmar's troubled Rakhine state and the areas affected by sectarian violence. He stated that an effort to nurture a sense of confidence, a sense of reconciliation among the different communities was necessary apart from the rehabilitation of the Rohingyas. He urged Myanmar's neighbours to provide economic opportunities to the affected community.

The United Nations office in Myanmar is working with the Thein Sein government towards a permanent solution. Several Rohingya refugees were rescued from human traffickers by the Thai government recently and will be repatriated to Myanmar soon. The Thai government refuses to give the Rohingyas a refugee status. In early February 2013, the Sri Lankan Navy rescued Rohingyas in who were stranded in the sea after the Thai Navy forcibly removed their boat's engine. Though the Burmese embassy in Colombo was contacted by Sri Lankan officials, for the possible repatriation of these Rohingyas, there has been no response. Thus, the Rohingyas continue to struggle for their existence.

To conclude, the current scenario in Myanmar stands thus: only nine ethnic armed groups out of eleven have reached even a preliminary stage in the negotiation of peace pacts with the Myanmar government at respective levels. Myanmar, therefore, continues to remain embroiled in ethnic conflicts of varying turbulence across the country.

Profiling the 969 Movement

Bibhu Prasad Routray

Visiting Fellow, IPCS

Is it an economic nationalist movement, an awakening of sorts, a rabid anti-Muslim movement, or a hate revolution that would eventually consume its own children?

Local Myanmarese accounts on the radical 969 Buddhist movement have diverged so much from one another that it is an arduous task to profile it. A researcher's difficulties notwithstanding, it is undisputable that this movement has been at the forefront of an unending cycle of violence against the Muslim minorities in Myanmar. 969 has provided an economic rationale behind the violence, incited passions and in some instances, may have participated in actual carnage. While anti-Muslim unrest has simmered in the country for decades, anti-Muslim riots began in the country's south-

western coast in 2012 and have since spread all over including its central heartland.

Like all right wing movements, 969 thrives on symbolism. Its name innocuously refers to the 24 attributes of Lord Buddha, his teachings, and the monkhood. Its logo, apart from bearing the Myanmar numerals 969, has a wheel and four Asiatic lions representing the Buddhist emperor Asoka. Stickers with the logo are handed out free to be used on shops, homes, taxis, etc. These represent not just an exclusivist wave seeking to engulf the entire country, but symbols of identification, distinguishing between supporters and the enemies - the Muslims.

Monk Wiseitta Biwuntha alias Wirathu, has been categorised as one of 969's most incendiary leaders. However, the movement derived much of its evangelical vigour from monks in Myanmar's coastal state of Mon, where people claim to be the country's first Buddhists. Late Kyaw Lwin, a former monk and government official, is given credit for nurturing the movement in the late 1980s through his prolific writings and official contacts. Wirathu took over in 2001.

There is no denying the fact that without a well-organised monk brigade and their religious standing and credibility, the movement would not have reached its present state. Buddhist monks have historically played a vanguard role in Myanmar politics, both against the colonial rule of the British and against the military rule. In recent years, they have found a new antagonist - the darker-skinned Muslims.

Describing itself a grassroots movement, the 969 movement pits itself against its Muslim adversaries, constructing a highly negative narrative of their impact on what it considers an essentially Buddhist homeland. Calls for boycotting Muslim businesses and not to marry, sell property to or hire Muslims are some of the inciting catchphrases of this divisive ideology. Terming Muslims as a wealthy merchant class, a status in actuality reserved only for a microscopic minority among the thousands of impoverished Muslims has been part of 969's strategy to build the image of a formidable enemy. Muslims, for 969, are foreigners who intend dominating Myanmar in all respects. They are accused of terrorism and rape. Mosques have been categorised as 'enemy bases'. Muslims have been likened to 'tigers' that enter poorly-defended households to devour its occupants. The 969 has carefully dealt with the negative publicity it has attracted over recent months. These are described as prejudiced Arab conspiracies.

The real power behind the 969 movement, however, is the military rulers who have implanted a sense of hatred for Muslims in the mind of the general populace, and have enacted ad hoc and de facto discriminatory restrictions. It is one thing to say that the 969 has prospered immensely under the current phase of reforms. The era of suppression by the military has given way to a host of freedoms, allowing the monks the right to propagate Buddhist teachings, including that of the 969. On the other hand, since the 969 movement has diverted the popular attention from the military to the Muslims, the regime deferentially supports it.

President Thein Sein's office has painted a benign image of 969 describing it as "a symbol of peace" and monk Wirathu, "a son of Lord Buddha." The minister of religious affairs, Sann Sint, a former lieutenant general in Myanmar's army, has vowed 969's propagation as messages of peace. Incidentally, Monk Wirathu had been sentenced to 25 years in prison by the military regime in 2003 for inciting anti-Muslim violence and was freed in 2011 during an amnesty for political prisoners. The fact that the 969 has a sizeable support even within Aung San Suu Kyi's National League for Democracy (NLD) probably explains her silence over the issue. The political force of Buddhist monks is of immense significance in the run up to the 2015 parliamentary elections. Even the

judiciary appears to be playing to the gallery. On few occasions, Muslims have been sentenced to prison sentences for removing 969's stickers from shops and other establishments.

The movement has its opponents among the Buddhists. Some monks, among Myanmar's estimated 500,000, indicate that the 969 is only a small and deviant extremist element and doesn't represent the Buddhist religion as a whole. Some prominent monks who led the 'Saffron uprising' against the military in 2007 have openly criticised the movement. Over months, however, such opposition has grown smaller and muter. With the current level of patronage, the 969 has positioned itself to be the guardian of Buddhist exclusivism in Myanmar and a formidable stumbling block for the future accommodation of Muslims within the country.

Myanmar: Unveiling 'The Face of Buddhist Terror'

Roomana Hukil

Research Officer, IPCS

TIME magazine's recent cover story, 'The Face of Buddhist Terror', looked into the Buddhist-Muslim conflict in Myanmar. While the government banned the magazine, it unfurled an extensive campaign across several internet channels as violent protests, infrastructural destruction, and attacks spun in the Lashio district of Myanmar.

How does social media, mainly Facebook and Twitter, delve into the ethno religious divide between the Buddhists and Muslims in Myanmar? What kind of presence does the TIME magazine's contentious issue occupy on the social media forums whilst spinning heat waves between the two communities? What are the repercussions of social media in conflict scenarios that exude from this discourse?

TIME on the 'Buddhist Terror'

TIME profiled Ashin Wirathu as the Buddhist 969 movement leader for advocating social exclusion of the minority Muslim population in Myanmar. Subsequently, in between 20 to 30 June 2013, several communities were created on Facebook with the popular trending theme of boycotting TIME magazine for having chosen Wirathu as the face of 'Buddhist Terror'. Sharing almost 30,000 'Likes' between them, the communities are fervently posting updates, links, images, videos, and comments about the situation every 1-2 hours. The largest fan page on Facebook, with a following of over 35,000, "We Boycott Time Magazine for their choice of Wirathu as 'Buddhist Terror'" was created within minutes of the magazine's release. On the other hand, nearly 20-30 'Tweets' were posted on Twitter every second since 20 June 2013, which incorporated hash tags such as '#BuddhistTerror', '#ArrestWirathu', '#BoycottTIME', and '#969' to name a few. The primacy of these pages/tweets aimed to promote religious sentiments through regular postings of activities and events to achieve

greater awareness and religious unification among communities.

The fan pages on Facebook and Twitter have stirred intensive segregation between the Buddhists and Muslims. The popular sentiment of blasphemous bigotry via radical upsurges has not germinated due to the recent episodes. They cater to the prevalent sectarian strife pressing for several decades between the two communities.

Following the incident, Myanmar's President, Thein Sein, condemned the magazine's feature story by labelling the 969 movement 'peaceful' and defended Wirathu by calling him the 'son of Lord Buddha'. The statement followed immense procession on Facebook and Twitter to boycott TIME magazine, criticising western media and the author of the article. Although the rare denunciation by the Myanmar government did provide fresh impetus to propagate greater radicalisation between the Buddhist and Muslim community, it also fragmented the Buddhist community to safeguarding their religious sanctity. A significant classification amongst the Southeast Asian Buddhists ridiculed the issue in the wake of promoting 'misconceptions against Buddhism'. For instance, on Facebook, Sanda Kinnarawi posted "the irresponsible behaviour of media, i.e. in this case - TIME Magazine, by publishing 'The Face of Buddhist Terror' issue has, merely, pointed fingers towards Buddhism. Buddhism is a philosophy which is based on truth and innocence. It has nothing to do with violence or terror in seeking to spread Buddhism." On the other hand, radical citations were made by Sri Lankan Buddhists following the magazine's ban in Sri Lanka. Ekanayake Kasun posted a YouTube link on Facebook about the blasts at Indian Buddha shrines in Bodh Gaya with his remarks as, "Who are terrorists now? Buddhists must not be patient now. Wipe Muslims from your country". This dissension within the Buddhist community was, vehemently, marked on the social media platforms, significantly and apparently, unopposed to the Muslim colloquy.

The aforementioned pages on Facebook and Twitter have criticized TIME magazine's cover story for being provocative and for implicating Buddhism, rather than specifying the actors for the violence targeted against the ethnic Muslim minorities. Moderate views were also expansively detectable on a few pages but with insignificant numbering. Muang Zarni, Myanmar academician at the London School of Economics tweeted, "Myanmar's ban on TIME is a sign of bad things to come for the Muslims of all ethnic backgrounds in Burma as it allows radical elements in society to operate with impunity. The TIME magazine report bears 'heavy societal costs' on the Myanmar people by instilling tensions between the two communities."

TIME Magazine's controversial issue is an infant discourse that is a fallout of the deep-seated sectarian discord between the two communities within Myanmar. The issue, coupled with greater social interaction through virtual media, could enhance deeper faultlines to the ongoing conflict. Unlike any other war in the past, segmented discourses as identified within communities frolicked to the advantage of the significant other, i.e. the majority and dissuaded the voices that thought otherwise. However, in today's social media era, conflicts are now being characterised by mass virtual participation of ordinary people via social media forums, either supporting their points of view or refuting other people's claims. Beyond physical war, a high intensity virtual war is being waged to leverage diplomacy.

Kachin State in Myanmar: China's Objectives and Strategies

Asma Masood

Research Intern, IPCS

China's mediation in the Kachin-Myanmar conflict is harvesting results, as the parties reached a tentative truce on 31 May. Although no ceasefire has been declared, a breakthrough is evident in deciding Myitkyina as the venue of peace talks. A seven-point agreement on de-escalating fighting and holding political dialogue has been signed.

How is China balancing its objectives in Kachin state with local dynamics? What has been China's strategy to achieve its interests?

Chinese Interests in the Kachin State

On the economic and investments front, the Kachin state is important from China. The China Power Investment Corporation's Myitsone Dam project provoked Kachin protests against Yangon in September 2011, for permitting a threat to local socio-environmental harmony. With a ceasefire imminent, China hopes the shelved hydropower scheme will reopen in 2016. Slated as the first of seven more Irrawaddy proposals, it will generate 90 percent of its electricity to feed Yunnan in exchange for \$17 billion over 50 years. The general population resents intrusions, but the Kachin Independence Organization invited China for hydropower projects. KIO's stake in China's Datang Corporation project on Tarpein River was sidelined by the regime, leading to obstruction efforts.

The nearby Shwe oil and gas pipelines due to operationalize this month are vulnerable to crossfire. The oil-pipeline with an annual capacity of 12 million tones reduces transport costs. Ceasefire would ensure no more stray shells landing inside Chinese borders.

Economically, China also needs the Kachin to sustain an informal economic boom. The entire state being cut off from Naypyidaw depends on Yunnan for its entire subsistence: from rice to cars, from cell phones to university education. Chinese currency is used in standard bank transfer procedures. Jade smuggling took a new avatar since the days when a Chinese party could buy a Kachin mountain for mining. Hpakant now teems with Chinese businessmen armed with bulldozers displacing locals. They work as contract labourers for the million-dollar jade industry. PLA allegedly indirectly sells unused channels to KIO for satellite communication. The gain is mutual as seen in Kachins' entrepreneurship. Casinos here offering international entertainment draw crowds from Yunnan directly or by videophone. Gamblers and traders pay KIA immigration officials for daily visas. Opium farming in Kachin supplying cross-border clientele is a burgeoning crop-substitution industry.

Internally, the Kachin conflict threatens to spill into China's domestic social fabric- Jingpos, as Kachins in Yunnan are known, form a network of 100,000 Chinese citizens. The desire for peace does not imply Chinese interest for complete settlement in Kachin. A disbanded KIA may redirect anarchy; an integrated Kachin will mean collapse of unofficial albeit significant links.

The Kachin Peace Roadmap

21st century China projects an image as an international conflict intermediary. Diplomatic pressure was apparent in oil-rich Darfur. Similarly a significant role was played by hosting earlier Kachin peace talks at Ruili- a Yunnan border town. Security guarantees were assured for both warring factions' officials. Chinese influence conceived the May discourse.

CPC's apprehension on US and UK attending talks scheduled for April forced delays until their attendance was shunned. The UN and the United Nationalities Federal Council were allowed as witnesses. Appeasing the UNFC- the union of Myanmar's ethnic organizations- is vital for dealings with Kachin- surrounding provinces.

Yunnan forced most Kachin refugees to leave camps in August 2012. China is sure to have swayed the homecoming provision for displaced Kachins in May's agreement. Jingpo demonstrations approaching the border were returned to avert an overarching cultural connection.

The PLA denies armed support to the armed wing of the KIO- the only separatist organization without a ceasefire agreement with Myanmar.

Beijing-Laiza Axis Slows the US-Naypidaw Loop?

China will use the conflict as a card in bilateral relations with Myanmar vis-à-vis U.S.A. The neighbours will continue as strong allies. Yet Myanmar's liberalization is not looked upon kindly. A firm Kachin policy guards against future American involvement. U.S.A's December 2012 visit to the warzone may have stirred China to step up intervention.

Increasing the Chinese grip on Laiza- the de facto Kachin capital, is easier than improving ties with American supported NDL. Beijing implicitly supports Thein Sein's disapproval of U.S.A's criticism.

The PLA actively trains for mountain warfare near the Kachin border. This signals to KIA to avoid intrusions and adopt armistice. It may also warn all sides that China can launch operations in its southern backyard if necessary. Xi Jinping's administration will continue applying leverage as mediator and using a soft approach unless forced otherwise.

China's partial non-interference policy in Myanmar tactically blends with national interest. Kachin is never claimed as sovereign territory despite linkages since the fifteenth century. A two-pronged strategy is employed to preserve Laiza's alliance without provoking the parent state. If the numerous development plans in the war-torn area take off, Yunnan can count Kachin as a sixth finger for Beijing's foreign policy glove.

Social Media and Conflict: An Analysis of the Rohingya Crisis

Shanta-Maree Surendran

Research Intern, IPCS

The Rohingya crisis continues and is spreading beyond Myanmar. Reports detail the flight of individuals and families, seeking asylum in neighbouring nations and further afar. Described as an 'unwanted people', no government leaders willing to lend them a voice, and nations unwilling to give them refuge, the Rohingya have been afforded representation via the Internet.

Social media sites such as Facebook and Twitter, as well as individual blogs and groups such as Anonymous, open pathways for the promotion of awareness and encouragement of advocacy. This type of social media activity enables analysts to observe trends in opinion, perceptions, and key emerging themes relating to the issue. Observed patterns, while not indicative of a specific outcome or of a universal response, are useful in providing valuable insights.

What kind of presence does the issue occupy on Facebook? What are some of the key emerging themes?

Focusing on 'Rohingyan Community' Facebook Page

Facebook numbers overall indicate the Rohingya issue has an established and ongoing presence. Between January and April 2013, over 30 active Facebook pages have been identified as dedicated to the issue with almost 50,000 'likes' between them. These numbers enable patterns of sentiment and tone to become apparent. This commentary focuses on presenting a snapshot based on postings to the most active Facebook page, 'Rohingyan Community'. This page offers the largest sample size for the snapshot with over 16,000 'likes' and daily activity of between 400-2000 participants 'talking about' the page during the week April 5 -April 12.

The collective aims of the Rohingya community page are to promote awareness of the situation, as well as provide a forum for posting updates, links, images, videos, and comments about the situation. The primacy of this page is evident with other Rohingya-focused pages promoting their sites, activities, and events here to achieve greater awareness.

Sentiment: Religion Trumps Ethnicity

The patterns evident through postings and responses suggest the major focus of the page (and most other Rohingya pages) is the support of the Rohingya people and outrage at the situation. Images and videos used to convey key events and issues receive the most comments and also exhibit the most inflammatory responses - this fervour is often carried on through dialogue. Sentiment ranges from pity to anger to comradeship to vengeance with the key focuses being religion and victimisation. The silence of leaders and suggestions of state sponsored terrorism also feature prominently.

Of note is the trend toward the centrality of religion to the issue. The ethnicity of the Rohingya is being usurped by the religious aspect and the perception of the violence as religious discrimination. This is demonstrated through trends in sharing, 'liking', and commenting. Posts which mention Rohingya without reference to religion generally receive less likes and shares. Posts receiving most likes and shares generally have an image with a caption that refers to the victimisation of Muslims. An image of a poster that states 'Stop killing us because we are Muslims' is an example with almost 200 likes and 200 shares within 24 hours. Similarly, rhetoric that expounds the religious schism between Muslims and Buddhists receives significant attention; for instance, a video entitled 'Buddhist terrorist stoning on Muslim women and children'. Whether the trends relating to religion derive from the history and nature of the conflict, the demographic and interests of the audience, or the agendas of interest groups needs further study. The strength of this trend and the vehemence of discussion associated with it make it important to keep note of.

Core Theme: Perceived Injustice

The numbers of 'likes' received by Rohingya pages are comparable to the Facebook activity evident in the Delhi Rape Case in early 2013. The two cases are significantly different with respect to genesis, development, focus, and time-frame but they share the common and potent theme of perceived injustice. Whether engagement and participation with the Rohingya issue will remain in the realm of the virtual world or manifest as more physical forms of activism is uncertain at present. What is certain is that the issue will not be confined to Myanmar.

The Evolving Image

Refugees are the tangible harbingers of increasing awareness of the events in Myanmar. Recent news articles from India, Australia, Thailand, and Singapore convey the challenges and complications of this new wave of refugees. This ensuing reality will likely see the issue maintain a presence on Facebook, though trends in sentiment may change. The beginnings of resentment and hostility towards the arrival of refugees are surfacing through Facebook pages. The winds of sentiment can be fickle and the perceived injustice of today may become the imposition of tomorrow.

Why is the Clergy Angry?

Rajeshwari Krishnamurthy

Research Officer, IPCS

A recent UN statement demanding an impartial probe into the killings of Muslims by Buddhists, in Myanmar, has once again brought the issue of the Rohingyas – widely accepted as the most persecuted minority group – to the fore. The alarming frequency, with which reports, detailing an unmistakable campaign of suppression of the community have been emerging over the past several months, is worrying.

The clergy known for their non-violent values, have taken to violence in an attempt to rid the state of Rakhine, of the Rohingya Muslims. Why have clergy in Myanmar opted for violent means? Why is the government in Naypyidaw silent on this matter?

Increasing Islamophobia

The friction between the Rakhine Buddhists and the Rohingyas began as a mild form of xenophobia in 1824. It has now evolved into a full-blown violent campaign of driving out the ‘settlers,’ who have now lived in the region for generations. Although, superficially, the issue appears to be similar to several other ethnic conflicts, the Rohingya issue stands because of the active participation of the Buddhist clergy.

The primary force driving this pogrom is the rising Islamophobia among the clergy and the masses in the country. The paranoia among Rakhine Buddhists, of a potential Islamisation of the nation – as in the case of Indonesia and Malaysia in the 12th and 15th centuries respectively – is deeply entrenched.

While the core essence of Buddhism lies in its principles of non-violence, inclusiveness and flexibility, the applied measures of these principles vary from one school of Buddhism to another. While Mahayana Buddhism (as practised in Tibet and Mongolia) is more flexible and inclusive, Theravada Buddhism (as practised in Myanmar and Sri Lanka) is rigid in its structures. Furthermore, the attrition rate in the schools of Theravada Buddhism is high, with very few schools in practice in today’s world, as compared to other forms of Buddhism. This forms the basis of the thought in the country that their culture is under threat. Also, a threat from an ‘outsider’ is often perceived as more immediate and of greater priority to thwart, as opposed to a threat from an ‘insider’ (In this case, the ‘insider’ is the attrition rate).

However, this does not translate into the notion that some forms of Buddhism accept violence.

Myanmar’s Fledgling Democracy: What Role for the Clergy?

Adding to the complexity of the issue is the role of the clergy in Myanmar politics. A large section of the Myanmar society comprises of monks, as many enlisted in monasteries to escape poverty and/or orphanhood, during the Junta years. The Saffron Revolution of 2007 doubled as a show of numbers enrolled in the monkhood. Having played a role in somewhat filling the void in the absence of a benevolent and accountable government, the Buddhist clergy holds a moral high ground in the Myanmar society, and are seen as a powerful force.

When tens of thousands of monks are taught non-violent means but are at the same time systematically made paranoid of losing their faith due to an onslaught of a completely different culture, eventually, regardless of the non-violent teachings, they prepare themselves to fight off the 'enemy.'

Such a 'non-violent radicalisation' among the clergy in the country has effected in the shaping of a generation that is willing to inflict violence as offence as opposed to in defence that the religion essentially prescribes.

This does not automatically mean that all Buddhists are violent; but the recognition that Buddhist monks or not, they are human beings too - and they have the same emotions as the rest, is necessary. Once this view is recognised, it does not take long to understand the basic problem in Rakhine: there exists an ethno-religious conflict, and the side that currently has the upper hand is trying its best to weed out what they see as a problem, from its roots.

Silence of the State: Why does Naypyidaw not Intervene?

The Myanmar government has its own apprehensions over the Rohingya issue. On the social front, assimilating these people into the country would mean earning the wrath of the clergy - which enjoys considerable clout with the masses - who believe their culture is under external threat. The economic costs of including hundreds of thousands of impoverished people into its citizenry would be extremely high. Faced with the daunting task of simultaneously improving the economy, democratic structures, public services etc., and tackling armed cessation struggles, their resource basket is heavily strained. For Naypyidaw, as long as the large Rohingya population is deemed as illegal immigrants, the government technically isn't responsible for providing for them.

Unfortunately, what seems to be unfolding in Myanmar is a plausible Faustian pact between the clergy and the political class - a deadly quid pro quo agreement that will only lead to worse days. What is more dangerous of the two, however, is the non-violent radicalisation aspect of this issue - an emerging but noticeable trend in South Asian ethnic conflicts.

III. EXTERNAL INTERESTS

China, Myanmar, and the Myitsone Dam: Uncertain Future

Aparupa Bhattacharjee

Research Officer, IPCS

The unresolved status of the presently-suspended Myitsone Dam project in Myanmar's Kachin state has the potential to derail Beijing-Yangon bilateral relations. How did this come to be? And more importantly, what are the implications of fallout?

The project, which involved the construction of six dams on the Irrawaddy River, is a joint venture financed by the China Power Investment Corporation (CPI), Chinese state run Company, and Asia World, a Myanmar enterprise. Hydroelectric energy generated following the construction of the dams was to be shared by Myanmar and China. However, in 2011, the Myanmar government, led by incumbent President Thein Sein, suspended the project, citing public opposition to the project as the cause.

Why is the Myanmar citizenry opposing the project?

The Myitsone Dam is located in Myanmar's restive Kachin state. The Kachins, one of the ethnic minorities in the country, but a majority in the aforementioned State, are extremely sceptical about this project for several reasons. Among their many concerns is the resettlement of numerous villages, including religious and cultural sites, into townships, called 'model villages'. These model villages were constructed using substandard raw materials, and the allotted farmlands have been deemed infertile. The Kachins also claim that their cultural identity is at risk owing to resettlements and forced migration projects. Consequently, there has been a drop in production, and as a result, income generation, among the locals. The gravity of the situation is such that Kachin women are now opting for prostitution in Myitkyina city to sustain themselves.

Furthermore, the course of the Irrawaddy River will be considerably altered once the dam is constructed. The dam will prevent the river sediment from enriching the agriculturally productive floodplains downstream, affecting the fertility of the Irrawaddy Delta – one of Myanmar's key rice-producing belts. The local fishing community too will be affected, since the fish cannot swim upstream – which will be the case once the dam becomes functional.

Additionally, the location of the dam site, which happens to be situated on an earthquake-prone zone near the Sagaing faultline, has raised concerns. If an earthquake were to occur, there would be heavy humanitarian and ecological implications, despite the dam being touted as earthquake proof.

Why did the Myanmarese government suspend the project? What is its real motivation?

While there do exist considerable social, and ecological reasons for suspending the project, there is another key factor playing a major role in the politics of the region. The end of a seventeen-year ceasefire between the Kachin Independence Organisation (KIO) and Myanmarese army following an offensive launched by the latter on the former, has had an adverse impact on the project. The KIO exploded two pivotal bridges between Kachin state and China, in order to demonstrate their disapproval of the project. The KIO's apprehensions regarding the project were not just social; it stemmed from the increasing military presence in the region, deployed in the name of protection for the construction site. The resurgence of the conflict could hence be one of the motivations for suspending the project.

Myanmar's deteriorating relationship with China

The suspension of the Myitsone Dam Project has been central to China's rising apathy towards Myanmar. Although Beijing demonstrated a friendly attitude towards Naypyidaw – in Myanmarese President Thein Sein's visit to China in April 2013, as well as during his meeting with Chinese Premier Li Keqiang during the East Asia Summit in October 2013 – a strain in bilateral relations was evident from the fact that both the Chinese President Xi Jinping and Chinese Premier Li Keqiang's official visits to the member-states of the Association of Southeast Asian Nations (ASEAN) did not include Myanmar – that happens to be the current chair of the bloc. Furthermore, Myanmar did not feature in the destinations visited by Chinese Foreign Minister Wang Yi either.

Both the suspension of the Myitsone project and the opposition to the Letpadaung copper mine by Myanmarese citizens have led to the fall in China's enthusiasm with regard to investing in the country. The dramatic 90% drop in Chinese investment in the country in 2012 – when compared to investment statistics from 2011 – stands testimony to Beijing's diminishing interest in Naypyidaw.

Although China is not satisfied with President Thein Sein's government, they haven't given up hope on the ruling Union Solidarity and Development Party (USDP). China has pinned their hopes and efforts on the incumbent USDP Chairman and the Speaker of the Lower House, Shwe Mann – who is incidentally also the USDP candidate in the upcoming 2015 presidential elections. China has also worked on strategies to reach out to the opposition parties of the current government in Myanmar, with a focus on those from the National League for Democracy (NLD) party.

Thus, the 2015 election will define not only the political future of Myanmar, but also the trajectory of the Myanmar-China bilateral.

US, China and An Eastern Great Game?

D Suba Chandran

Director, IPCS

It appears well established now, that a new Great Game is slowly evolving in Myanmar. Perhaps an Eastern Great Game, if one has to take the construct from the original Great Game between British India and Russia in the western parts of the Indian subcontinent.

Will this Great Game in the East help Myanmar's onward march towards peace, stability and democracy? More importantly, will the consolidation of Eastern Great Game and its implications help India's interests and investments in Myanmar and in the region, as a whole?

The New Great Game in India's East: US and China in Myanmar

Recent developments within Myanmar highlight the newfound international interest in stabilizing and democratizing the country, after abandoning it in isolation for decades. In previous years, the international community not only abandoned the people of Myanmar, but also attempted to isolate its military regime through sanctions. Besides the actions by the then ruling regime within Myanmar, there was a concerted effort as well to make the country as a pariah state within the international system. As a result, facing international isolation, economic hardship and internal ethnic conflicts, Myanmar leaned towards China.

Guided by its own strategic interests, Beijing also moved closer to Myanmar and became the primary source of support to its ruling elite. Not only did China support the rulers within Myanmar by providing economic and military assistance, but also provided the much needed cover at the international level. As a result, until recently, China has had unhindered access to the decision-making apparatus in Myanmar and also to its resources. From building roads to ports, China became one of the primary sources for any infrastructure construction within Myanmar.

Today, there is a substantial difference in both the issues explained above – Myanmar's dependence on China, and the Beijing's influence over Naypidaw. The US-led international community's newfound interest in Myanmar has substantially changed the nature of Naypidaw's dependence on Beijing. In the last few years, more leaders from the rest of world have visited Myanmar than from China. Aid, economic investment and opportunities for Myanmar have suddenly opened up; more importantly, Myanmar has become "acceptable" within the international system. As a result, China today realises that its influence and inputs into Myanmar's decision-making apparatus is slowly getting dented.

Is the interest of international community especially that of the US, led by a desire to make Myanmar a stable and democratic polity, or is it shaped by the need to balance China? If looked at in the context of the recent US strategies of 'Pivot' and 'Rebalance', one could easily decipher that the American interest in Myanmar has a strong China component attached to it.

How will Beijing respond to this new turn of events? Will it sit quietly and allow Myanmar to fall into the hands of Western influence? China has its own trump cards inside Myanmar, starting from the restive ethnic communities such as the Kachins, to economic investments including infrastructural and hydel projects. China is unlikely to merely sit by and watch the encroachment of its influence within Myanmar by the rest of international community. A Great Game is in the offing. Perhaps an Eastern Great Game.

Eastern Great Game: What is in India's Interests?

If there is indeed an Eastern Great Game in the offing, what does that mean for India? What should be the grounds for an Indian pivot?

For India, Myanmar is of great importance for three specific reasons. First and foremost, India shares substantial parts of its border in the Northeast with Myanmar. In fact, India's Northeast shares more of its borders with Myanmar and Bangladesh, than with the rest of India. Given the volatile nature of its neighbouring regions and its porous borders, a stable Myanmar is in India's primary interest. Second, from a foreign policy objective, Myanmar is equally important as a land bridge vis-a-vis Southeast Asia. For India's efforts to operationalize its Look East policy, Myanmar's geographical location poses both a serious challenge and a great opportunity for India. Third, Myanmar is also important, so that no other country may use its influence against India's long term interests.

The third objective in particular makes it even more important to ensure that any external presence or an Eastern Great Game in Myanmar, led by the US and China, does not hinder India's first two objectives.

Search for an Indian Pivot in Myanmar: A Regional Approach towards Myanmar?

Undoubtedly, the American presence along with the rest of international community provides an opening for India to play a larger role to achieve its long term interests in Myanmar. However, if one has to observe the developments in the last few years, India has already succeeded in opening a space for itself (however small and effective that space may be) in Myanmar to its interests and investments. Now, what New Delhi must ensure is that its interests do not get underplayed in any event of an Eastern Great Game.

A regional approach towards Myanmar, then, will help India to ensure that its long term interests do not get undermined by any Great Game played out on its eastern borders. More importantly, such an approach led by India, along with other regional countries such as Bangladesh, Thailand, Laos and even the rest of Southeast Asia will help Myanmar strike a balance between China and the US, rather than being overwhelmed by a single power.

Expanding Naval Ties with India

Vijay Sakhuja

Director (Research), Indian Council of World Affairs, New Delhi

During March 2013, there was a port call to Vishakhapatnam in India's eastern coast by the Myanmar Navy flotilla, comprising of a frigate and a corvette. While India is opening up and encouraging such interactions, what is significant about this port call from the Myanmar Navy? Are defence ties between the two countries warming up? Is there a road map to take this forward?

The above port call is significant from two perspectives. First, it showcases the growing trust between the defence establishments of India and Myanmar. The ship visit follows the highly successful visit by the Indian Defence Minister Mr A K Antony to Myanmar in January to 'bolster defence ties, ranging from better border management to 'capacity-building' of the Myanmar's armed forces'. In the past, the Myanmar Navy has participated in the biennial MILAN exercises hosted by the Indian Navy at Port Blair in the Andaman & Nicobar (A&N) Islands in the Bay of Bengal.

Second, after the port call, the two navies also conducted joint exercises, and engaged in coordinated patrol along the maritime boundary between Myanmar's Coco Island and India's Landfall Island, the northern most island of the Andaman group. This is a good development for the two maritime neighbours to address common concerns, particularly illegal fishing, poaching, smuggling, and oil spill response given that these waters witness high shipping activity.

The coordinated patrol should also be seen through the prism of Myanmar-China relations. It will be useful to recall that there had been speculations amongst the Indian strategic community that the Coco Islands were being used by the Chinese to monitor Indian naval activity in the A&N Islands. The coordinated patrolling would at least put to rest suspicions about the presence of Chinese electronic surveillance equipment on the Coco Islands.

Maritime Multilateralism

The Myanmar Navy has gained enormously from its interactions with the Indian Navy in developing skills and an understanding of bilateral and multilateral naval engagements. Earlier this year, Vice-Senior General Min Aung Hlaing, Myanmar Defence Services Commander-in-Chief visited Malaysia, the first visit by a high-ranking functionary since 1975. The Malaysian Defence Minister, Datuk Seri Dr Ahmad Zahid Hamidi, noted that the visit provided 'a good start towards military diplomacy, not only towards Malaysia but also the ASEAN and Asian nations in general'. The Myanmar Navy was also expected to participate in the Langkawai International Maritime and Aerospace (LIMA) 2013 exhibition.

Likewise, during his meeting with Rear Admiral Tulataed Chuay, Chief of the Thai Marine Corps in February, the Myanmar Navy Chief expressed an interest in joining Cobra Gold, a multilateral exercise involving the US and Thai Marines. The purpose of the Cobra Gold exercises is to develop inter-operability amongst the military forces, strengthening bilateral relations, collectively respond to

crises, and also promoting security and cooperation within the region.

What Does the Myanmar Navy Bring to the Table?

In 2008, in the aftermath of Cyclone Nargis, the Myanmar Navy suffered major losses; as many as 25 vessels sank and some reports suggest that 30 officers and 250 naval personnel may have perished. Currently, the Myanmar naval inventory includes a variety of vessels including frigates, corvettes, fast attack craft fitted with missiles and guns, and a number of patrol vessels. The frigates are of Chinese origin, and the missile boats are fitted with the Chinese C 802 (range 120 kilometers). Myanmar has also developed capability, ostensibly with Chinese assistance, to build warships: Aung-zeya class frigates and stealth corvette 8 x Kh-35E anti-ship missiles are good examples. The frigates are fitted with Kh-35E anti-ship missiles, and the corvettes have C 802 SSMs. Reports also suggest that 20 vessels of the '5-series Fast Attack Craft' are under construction at the Navy's dockyard, as also in the privately owned Sin-ma-laik Dockyard in Yangon. The bulk of the Myanmar Navy is built around smaller craft for coastal patrolling, and its ability to respond to humanitarian assistance and disaster relief is limited.

Notwithstanding the platform limitations, the Myanmar Navy appears to be ready to join the international community after nearly three decades of isolation (self-imposed and external factors) and participate in both bilateral and multilateral initiatives. Its interest in engaging with the US Navy through Cobra Gold is a significant development. Interestingly, in the early stages of its development in the 1950s, the Myanmar Navy had received a number of vessels including corvettes, patrol craft, and mine sweepers from the US under the Mutual Defence Assistance Programme (MDAP).

The Road Ahead

While these are important initiatives, Myanmar is actively engaged in the ADMM Plus, which has established five areas of cooperation in maritime security, counter-terrorism, disaster management, peacekeeping operations, and military medicine. As Myanmar prepares to take over the Chair of the ASEAN in 2014, there will be several opportunities for the Myanmar Navy to lead various ASEAN maritime initiatives and activities, as also hone skills to enhance multilateralism. In the coming years, the Myanmar Navy can also be expected to actively participate in international naval and maritime conferences and exhibitions.

Achieving India's Economic Interests

Asma Masood

Research Intern, IPCS

Myanmar's economy has witnessed several landmark transitions recently. The World Economic Forum held here in June 2013 ushered the country's re-emergence on the international stage. A plethora of reforms and prospects were highlighted. The international community pledged support for rebuilding Myanmar's economy. They were accompanied by private companies eager to cash in on the new market. What are the hurdles to investing in Myanmar? Where is Indian FDI in Myanmar headed to? How has India panned out FDI in Myanmar's energy sector till now?

Major Challenges

There is a long way to go before Myanmar can deliver its promises on prosperity. It still needs USD170 billion in foreign capital in the first stage of economic transition. Some companies await an optimum investment climate. They are ready to pool funds but will find it difficult to scout talent. Productivity is less, as the population has an average of only 4 years of education. It will take time to fill the gap even with remote learning. Myanmar has the world's poorest telecommunications connectivity. Affordable internet access is also needed for efficient commerce.

Besides, investors desire clarity in Myanmar's investment laws. There are no rules for demarcating cheap industrial land. This can have repercussions on vital manufacturing sectors. Similarly reforms in agricultural sector do not include land aspects. Thus disputes may arise with ethnic groups. Hence agro-based industries are attracting fewer investors.

Another major detriment is lack of an efficient financial infrastructure and foreign exchange system. It is observed that the majority of investors are large conglomerates who have patience for change to completely materialize and who can afford risks. Their parent countries contribute reform aid for improving the poor infrastructure. This underdeveloped sector remains the biggest obstacle to FDI.

A Roadmap for India's FDI

Myanmar had invited India to invest in infrastructure. Accordingly, in May 2012 several agreements and MoUs were signed between the two sides to improve connectivity by air, road and multi-modal transport. A year later, post-WEF India has offered Myanmar USD 150 million to establish a Special Economic Zone in Sittwe. It will be linked to Kolkata via sea. Crucially, Myanmar's infrastructure will also link India to Southeast Asia. The infrastructure investment process is aided by India continuing its 2012 deal to provide Myanmar with USD500 million dollars as a credit line for development projects.

There are several other areas where India continues a keen FDI policy with Myanmar. The

transitioning economy also desires Indian investments. In June 2013 the government of India announced it had committed investments worth \$2.6 billion to Myanmar. India and Myanmar set a bilateral target of increasing trade, worth USD1.872 billion in 2012, to \$3 billion by 2015. To achieve the objective India will have to raise its low exports of only USD542 million. Increasing exports in goods may be a slow process given Myanmar's young industrial base and low per-capita income.

Nevertheless Indian investors have an advantage in service sectors of IT and education. They will support the burgeoning investments in manufacturing, agriculture, automobiles, pharmaceuticals and healthcare.

The continuation of investments is ensured by India's diplomatic response to Myanmar's ethno-social issues. Indian enterprises are hence capitalizing on Myanmar's transformation in spite of the challenges. Perhaps they are emboldened by experience of dealing with obstacles in infrastructure and land allocations in their own country. The opportunity is also ripe for India to counter China's strong presence in Myanmar, especially in the energy sector.

Indian Energy FDI in Myanmar

The need for energy security has driven USD257.7 in Indian investments in Myanmar's energy sector. Myanmar's black - gold mines sit on 3.2 billion barrels of crude oil and over 25 trillion cubic feet of gas reserves. The high stakes made India remain diplomatic despite crackdowns on pro-democracy protests in 2007. In fact, USD150 million were pledged for gas exploration. Today, India's largest Myanmar assets lie in the oil and gas sector. However the numbers are far behind those of the largest investor, China.

India also lags behind in efficient technical expertise to independently extract oil or gas. It drives a pragmatic partnership approach. This too has its drawbacks. For instance ONGC Videsh and GAIL India invested in a joint 30 percent stake for exploration in two of Shwe field's blocks, under majority partner South Korean Daewoo International. Yet Myanmar chose to sell gas from the same blocks to China which has no stakes, and not the Indian shareholders. Ironically India had offered a higher buying rate than its Sino-counterpart. Consequently India might supply most of the produced gas for its biggest energy competitor, China. This can affect India's Myanmar energy-policy: The Ministry of External Affairs will decide whether the companies can lay pipelines to evacuate the discovered gas. The companies are also reconsidering investing in other oil-blocks. Thus Myanmar's potential for India vis-à-vis energy is unpredictable. It may be behind the same companies' serious consideration of Iran's invitation for oil production, despite Western sanctions. It remains to be seen if Myanmar will reverse its business tactics and ensure Indian energy investments are secured.

New Challenges of Economic Transition

Yves-Marie Rault

Research Intern, , IPCS

Lo Hsing Han's funeral ceremony, on 17 July, was probably not any different from that of Vito Corleone, the Mafia boss depicted in Coppola's "The Godfather". Family, friends, business partners and government officials came to pay their last respects to the deceased drug lord. Hao Xao Chan, an Upper House lawmaker from the military backed USDP, took one day off to attend the ceremony. The "Godfather of Heroin", as he was dubbed by the US administration, amassed a fortune, thanks to his narcotic empire. In five decades of dirty business, he became one of the world's biggest traffickers of heroin, and according to non-official sources, the wealthiest person in Myanmar. How did Myanmar become a platform for drug trafficking? Why did the government fail to put an end to it so far ?

Resistance and Persistence of Narco-Structures

Lo Hsing Han has been involved in Golden Triangle's drug trade since the 1960s, as the chief of paramilitary forces in Northern Myanmar, moving opium to the Thai border with the blessing of the then-dictator Ne Win and as the managing director of Asia World Co Ltd, a company used for money laundering, and as a front for his illicit activities. The firm, a commercial conglomerate with diversified activities, has thrived since its creation in the 1990's, obtaining the most lucrative government contracts such as the construction of highways, cargo ports, airports, hydropower projects, hotels.

In May 2012, the son of Lo Hsing Han, who had joined the father's criminal business long time back, was seen very near to the President Thein Sein during his entire official visit to China. Old drug structures die hard in Myanmar, and they are still spreading their tentacles despite the democratic transition.

On the 7 November 2010, during the first general elections held in Myanmar since the Constitution has been adopted, no less than seven big drug traffickers entered the Parliament. All from the Union Solidarity and Development Party (USDP), they were largely elected in their constituencies of the Northern Shan State. The military-backed party representatives in the field told the poppy farmers that their crops would be safe if they voted for them. "The army gets (drug) taxes; the Lion (USDP) gets votes" said a local businessman. Elected in the three assemblies, seven drug lords thus became lawmakers in the democratic country, and some of them are currently occupying ministerial positions.

The Lost War on Drugs

Myanmar, along with Thailand, Laos and Vietnam, is located in the extensive opium-producing area

of Golden Triangle. The country, the world's second largest opium producer, has always been a suitable spot for narcotic production, with the presence of the army, government aligned militias and ethnic-insurgent groups in the poppy-growing areas. With the money earned from taxes, drug delivery to international traffickers, or even refining, they buy food, weapons, and military equipment. The authorities condone the army involvement, because they are aware that these resources are necessary to fight back the insurgents. As of the farmers, the UN Office on Drug and Crime (UNODC) estimates that 200 000 families are currently growing poppies, especially in the mountains of the Shan state. This zone has been undergoing a civil war for decades, displacing people and destroying farms. So the peasants keep growing poppy as opium can be easily transported and traded against food or medicine.

For the sixth consecutive year, drug production has increased in Myanmar, according to a recent survey by the UNODC. Hence, the government had to extend his eradication plan, supposed to end in 2014, to 2019. In fact, the authorities have very little influence on the "special zones" controlled by several ethnic armies, which recently accepted a cease-fire with the government. Consequently, they deployed their demobilized troops on the poppy fields, willing to make as much money as possible in drug business while they still can. Beside, farmers whose poppy farms are destroyed or threatened simply find fields deeper in the mountain, where the police do not come.

Democracy: The Chance to Empower Farmers

The current stick policy, mostly based on law enforcement and supply and demand reduction, has been a failure so far. To change the deal, the new democratic state must empower the farmers, i.e. give them the capacity to grow legal crops. Firstly, peace and security must be ensured, so that the farmers do not look only for short-term profits. Secondly, the switch to legal crops must be encouraged by subsidies to rubber, sugarcane or banana plantations. Thirdly, the construction of infrastructures and mountain roads must be given priority, so the farmers can bring their crops to the market.

Ultimately, as the root cause of poppy growing is poverty, the government must grant access to health and education to the farmers. In sum, the prospect of a decent living.

The governmental programme has been till now a set of cosmetic measures which underlines a lack of political will in stopping drug trafficking. If the plan already permitted the catching of small fish, like poor farmers and minor drug traffickers, big fish, like Lo Hsing Han, still slip between the cracks. Transparency and exemplarity must start in the highest spheres of Myanmar state. As Bert Lintner wrote, "No anti-drug policy in Burma has any chance of success unless it is linked to [...] a meaningful democratic process in Rangoon".

CONTRIBUTORS



Amb Ranjit Gupta
Distinguished Fellow, IPCS



Bibhu Prasad Routray
Visiting Fellow, IPCS



Vijay Sakhuja
Director (Research), ICWA



D Suba Chandran
Director, IPCS



Roomana Hukil
Research Officer, IPCS



Aparupa Bhattacharjee
Research Officer, IPCS



Rajeshwari Krishnamurthy
Research Officer, IPCS



Yves-Marie Rault
Former Research Intern, IPCS



Asma Masood
Former Research Intern, IPCS



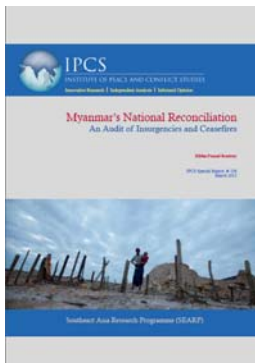
Shanta-Maree Surendran
PhD Scholar, Murdoch University

OTHER PUBLICATIONS



Contemporary Myanmar: Challenges to Political Process and Reconciliation

Sonu Trivedi,
Research Paper 28



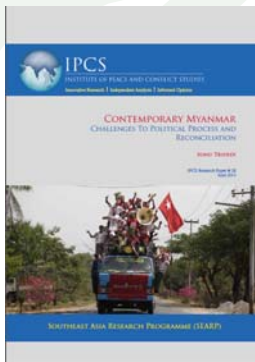
Rudderless & Drowning in Tears: The Rohingyas of Myanmar

Roomana Hukil & Nayantara Shaunik,
Issue Brief 222



Challenging the Reconciliation Process: Myanmar's Ethnic Divide and Conflicts

CS Kuppaswamy,
Issue Brief 221



China and its Peripheries: Beijing's Myanmar Strategy

Ranjit Gupta,
Issue Brief 215



Myanmar's National Reconciliation: An Audit of Insurgencies and Ceasefires

Bibhu Prasad Routray,
Special Report 138

ABOUT THE INSTITUTE

Founded in 1996 as an independent think tank, by former IAS officer PR Chari and Major General (Retd.) Dipankar Banerjee, the Institute of Peace and Conflict Studies (IPCS), is one of the premier research institutes and think tanks on South Asia. It continues to be one of the leading independent institutes in the region with no affiliation to a particular institution and/or ideology.

As an independent think tank, the Institute believes in promoting alternative approaches to security issues. More importantly, it provides a platform for different voices and promotes serious debate based on informed opinion. The Institute welcomes submissions for short commentaries, large pieces such as issue brief, special report and book reviews. Our aim is to engage in critical dialogue over issues pertaining to India's internal security and external relations, as well as focus areas such as China, Southeast Asia, South Asia, East Asia, the Indo-Pacific, nuclear security and disarmament, non-traditional security; armed conflicts, early warnings and peace alerts. The Institute also hosts a monthly column for scholars from across South Asia.



Institute of Peace and Conflict Studies

B 7/3 Lower Ground Floor, Safdarjung Enclave, New Delhi 110029, INDIA.

Tel: 91-11-4100 1900, 4165 2556, 4165 2557, 4165 2558, 4165 2559

E-mail: officemail@ipcs.org